Notice of Entry of Appearance as Attorney or Accredited Representative

Department of Homeland Security

DHS Form G-28
OMB No. 1615-0105
Expires 02/29/2016

Part 1. Information About Attorney or Accredited Representative

Name and Address of Attorney or Accredited Representative

1.a. Family Name *(Last Name)*: Klasko

1.b. Given Name *(First Name)*: H.

1.c. Middle Name: Ronald

2. Name of Law Firm or Recognized Organization: Klasko, Rulon, Stock & Seltzer, LLP

3. Name of Law Student or Law Graduate:

4. State Bar Number: PA 20384

5.a. Street Number: 1800

5.b. Street Name: John F. Kennedy Boulevard,

5.c. Apt. ☐ Ste. ☒ Flr. ☐ Suite 1700

5.d. City or Town: Philadelphia

5.e. State: PA 5.f. Zip Code: 19103

5.g. Postal Code:

5.h. Province:

5.i. Country: USA

6. Daytime Phone Number: (2 1 5) 8 2 5 - 8 6 0 0

7. E-Mail Address of Attorney or Accredited Representative: rklasko@klaskolaw.com

Part 2. Eligibility Information For Attorney or Accredited Representative

(Check applicable items(s) below)

1. ☒ I am an attorney eligible to practice law in, and a member in good standing of, the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia.

1.a. Pennsylvania

1.b. I *(choose one)* ☒ ***am not*** ☐ ***am*** subject to any order of any court or administrative agency disbarring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law. (If you are subject to any order(s), explain fully in the space below.)

1.b.1.

2. ☐ I am an accredited representative of the following qualified nonprofit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 292.2. Provide the name of the organization and the expiration date of accreditation.

2.a. Name of Recognized Organization

2.b. Date Accreditation expires *(mm/dd/yyyy)* ▶

3. ☐ I am associated with

3.a.

the attorney or accredited representative of record who previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request. If you check this item, also complete **number 1 (1.a. - 1.b.1.) or number 2 (2.a. - 2.b.)** in **Part 2** *(whichever is appropriate)*.

4. ☐ I am a law student or law graduate working under the direct supervision of the attorney or accredited representative of record on this form in accordance with the requirements in 8 CFR 292.1(a)(2)(iv).

H. Ronald Klasko

Part 3. Notice of Appearance as Attorney or Accredited Representative

This appearance relates to immigration matters before (select one):

1. ☒ USCIS - List the form number(s)

1.a. I-924A

2. ☐ ICE - List the specific matter in which appearance is entered

2.a.

3. ☐ CBP - List the specific matter in which appearance is entered

3.a.

I hereby enter my appearance as attorney or accredited representative at the request of:

4. **Select only one:** ☒ Applicant ☐ Petitioner ☐ Respondent (ICE, CBP)

Name of Applicant, Petitioner, or Respondent

5.a. Family Name *(Last Name)*

5.b. Given Name *(First Name)*

5.c. Middle Name

5.d. Name of Company or Organization, if applicable

Appalachian EB-5 Regional Center

NOTE: Provide the mailing address of Petitioner, Applicant,or Respondent and not the address of the attorney or accredited representative, **except when a safe mailing address is permitted** on an application or petition filed with Form G-28.

6.a. Street Number and Name: 45 Mountain Air Drive

6.b. Apt. ☐ Ste. ☐ Flr. ☐

6.c. City or Town: Burnsville

6.d. State: NC 6.e. Zip Code: 28714

7. Provide A-Number and/or Receipt Number

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, ICE, or CBP.

8.a. Signature of Applicant, Petitioner, or Respondent

Andrew B. Dover

8.b. Date *(mm/dd/yyyy)* ▶ 12-24-2013

Part 4. Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

1. Signature of Attorney or Accredited Representative

2. Signature of Law Student or Law Graduate

3. Date *(mm/dd/yyyy)* ▶ 12/27/13

Part 5. Additional Information

1. Form G-28 signed by Andrew Dover, Principal of the Appalachian EB-5 Regional Center

OMB No. 1615-0061; Expires 01/31/2015

Department of Homeland Security
U.S. Citizenship and Immigration Services

Form I-924A, Supplement to Form I-924

RECD CSC'13DEC30 15:33:

Part 1. Information About Principal of the Regional Center

Name: Last	First	Middle
Dover	Andrew	

In Care Of:

Street Address/P.O. Box: 45 Mountain Air Drive

City: Burnsville (b)(6)	State: NC	Zip Code: 28714

Date of Birth *(mm/dd/yyyy)*:	Fax Number *(include area code)*: (305) 400-0679	Telephone Number *(include area code)*: (740) 704-3256

Web site address: http://eb5test.homestead.com/

USCIS-assigned number for the Designated Regional Center (attach the Regional Center's most recently issued approval notice) 12090050633

C30056

Part 2. Application Type *(check one)*

☒ **a.** Supplement for the Fiscal Year Ending September 30, 2013 *(YYYY)*

☐ **b.** Supplement for a Series of Fiscal Years Beginning on October 1, _____ *(YYYY)* and Ending on September 30, _____ *(YYYY)*

Part 3. Information About the Regional Center

(Use a continuation sheet, if needed, to provide information for additional management companies/agencies, regional center principals, agents, individuals, or entities who are or will be involved in the management, oversight, and administration of the regional center.)

A. Name of Regional Center: Appalachian EB-5 Regional Center

Street Address/P.O. Box: 45 Mountain Air Drive

City: Burnsville	State: NC	Zip Code: 28714

Web site Address: http:// eb5test.homestead.com/	Fax Number *(include area code)*: (305) 400-0679	Telephone *(include area code)*: (740) 704-3256

B. Name of Managing Company/Agency: Appalachian EB-5, LLC

Street Address/P.O. Box: 45 Mountain Air Drive

City: Burnsville	State: NC	Zip Code: 28714

Web site Address: http:// eb5test.homestead.com/	Fax Number *(include area code)*: (305) 400-0679	Telephone *(include area code)*: (740) 704-3256

C. Name of Other Agent: Not Applicable.

Street Address/P.O. Box:

City:	State:	Zip Code:

Web site	Fax Number *(include area code)*:	Telephone *(include area code)*:

RCW1400251578
egarcia2 I924A 12/30/2013

Part 3. Information About the Regional Center *(Continued)*

Answer the following questions for the time period identified in **Part 2** of this form. **Note:** If extra space is needed to complete any item, attach a continuation sheet, indicate the item number, and provide the response.

1. Identify the aggregate EB-5 capital investment and job creation has been the focus of EB-5 capital investments sponsored through the regional center. (**Note:** Separately identify jobs maintained through investments in "troubled businesses.")

Aggregate EB-5 Capital Investment	Aggregate Direct and Indirect Job Creation	Aggregate Jobs Maintained
0	0	0

2. Identify each industry that has been the focus of EB-5 capital investments sponsored through the Regional Center, and the resulting aggregate EB-5 capital investment and job creation. (**Note:** Separately identify jobs maintained through investments in "troubled businesses".)

a. Industry Category Title: None at date of filing.		NAICS Code for the Industry Category — — — — — —
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:
b. Industry Category Title:		NAICS Code for the Industry Category — — — — — —
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:
c. Industry Category Title:		NAICS Code for the Industry Category — — — — — —
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:

3. Provide the following information for each job creating commercial enterprise located within the geographic scope of your regional center that has received EB-5 investor capital:

a. Name of Commercial Enterprise: None at date of filing.		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	
Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes?		☐ No	☐ Yes

Part 3. Information About the Regional Center *(Continued)*

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	
(2) Business Name		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

b. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code
EB-5 Capital Investment	Direct and Indirect Job Creation	Jobs Maintained	

Part 3. Information About the Regional Center *(Continued)*

(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

c. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

Part 3. Information About the Regional Center *(Continued)*

d. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

e. Name of Commercial Enterprise:		Industry Category Title:	
Address Street Number and Name:	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

Part 3. Information About the Regional Center *(Continued)*

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.			
(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	
(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

4. Provide the total number of approved, denied and revoked Form I-526 petitions filed by EB-5 investors making capital investments sponsored by the regional center. (**Note:** If an adverse action was ultimately reversed and the petition was approved, then note the case as approved.)

Form I-526 Petition Final Case Actions		
Approved	**Denied**	**Revoked**
0	0	0

5. Provide the total number of approved, denied and revoked Form I-829 petitions filed by EB-5 investors making capital investments sponsored by the regional center. (**Note:** If an adverse action was ultimately reversed and the petition was approved, then note the case as approved.)

Form I-829 Petition Final Case Actions		
Approved	**Denied**	**Revoked**
0	0	0

NOTE: USCIS may require case-specific data relating to individual EB-5 petitions and the job creation determination and further information regarding the allocation methodologies utilized by a regional center in certain instances in order to verify the aggregate data provided above.

Part 4. Applicant Signature *Read the information on penalties in the instructions before completing this section. If someone helped you prepare this petition, he or she must compete **Part 5**.*

I certify, under penalty of perjury under the laws of the United States of America, that this supplemental form and the evidence submitted with it are all true and correct. I authorize the release of any information from my records that U.S. Citizenship and Immigration Services needs to determine eligibility for the benefit being sought. I also certify that I have authority to act on behalf of the Regional Center.

Signature of Applicant	**Printed Name of Applicant**	**Date** *(mm/dd/yyyy)*
Andrew Dover	Andrew Dover	12/24/2013
Daytime Phone Number *(Area/Country Codes)* (740) 704-3256	**E-Mail Address** andydover@odlumcapital.com	
Relationship to the Regional Center Entity (Managing Member, President, CEO, etc.) Chairman & CEO		

Part 5. Signature of Person Preparing This Form, If Other Than Above *(Sign Below)*

I declare that I prepared this form using information provided by someone with authority to act on behalf of the Regional Center, and the answers and information are those provided by the Regional Center.

Attorney or Representative: In the event of a Request for Evidence (RFE), may the USCIS contact you by Fax or E-mail? ☐ No ☐ Yes

Signature of Preparer	**Printed Name of Preparer**	**Date** *(mm/dd/yyyy)*
	H. Ronald Klasko	12/27/13
Firm Name and Address Klasko, Rulon, Stock & Seltzer, LLP 1800 John F. Kennedy Blvd. Suite 1700 Philadelphia, PA 19125		
Daytime Phone Number *(Area/Country Codes)* 215-825-8600	**Fax Number** *(Area/Country Codes)* 215-825-8699	**E-Mail Address** rklasko@klaskolaw.com

Continuation Sheet

Part 1: Information About Principal of the Regional Center

William R. Banks, additional Principal.
Address: 45 Mountain Air Drive, Burnsville, NC 28714.
Phone: (740) 704-3256
Fax: (305) 400-0679
Date of Birth: [redacted]

(b)(6)

Klasko, Rulon, Stock & Seltzer, LLP
Practice limited to Immigration and Nationality Law

PHILADELPHIA • NEW YORK

KLASKO
Immigration and Nationality Law

December 27, 2013

VIA FedEx

U.S. Citizenship and Immigration Service
California Service Center
Attn: EB-5 Processing Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

Re: Form I-924A by the Appalachian EB-5 Regional Center (RC ID12090050633)

Dear Officer:

We are the attorneys for the Appalachian EB-5 Regional Center. Consistent with the requirements of 8 C.F.R. § 204.6(m)(6), we are submitting the following documentation to demonstrate Appalachian EB-5 Regional Center's continued eligibility for Regional Center designation:

- Form G-28, Notice of Entry of Appearance as Attorney or Representative;
- Form I-924A, Supplement to Form I-924 for the Fiscal Year Ending September 30, 2013; and
- Appalachian EB-5 Regional Center's most recently issued (and only) approval notice, dated September 30, 2013 (ID12090050633).

Should you need any further information regarding this matter, please contact me directly at 215-825-8608, or my associate, Walter S. Gindin, at 215-825-8667.

Very truly yours,

H. Ronald Klasko

HRK/wsg/tg
Enclosures

cc: Andrew Dover (w/enclosures)

1800 John F. Kennedy Boulevard, Suite 17th Floor
Philadelphia, PA 19103
Telephone 215.825.8600 Facsimile 215.825.8699
www.klaskolaw.com

U.S. Department of Homeland Security
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

U.S. Citizenship and Immigration Services

Date: JUL 11 2013

Andrew Dover
Appalachian EB-5 Regional Center
45 Mountain Air Drive
Burnsville, NC 28714

Application:	Form I-924, Application for Regional Center under the Immigrant Investor Pilot Program
Applicant(s):	Andrew Dover
Re:	Initial Regional Center Designation Appalachian EB-5 Regional Center RCW1209050633 / ID12090050633

This notice is in reference to the Form I-924, Application for Regional Center Under the Immigrant Investor Pilot Program that was filed by the applicant with the U.S. Citizenship and Immigration Services ("USCIS") on March 30, 2012. The Form I-924 application was filed to request approval of initial regional center designation under the Immigrant Investor Program. The Immigrant Investor Program was established under § 610 of the Department of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act of 1993 (Pub. L. 102-395, Oct. 6, 1992, 106 Stat. 1874).

I. Executive Summary of Adjudication

1. Effective the date of this notice, USCIS approves the Form I-924 request to designate Appalachian EB-5 Regional Center as a qualifying participant in the Immigrant Investor Program.

II. Regional Center Designation

USCIS approves the applicant's request to focus, promote economic growth, and offer capital investment opportunities in the following geographic area and industry categories:

A. Geographic Area

State/Counties							
North Carolina Counties			Tennessee Counties				
Haywood	Stokes	Caldwell	Hamilton	Cocke	Campbell	Jackson	Rhea
Madison	Ashe	Mitchell	Claiborne	Louden	Johnson	Cannon	Roane
Buncombe	Burke	Polk	Sequatchie	Union	Bradley	Macon	Scott
Henderson	Davie	Forsyth	Cumberland	Meigs	DeKalb	Coffee	Sevier
Rutherford	Avery	Surry	Grainger	Carter	Fentress	Greene	Smith
Transylvania	Clay	Swain	Van Buren	Unicoi	Franklin	Monroe	Sullivan
McDowell	Graham	Yadkin	Hamblen	Bledsoe	McMinn	Morgan	Warren
Cherokee	Jackson	Watauga	Washington	Marion	Grundy	Overton	White
Alexander	Macon	Wilkes	Anderson	Clay	Hancock	Pickett	Knox
Allegheny	Yancey		Jefferson	Blount	Hawkins	Putnam	Polk

Note: Pursuant to the Policy Memorandum on EB-5 Adjudications Policy (PM-602-0083), an amendment request is not required if investment opportunities arise outside the geographic area referenced above. USCIS will evaluate eligibility upon the filing of an initial Form I-526 related to that new investment opportunity.

B. Industry Categories

NAICS	Industry Title
2213	Water, Sewage, and Other Systems
2361	Residential Building Construction
2362	Non-Residential Building Construction
2373	Highway, Street, and Bridge Construction
23711	Water and Sewer Line and Related Structures Construction
23799	Other Heavy and Civil Engineering Construction
5312	Offices of Real Estate and Brokers
5313	Activities Related to Real Estate
5411	Legal Services
5413	Architectural, Engineering, and Related Services

Note: Pursuant to the Policy Memorandum on EB-5 Adjudications Policy (PM-602-0083), an amendment request is not required if investment opportunities arise outside the industry categories referenced above. USCIS will evaluate eligibility upon the filing of an initial Form I-526 related to that new investment opportunity.

III. Job Creation

USCIS approves the geographic area and industry categories noted above based on the economic impact analysis presented and reviewed in conjunction with the adjudication of this regional center proposal.

(b)(4)

When filing Form I-526, it will be the responsibility of the individual investor to submit a comprehensive, detailed and credible business plan, showing by a preponderance of the evidence that his or her investment in the new commercial enterprise will create not fewer than 10 full-time positions. If prior to filing a form I-829, the job creation estimated in the business plan submitted by the individual investor materially changes or will not be realized, then it will be the responsibility of the EB-5 investor to notify USCIS of an agreed upon methodology to allocate job creation among eligible investors.

IV. Guidelines for Filing Form I-526 Petitions

Each individual petition, in order to demonstrate that it is affiliated with the Appalachian EB-5 Regional Center, in conjunction with addressing all the requirements for an individual immigrant investor petition, shall also contain the following:

1. A copy of this regional center approval notice and designation letter including all subsequent amendment approval letters (if applicable).

2. An economic impact analysis which reflects a job creation methodology required at 8 CFR § 204.6 (j)(4)(iii) and shows how the capital investment by an individual immigrant investor will create not fewer than ten (10) indirect jobs for each immigrant investor.

3. A comprehensive, detailed and credible business plan for an actual project that contains the factual details necessary to be in compliance with the requirements described in Matter of Ho, 22 I&N Dec. 206 (Assoc. Comm'r 1998).

4. Legally executed organizational documents of the commercial enterprise.

Note: The project reviewed with this Form I-924 application is a hypothetical project. Organizational and transactional documents associated with the new commercial enterprise (NCE) submitted with this Form I-924 have not been reviewed to determine compliance with program requirements since these documents

will receive de novo review in subsequent filings (e.g., an amended Form I-924 application with a Form I-526 exemplar or the first Form I-526 petition filed by an investor under the regional center project).

V. Designee's Responsibilities in the Operations of the Regional Center

As provided in 8 CFR § 204.6 (m)(6), to ensure that the regional center continues to meet the requirements of section 610(a) of the Appropriations Act, a regional center must provide USCIS with updated information to demonstrate the regional center is continuing to promote economic growth, improved regional productivity, job creation, and increased domestic capital investment in the approved geographic area. Such information must be submitted to USCIS on an annual basis or as otherwise requested by USCIS. The applicant must monitor all investment activities under the sponsorship of the regional center and to maintain records in order to provide the information required on the Form I-924A Supplement to Form I-924. Form I-924A, Supplement to Form I-924 Application is available in the "Forms" section on the USCIS website at www.uscis.gov.

Regional centers that remain designated for participation in the Immigrant Investor Program as of September 30th of a calendar year are required to file Form I-924A Supplement in that year. The Form I-924A Supplement with the required supporting documentation must be filed on or before December 29th of the same calendar year.

The failure to timely file a Form I-924A Supplement for each fiscal year in which the regional center has been designated for participation in the Immigrant Investor Program will result in the issuance of an intent to terminate the participation of the regional center in the Immigrant Investor Program, which may ultimately result in the termination of the designation of the regional center.

The regional center designation is non-transferable, as any changes in management of the regional center will require the approval of an amendment to the approved regional center designation.

If the applicant has any questions concerning the regional center designation under the Immigrant Investor Program, please contact the USCIS by email at USCIS.ImmigrantInvestorProgram@uscis.dhs.gov.

Sincerely,

Daniel M. Renaud
Acting Chief, Immigrant Investor Program

cc: H. Ronald Klasko, Esq.

From: (215) 825-8640 Origin ID: REDA
H. Ronald Klasko
Klasko, Rulon, Stock & Seltzer, LLP
1800 John F. Kennedy Boulevard
Suite 1700
Philadelphia, PA 19103

FedEx Express

J13201306280326

Ship Date: 27DEC13
ActWgt: 1.0 LB
CAD: 103808884/INET3430

Delivery Address Bar Code

SHIP TO: (215) 825-8640 BILL SENDER
U.S. Citizenship & Immigration Serv
California Service Center
24000 Avila Road, 2nd Floor
ATTN: EB-5 RC PROPOSAL
Laguna Niguel, CA 92677

Ref # 8640 - I924A Appalachian EB-5
Invoice #
PO #
Dept #

CSC
AM DEC 30 2013
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STANDARD OVERNIGHT

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Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com.FedEx will not be responsible for any claim in excess of $100 per package, whether the result of loss, damage, delay, non-delivery,misdelivery,or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim.Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental,consequential, or special is limited to the greater of $100 or the authorized declared value. Recovery cannot exceed actual documented loss.Maximum for items of extraordinary value is $1,000, e.g. jewelry, precious metals, negotiable instruments and other items listed in our ServiceGuide. Written claims must be filed within strict time limits, see current FedEx Service Guide.

COPY

RECEIPT NUMBER RCW1400251578		CASE TYPE I924A Supplement to Form I-924
RECEIVED DATE December 30, 2013		APPLICANT DOVER, ANDREW
NOTICE DATE January 02, 2014	PAGE 1 of 1	
H RONALD KLASKO RE: APPALACHIAN EB 5 REGIONAL CENTER 1800 JOHN F KENNEDY BLVD STE 1700 PHILADELPHIA PA 19103		NOTICE TYPE: Receipt Notice

Receipt Notice - This notice confirms that USCIS received your application or petition as shown above. Please reference the receipt number, above, on any correspondence with USCIS. If any of the above information is incorrect, please immediately contact us at USCIS.ImmigrantInvestorProgram@dhs.gov to let us know. This will help avoid future problems.

This notice does not grant any immigration status or benefit. It is not even evidence that this case is still pending. It only shows that the application or petition was filed on the date shown.

Processing time – Processing times vary by kind of case. You can check our website at www.uscis.gov for our current processing times for this kind of case at the particular office to which this case is or becomes assigned. If you do not receive an initial decision or update from us within our current processing time, email us at USCIS.ImmigrantInvestorProgram@dhs.gov. Save this notice, and any other notice we send you about this case, and please make and keep a copy of any papers you send us by any means along with any proof of delivery to us. Please have all these papers with you if you contact us about this case.

If your address changes – If your mailing address changes while you case is pending, notify us at USCIS.ImmigrantInvestorProgram@dhs.gov, otherwise you may not receive notice of our action on this case.

Please see the additional information on the back. You will be notified separately about any other cases you filed.

U.S. CITIZENSHIP & IMMIGRATION SVC
CALIFORNIA SERVICE CENTER
P.O. BOX 30111
LAGUNA NIGUEL CA 92607-0111
Customer Service Telephone: (800) 375-5283

RALPH STEWART BOWDEN, Inc.
REAL ESTATE COUNSELORS
626 Elk Run Lane
Earlysville, Virginia 22936
434 974 7611 / 434 409 3216 (cell)
E-mail: rsbclub@msn.com
www.bowdensmarketbarometer.com

April 9, 2013

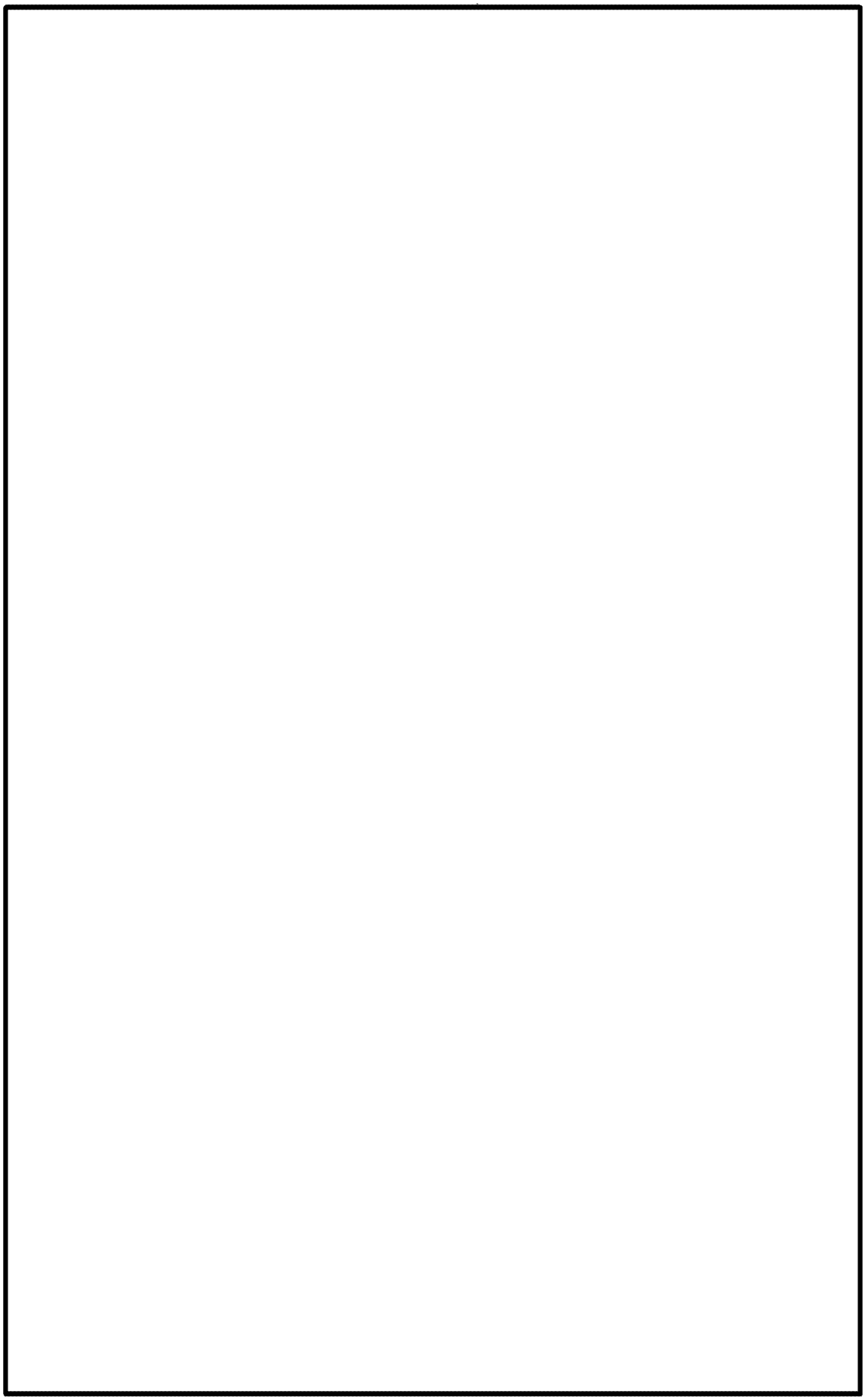
Re: Response to questions pertaining to the updated Real Estate Market Analysis raised in the March 14, 2013 Notice of Action, Intent to Deny, Appalachian EB-5 Regional Center

Reply to remarks on pages 6 and 7 of 9 pages, captioned B. Issue 2: Business Plan, quoted below.

1. Market Analysis, Competitor Analysis - The applicant submits a residential market analysis prepared by Ralph Stewart Bowden, Inc., a market specialist in master-planned and recreational-oriented developments. According to the market analysis, the western North Carolina market area, where the project is located"..

(b)(4)

(b)(4)



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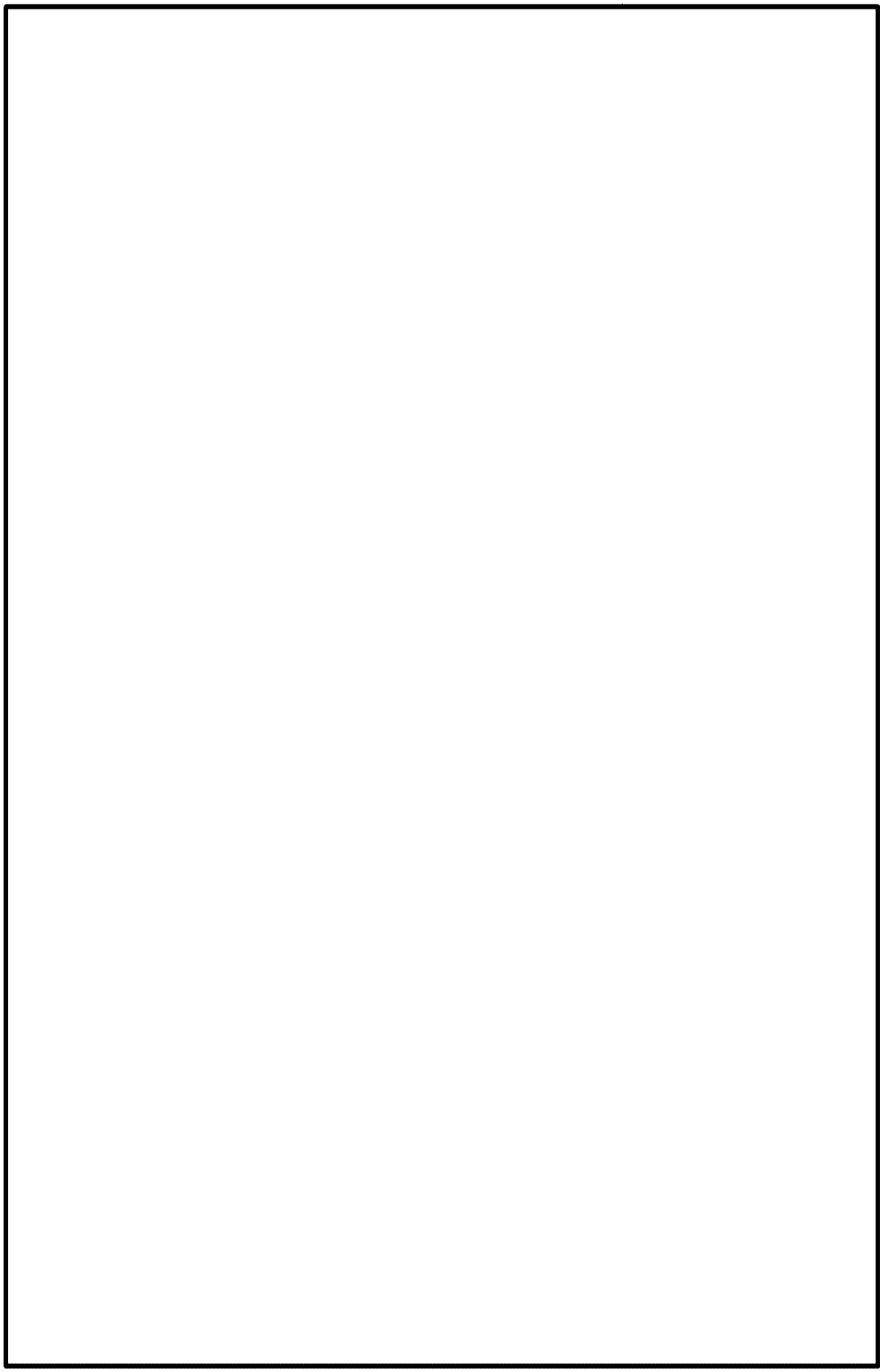

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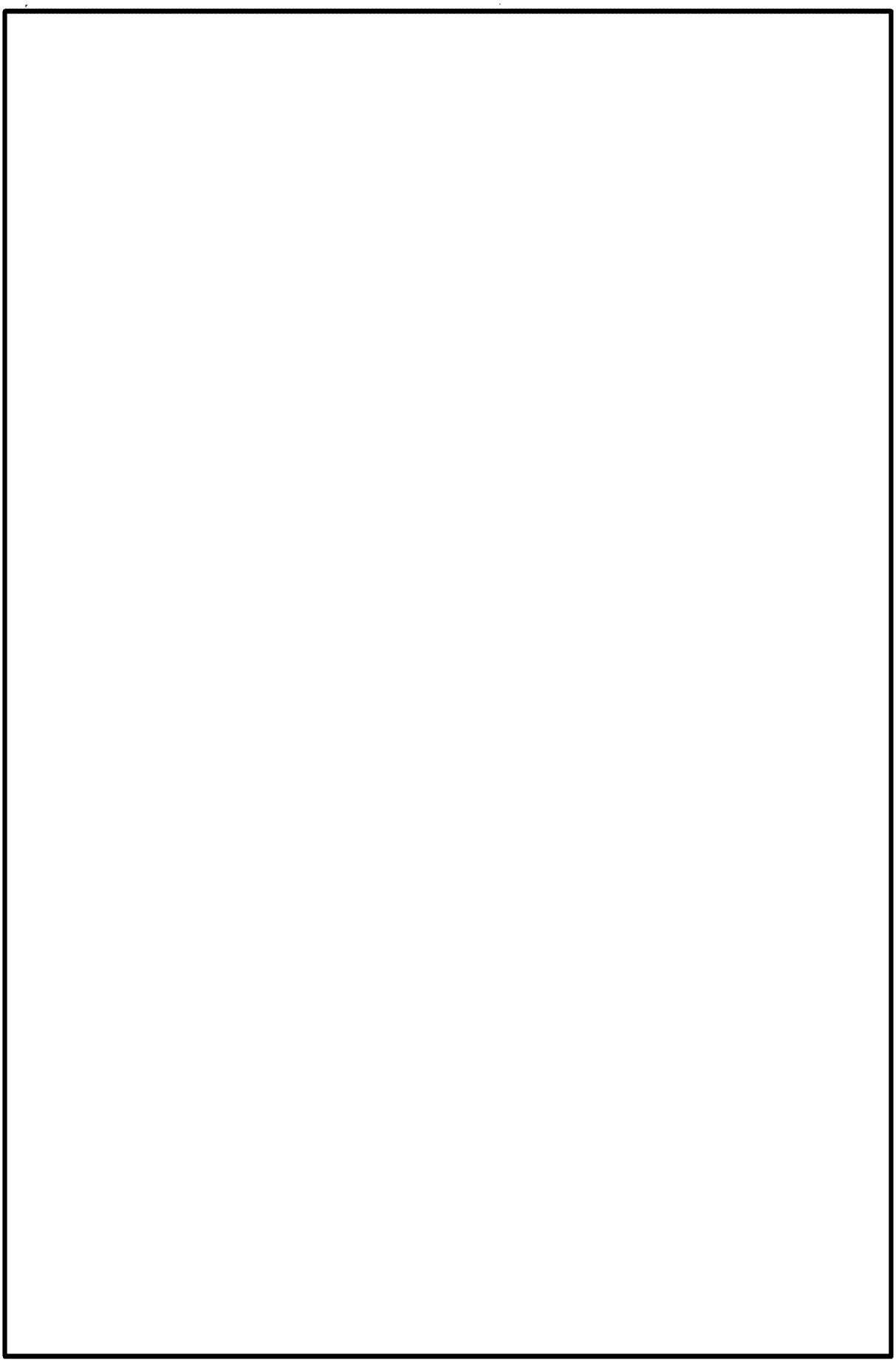

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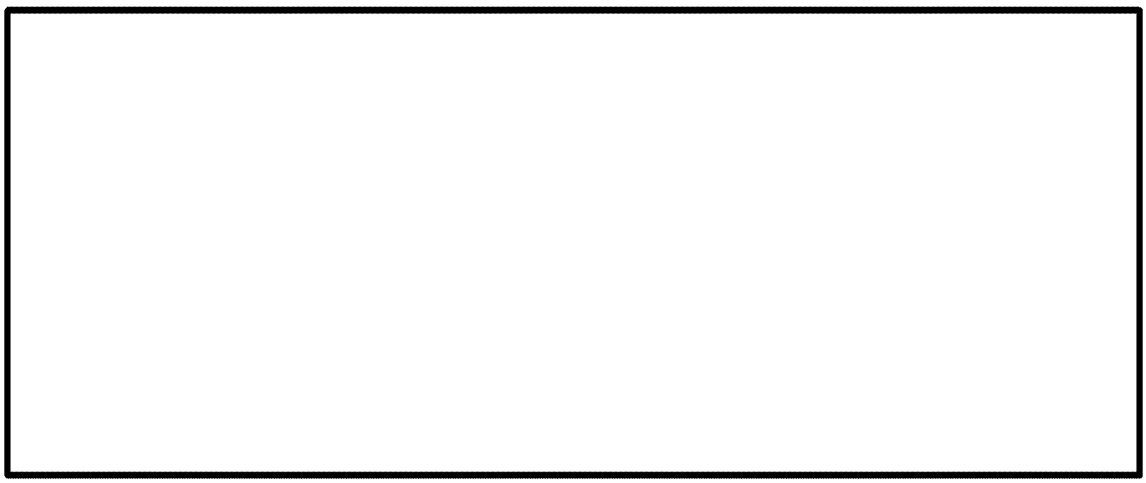


Respectfully submitted,

Ralph S. Bowden
President

Electronic attachments

Department of Homeland Security
U.S. Citizenship and Immigration Services

I-797E, Notice of Action

A #		Application/Petition I924, Application for Regional Center under Immigrant Investor Pilot Program
Receipt # RCW1209050633		Application/Petitioner Appalachian Eb-5 Regional Center
Notice Date March 14, 2013	Page 1 of 9	Beneficiary

H. Ronald Klasko
Klasko, Rulon, Stock & Seltzer, LLP
RE: Appalachian EB-5 Regional Center
1800 John F. Kennedy Boulevard, Suite 1700
Philadelphia, PA 19103

Intent to Deny Processing Coversheet

ACTION COMPLETED
APPROVED FOR FILING
APR 12 2013
INITIALS:
FOC: CSC 030070

Notice also sent to:

C30070

RETURN THIS BLUE PROCESSING COVERSHEET ON TOP OF YOUR RESPONSE TO THE INTENT TO DENY.

Note: You are given until **April 13, 2013** in which to submit the requested information to the address at the bottom of this notice.

RESPONSE TO AN INTENT TO DENY

For more information, visit our website at **www.uscis.gov**

Or call us at **1-800-375-5283**

Telephone service for the hearing impaired: 1-800-767-1833

For non-US Postal Service
Attn: EB 5 RC Proposal
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

CSC4639 WS25097 DIV Investor Branch AC

You will be notified separately about any other applications or petitions you filed. Save this notice. Please enclose a copy of it if you write to us about this case, or if you file another application based on this decision. Our address is:

USCIS - CALIFORNIA SERVICE CENTER
P.O. BOX 10590
LAGUNA NIGUEL, CA 92607-0590
800-375-5283

RCW1209050633

Please see additional information on the reverse side.

Form I-797E (Rev. 05/05/06)

13-25-7-2

NOTICE OF INTENT TO DENY

This notice is in reference to the Form I-924, Application for Regional Center Under the Immigrant Investor Program, that was filed by Appalachian EB-5 Regional Center ("applicant") at the California Service Center on March 30, 2012. The U.S. Citizenship and Immigration Services ("USCIS") has completed its review of the application for designation as a regional center under the Immigrant Investor Program ("Program"). The Program was established under § 610 of the Department of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act of 1993 (Pub. L. 102-395, Oct. 6, 1992, 106 Stat. 1874). The purpose of this notice is to notify the applicant that USCIS intends to deny its application requesting designation as a regional center.

I. Procedural History

The proposed Regional Center entity was established on October 13, 2011 in the state of North Carolina and is structured as a Limited Liability Company (LLC). The applicant is requesting jurisdiction over a geographic area that includes the following counties in the states of North Carolina and Tennessee.

State of North Carolina Counties			State of Tennessee Counties				
Haywood	Stokes	Caldwell	Hamilton	Cocke	Campbell	Jackson	Rhea
Madison	Ashe	Mitchell	Claiborne	Louden	Johnson	Cannon	Roane
Buncombe	Burke	Polk	Sequatchie	Union	Bradley	Macon	Scott
Henderson	Davie	Forsyth	Cumberland	Meigs	DeKalb	Coffee	Sevier
Rutherford	Avery	Surry	Grainger	Carter	Fentress	Greene	Smith
Transylvania	Clay	Swain	Van Buren	Unicoi	Franklin	Monroe	Sullivan
McDowell	Graham	Yadkin	Hamblen	Bledsoe	McMinn	Morgan	Warren
Cherokee	Jackson	Watauga	Washington	Marion	Grundy	Overton	White
Alexander	Macon	Wilkes	Anderson	Clay	Hancock	Pickett	Knox
Allegheny	Yancey		Jefferson	Blount	Hawkins	Putnam	Polk

Additionally, the applicant plans to offer EB-5 capital investment opportunities in affiliated new commercial enterprises, organized as LLCs, focusing on projects in the following industry categories:

NAICS Code	Industry Title
2213	Water, Sewage, and Other Systems
2361	Residential Building Construction
2362	Non-Residential Building Construction
2373	Highway, Street, and Bridge Construction
23711	Water and Sewer Line and Related Structures Construction

23799	Other Heavy and Civil Engineering Construction
5312	Offices of Real Estate and Brokers
5313	Activities Related to Real Estate
5411	Legal Services
5413	Architectural, Engineering, and Related Services

The capital investment projects will involve a combination of equity investments and loan to job creating enterprises located within the proposed bounds of the Regional Center.

The applicant's proposed project involves the improvement and expansion of a unique retirement-based community known as Mountain Air in the Appalachian Mountains in the State of North Carolina. The development includes the construction of single family homes, residential condominiums, a country club, and a village center featuring upscale lodging and dining, a spa, fitness center, a theater, a children's activity center, and other amenities that serve the small community. The applicant estimates that the project (b)(4) will cost [redacted] of which [redacted] will be from [redacted] immigrant investors, and generate approximately [redacted] jobs.

On March 30, 2012, the applicant filed its Form I-924 requesting regional center designation. On October 11, 2012, USCIS issued a request for additional evidence ("RFE") as the initial application did not qualify under 8 C.F.R. § 204.6(m)(3). The response to the RFE was received on December 26, 2012. After a substantive review of applicant's December 26, 2012 response, USCIS has determined that the applicant has addressed some of the concerns but some issues remained unresolved.

III. Regional Center – Relevant Statute and Regulations

Section 610 of the Departments of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act of 1993, Pub. L. 102-395, (8 USC 1153 note), as amended by Section 402 of the Visa Waiver Permanent Program Act of 2000, Pub. L. 106-396, provides:

> (a) Of the visas otherwise available under section 203(b)(5) of the Immigration and Nationality Act (8 U.S.C. 1153(b)(5)), the Secretary of State, together with the Attorney General, shall set aside visas for a program to implement the provisions of such section. Such program shall involve a regional center in the United States for the promotion of economic growth, including increased export sales, improved regional productivity, job creation, and increased domestic capital investment.
>
> (b) For purposes of the program established in subsection (a), beginning on October 1, 1992, but no later than October 1, 1993, the Secretary of State, together with the Attorney General, shall set aside 3,000 visas annually for five years to include such aliens as are eligible for admission under section 203(b)(5) of the Immigration and Nationality Act and this section, as well as spouses or children which are eligible, under the terms of the Immigration and Nationality Act, to accompany or follow to join such aliens.

(c) In determining compliance with section 203(b)(5)(A)(iii) of the Immigration and Nationality Act, and notwithstanding the requirements of 8 CFR 204.6, the Attorney General shall permit aliens admitted under the program described in this section to establish reasonable methodologies for determining the number of jobs created by the program, including such jobs which are estimated to have been created indirectly through revenues generated from increased exports, improved regional productivity, job creation, or increased domestic capital investment resulting from the program.

The regulation at 8 CFR § 204.6(m) provides:

(3) Requirements for regional centers. Each regional center wishing to participate in the Immigrant Investor Program shall submit a proposal to the Assistant Commissioner for Adjudications, which:

(i) Clearly describes how the regional center focuses on a geographical region of the United States, and how it will promote economic growth through increased export sales, improved regional productivity, job creation, and increased domestic capital investment;

(ii) Provides in verifiable detail how jobs will be created indirectly through increased exports;

(iii) Provides a detailed statement regarding the amount and source of capital which has been committed to the regional center, as well as a description of the promotional efforts taken and planned by the sponsors of the regional center;

(iv) Contains a detailed prediction regarding the manner in which the regional center will have a positive impact on the regional or national economy in general as reflected by such factors as increased household earnings, greater demand for business services, utilities, maintenance and repair, and construction both within and without the regional center; and

(v) Is supported by economically or statistically valid forecasting tools, including, but not limited to, feasibility studies, analyses of foreign and domestic markets for the goods or services to be exported, and/or multiplier tables.

(4) ***

(5) Decision to participate in the Immigrant Investor Program. The Assistant Commissioner for Adjudications shall notify the regional center of his or her decision on the request for approval to participate in the Immigrant Investor Program, and, if the

petition is denied, of the reasons for the denial and of the regional center's right of appeal to the Associate Commissioner for Examinations. Notification of denial and appeal rights, and the procedure for appeal shall be the same as those contained in 8 CFR 103.3.

In reviewing this application, USCIS has to determine whether the request for regional center designation has met all of the regulatory criteria and thereby will maintain a regional center within which aliens seeking to obtain permanent resident status under section 203(b)(5) of the Act will be able to successfully establish a new commercial enterprise (as described in 8 CFR § 204.6(h)) with the qualifying investment that will benefit the United States economy and create 10 full-time jobs, including jobs indirectly created through the new commercial enterprise.

After a substantive review of the applicant's response we conclude that the applicant has addressed some but not all of the concerns of USCIS as articulated in the RFE.

IV. Issues

A. Issue 1: NAICS Codes

While the NAICS codes listed on page 2 now appear to be valid, there are unresolved issues with the project-specific codes requested by the applicant. Critical assumptions are listed in the following table:

NAICS Code	Critical Assumption Used	Result/Model Input
2361		
2362		
5411		
5413		

(b)(4)

(b)(4)

2373	
23711	
23799	
2213	
5312	
5313	
5313	

-
-

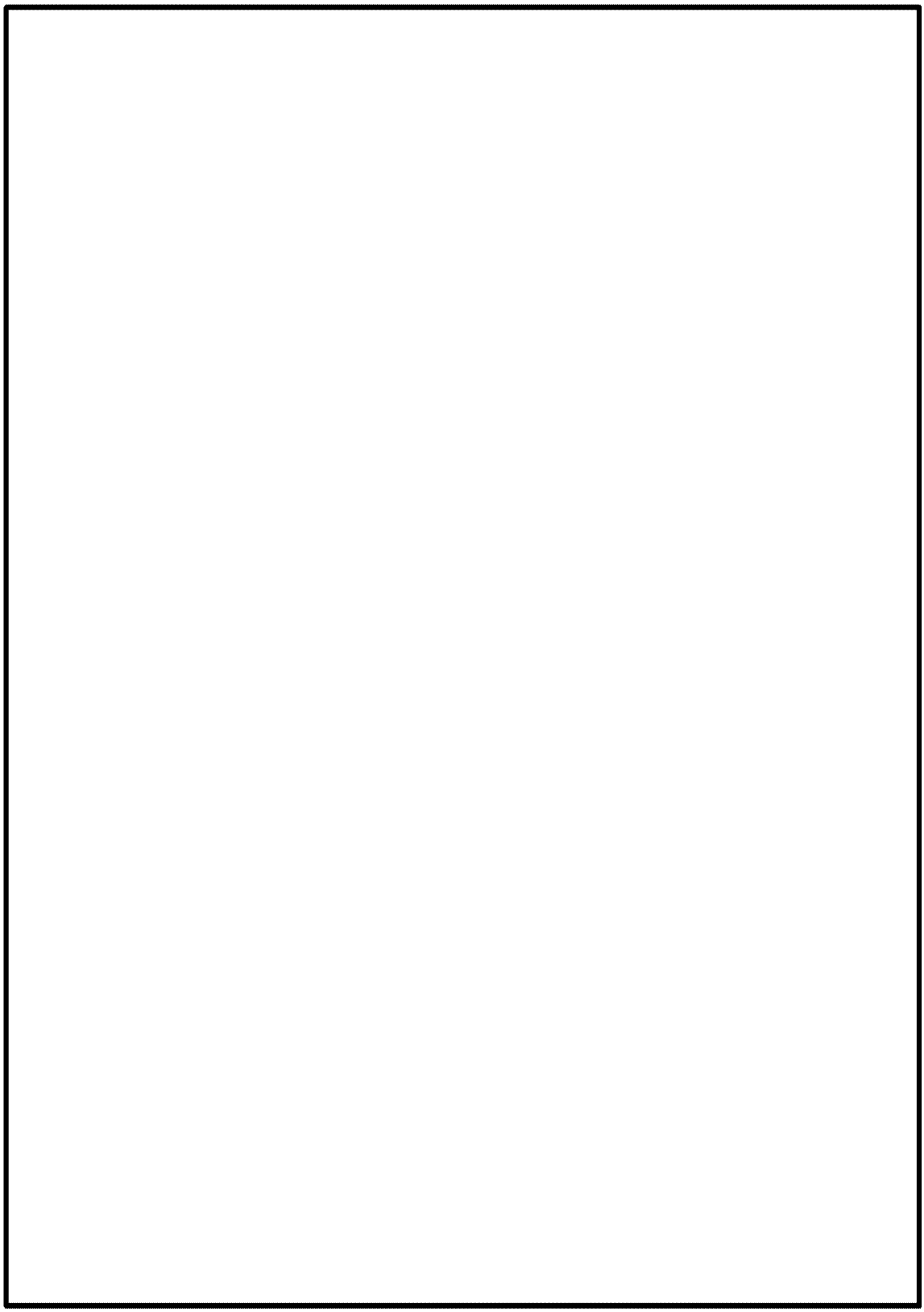
(b)(4)

B. Issue 2: Business Plan

1. Market Analysis, Competitor Analysis - The applicant submits a residential market analysis prepared by Ralph Stewart Bowden, Inc., a market specialist in master-planned and recreational-oriented developments. According to the market analysis, the western North Carolina market area, where the project is located"..

(b)(4)

(b)(4)



The applicant provides a detailed job creation timeline (page 20 of the EPR's RFE response letter) indicating the approximate sequence of the adjudication process and highlights the job creation impact occurring during the three year time period. The timeline clearly shows a two year and six month timeframe for job creation.

Regarding the supporting documentation requested by USCIS, the applicant provides the following hiring sequence for jobs associated with the retirement community:

Department	Year 1	Year 2	Year 3	Year 4	Year 5
Mountain Air Development					
Mountain Air Realty					
Mountain Air Legacy Homes					
Mountain Air Utility Corp.					
Mountain Air Maintenance Services					
Professional Services					
Total					
Total Used in the Impact Modeling					

(b)(4)

(b)(4)

(b)(4) **C. Issue 3: Economic Impact Analysis**

V. Decision

This notice serves as notification of USCIS' intention to deny the applicant's request for designation as a regional center as the Form I-924 does not meet the regulatory requirements at 8 C.F.R. § 204.6(m)(3). Therefore, the applicant is afforded thirty (30) days from the date of this notice to submit additional information, evidence or arguments in support of the application. Additionally, when USCIS serves a notice by mail, three (3) days are added to the prescribed period in which to respond. See 8 C.F.R. 103.5a(b). Any response to this notice should include a detailed analysis that rebuts the grounds for denial raised above, corroborated by credible independent documentary evidence all of which will be considered before a decision is rendered.

VI. Review Board Option

Pursuant to 8 C.F.R § 103.2(b)(9), USCIS has the authority to request the applicant's appearance for either an in-person interview at the California Service Center (CSC) or a telephonic interview. Should the applicant prefer an in-person or telephonic interview, please indicate as such in response to this notice of intent to deny.

However, be advised that USCIS will need to review any additional information, evidence, or arguments the applicant wishes to submit in support of the application before a review board may be scheduled.

Upon review of the applicant's response, the applicant will then be contacted via the USCIS Immigrant Investor Program mailbox at USCIS.ImmigrantInvestorProgram@uscis.dhs.gov for further instructions regarding the time and date of the interview.

The interview will last approximately 60 minutes. During this time, the applicant will be given the opportunity to present additional information regarding the pending case. The CSC will issue a written decision at a later date, after full consideration of the written record and statements made during the interview.

Failure to respond to this notice of intent to deny will result in the denial of the application based on the above stated reasons.

KLASKO
Immigration and Nationality Law

Klasko, Rulon, Stock & Seltzer, LLP
Practice limited to Immigration and Nationality Law

PHILADELPHIA • NEW YORK

April 11, 2013

Via FedEx

U.S. Citizenship and Immigration Services
California Service Center
ATTN: EB-5 Processing Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

RE: Application for Regional Center Designation (Form I-924)
Appalachian EB-5, LLC Regional Center
Mountain Air EB-5 Project
Receipt #: RCW1209050633

Response to Notice of Intent to Deny/Request for Hearing

Dear Sir/Madam:

We are the attorneys for Appalachian EB-5, LLC. We hereby submit the attached response to the Service's March 14, 2013 Notice of Intent to Deny (NOID) on its behalf. Appalachian is also requesting a hearing before the review board, either in person or telephonically, in the event that USCIS does not intend to grant this application. A copy of the NOID precedes this letter. In support of this response, please find the following attached:

- Exhibit A: Letter from Economic and Policy Resources in response to the NOID, 4/10/13;
- Exhibit B: Revised business plan with cover letter and Appendices from Economic and Policy Resources, 4/10/13;
- Exhibit C: Revised Economic Impact Report, 4/9/13;
- Exhibit D: Letter from Ralph Stewart Bowden, Inc., 4/9/13, with exhibits;
- Exhibit E: Letter from Randy Banks, President/CEO of Mountain Air Development re staffing levels, with attached charts; and
- Exhibit F: Letter from Randy Banks, President/CEO of Mountain Air Development re construction timeline.

1800 John F. Kennedy Boulevard, Suite 1700
Philadelphia, PA 19103
Telephone 215.825.8600 Facsimile 215.825.8699
www.klaskolaw.com

Background

On March 28, 2012, Appalachian submitted an I-924 Application for Regional Center Designation to USCIS. On October 11, 2012, USCIS issued an RFE requesting clarification of several issues, which was responded to on December 26, 2012. USCIS has issued a NOID seeking clarification of certain issues, which will be addressed below.

Appalachian is seeking designation as a USCIS approved Regional Center on the basis of a hypothetical project, the Mountain Air EB-5 Project. Appalachian is seeking approval of the geographic territory including 50 counties in Tennessee and 29 counties in North Carolina.[1]

Appalachian is seeking approval to offer EB-5 compliant investments in the following ten target industry clusters, the inclusion of which is fully supported by the attached Business Plan and Economic Impact Report (**Exhibits B** and **C**):

	Requested NAICS	NAICS Title
1	2213	Water, Sewage and Other Systems
2	2361	Residential Building Construction
3	2362	Nonresidential Building Construction
4	2373	Highway, Street, and Bridge Construction
5	23711	Water and Sewer Line and Related Structures Construction
6	23799	Other Heavy and Civil Engineering Construction
7	5312	Offices of Real Estate Agents and Brokers
8	5313	Activities Related to Real Estate
9	5411	Legal Services
10	5413	Architectural, Engineering, and Related Services

Prepared by: Ecohomic & Policy Resources, Inc.

Legal Standard and Burden of Proof

Pursuant to 8 CFR 204.6(m)(3), each regional center wishing to participate in the Immigrant Investor Pilot Program shall submit a proposal to the Assistant Commissioner for Adjudications, which:

> "(i) Clearly describes how the regional center focuses on a geographical region of the United States, and how it will promote economic growth through increased export sales, improved regional productivity, job creation, and increased domestic capital investment;

[1] For a map of the proposed territory and complete listing of counties, see Exhibit C at 14-15.

(ii) Provides in verifiable detail how jobs will be created indirectly through increased exports;

(iii) Provides a detailed statement regarding the amount and source of capital which has been committed to the regional center, as well as a description of the promotional efforts taken and planned by the sponsors of the regional center;

(iv) Contains a detailed prediction regarding the manner in which the regional center will have a positive impact on the regional or national economy in general as reflected by such factors as increased household earnings, greater demand for business services, utilities, maintenance and repair, and construction both within and without the regional center; and

(v) Is supported by economically or statistically valid forecasting tools, including, but not limited to, feasibility studies, analyses of foreign and domestic markets for the goods or services to be exported, and/or multiplier tables."

A prospective Regional Center will qualify for designation if it has shown that by a preponderance of the evidence, it meets the requirements set forth in the statute and the regulations. Pursuant to USCIS guidance, a Regional Center applying for designation on the basis of a hypothetical project need not meet all of the requirements set forth in *Matter of Ho*, 22 I&N Dec. 206, 213 (Assoc. Comm. 1998).

With the attached documentation, Appalachian has demonstrated by a preponderance of the evidence that meets the statutory requirements for designation as an approved Regional Center.

Responses to the Issues Raised in the NOID

A. Issue 1: NAICS Codes:

The NOID provides a table of NAICS codes, critical assumptions for each code, and a result/model input for each code. NOID at 5-6. The NOID then states:

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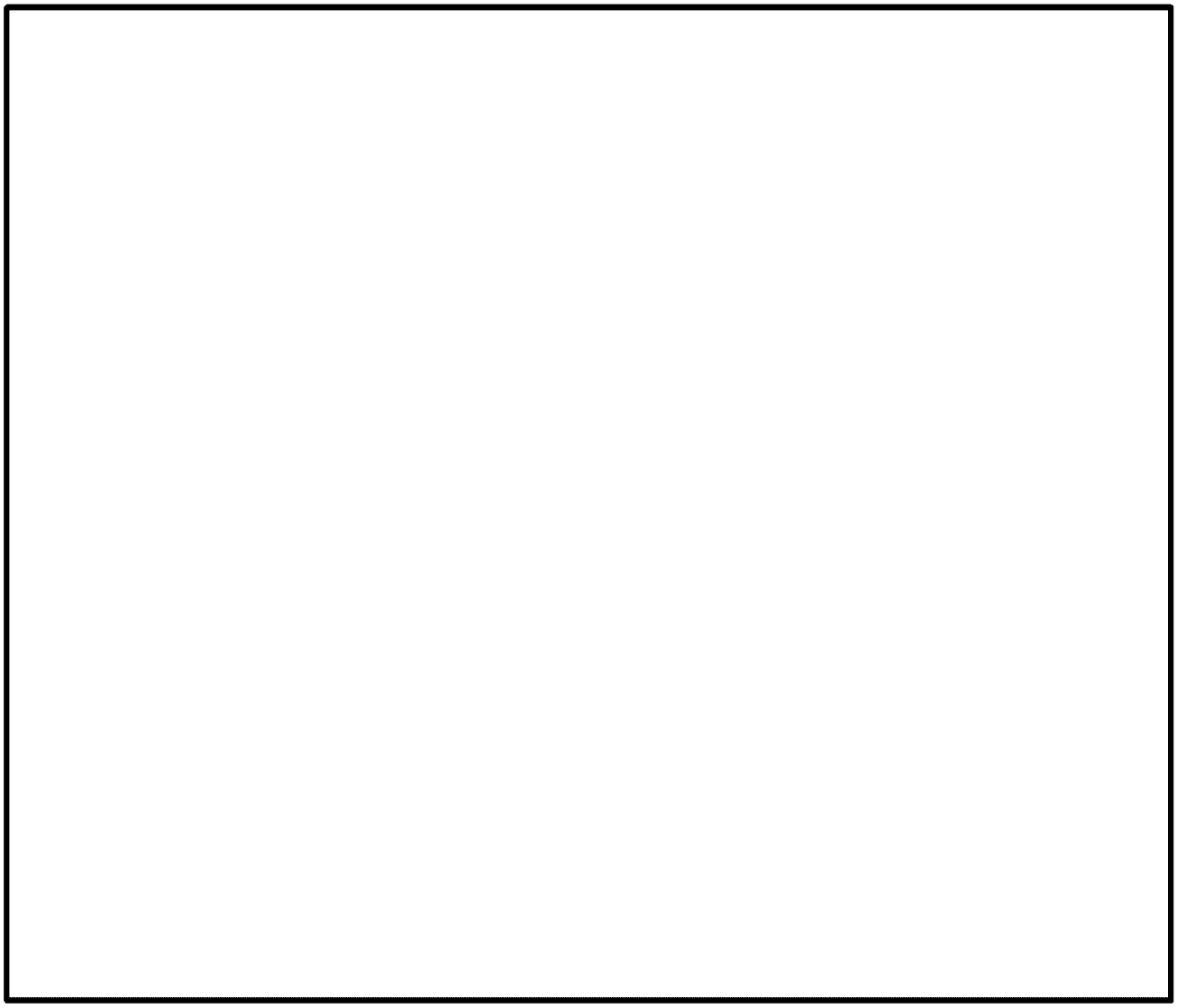
(b)(4)

B. Issue 2: Business Plan:

(b)(4)



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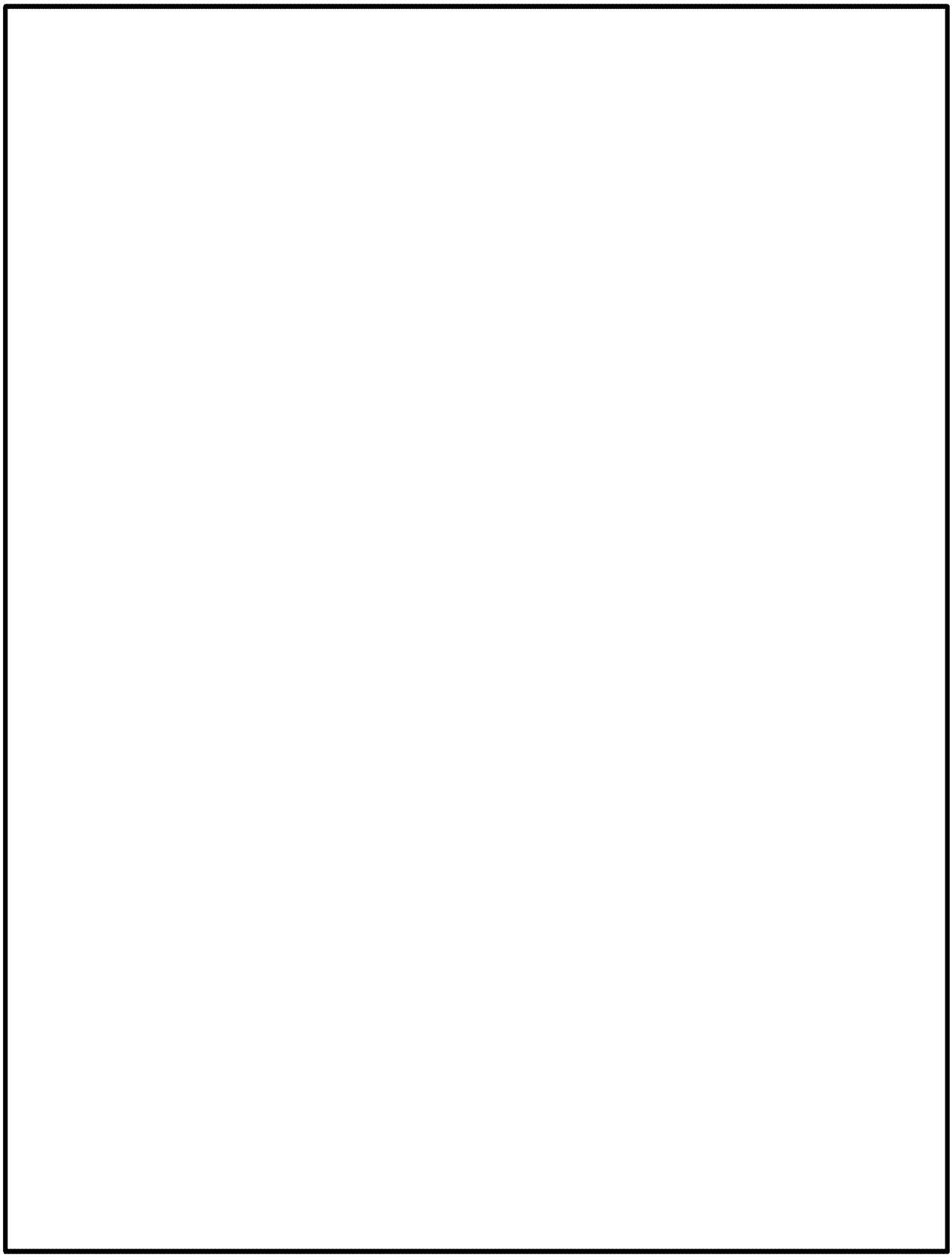


(b)(4)

C. Issue 3: Economic Impact Analysis:

[redacted]

Request for Hearing Before Review Board

In the event that USCIS finds the attached documentation insufficient to approve Appalachian as a Regional Center, Appalachian respectfully requests an opportunity to be heard at a hearing before the review board. Appalachian requests that USCIS contact present counsel to schedule a hearing. Appalachian will determine whether it can appear in person or will appear telephonically at that time, based on scheduling.

Conclusion

Appalachian has demonstrated by a preponderance of the evidence that it meets the requirements of the Pilot Program and should be designated as a USCIS approved Regional Center.

Very truly yours,

H. Ronald Klasko

HRK/dl/jm
Enclosures

Exhibit A

EPR Economic & Policy Resources
Economists, Policy and Financial Analysts
Reply to: PO Box 1660
Williston, VT 05495-1660

April 10, 2013

USCIS–California Service Center
P.O. Box 10590
Laguna Nigel, California 92607-0590

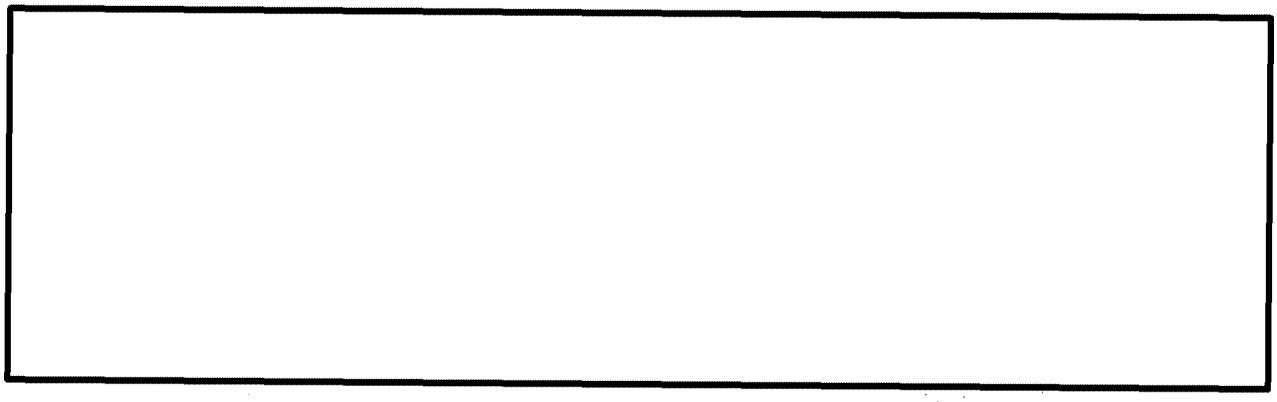
To Whom It May Concern:

This correspondence is in response to a request for clarification of issues identified by the USCIS in its Notice of intent to Deny (NOID) dated March 14, 2013 and bearing the reference RCW1209050633 relating to the Mountain Air EB-5 Project in Yancey County, North Carolina. The NOID concerns the proposed regional center designation application of the prospective Appalachian EB-5 Regional Center.

Economic & Policy Resources, Inc. (EPR) prepared a business plan for and conducted an economic impact assessment of the proposed EB-5 project. As part of the economic and job creation impact assessment, EPR prepared a report titled *The Economic Impact of the Mountain Air EB-5 Project in the Prospective Appalachian EB-5 Regional Center* dated February 28, 2012. The project business plan was titled *Appalachian EB-5, LLC Regional Center EB-5 Project Business Plan.* These documents were offered to support the regional center designation application by providing estimates of how the applicant would promote economic growth in the prospective regional center through job creation and increased capital investment associated with the project – consistent with 8 CFR 204.6(m)(3)(i).

Both documents were updated in response to an October 11, 2012 RFE issued by the USCIS, and these were provided in attachment to a letter that was intended to provide the additional data, information, and tables requested. Attachment 1 to this letter was the updated business plan, dated December 21, 2012. Attachment 2 was the updated economic and impact assessment, dated December 21, 2012. Subsequent to those filings, additional questions have been raised in the NOID. EPR has therefore prepared additional materials and updated both the economic and job impact analysis and the project business plan consistent with the clarifications and additional information requested by the USCIS.

(b)(4)



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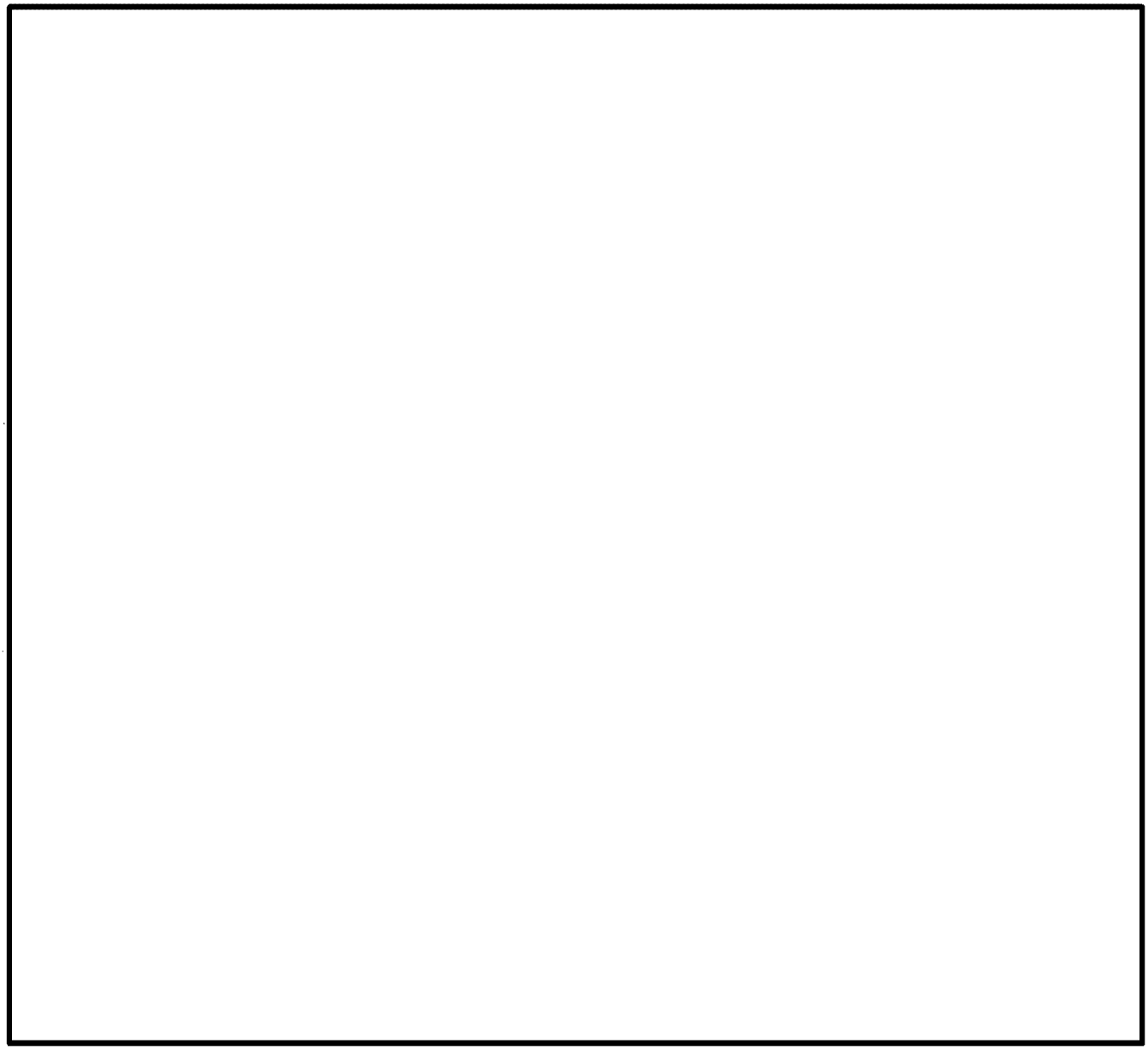


Table 1. Inputs – Mountain Air EB-5 Project

		Year 1	Year 2	Year 3	Year 4
Timeline					
		Construction			
Model Inputs	**2012**				
Construction	**NAICS**				
Residential Construction Hard Costs	2361				
Nonresidential Construction Hard Costs	2362				
Road Construction	2373				
Water and Waste Water Construction	23711				
Golf Course Construction	23799				
Architectural and Engineering Services	5413				
Legal Services	5411				
Operations					
Mountain Air Development	5313				
Mountain Air Realty	5312				
Mountain Air Utility Corp	2213				

(b)(4)

Notes:
[1] Economic activity was modeled at the county level.

Prepared by: Economic & Policy Resources, Inc.

To further clarify the inputs used in the economic modeling and with the goal of providing complete transparency in our analysis, EPR has assembled a table to summarize the inputs and outputs associated with each modeled NAICS for operations and for the construction expenditures component of the project.

Summary of Model Specifications and Results for the Mountain Air EB-5 Project				
Project Component	NAICS Activity Code	Total Investment Input	Job Creation Output within the Regional Center by Impact Year	Petitioner Requested Jobs for EB-5 Program Purposes
Construction				
Residential Construction Hard Costs	NAICS 2361	[redacted]	Year 1: [redacted] Year 2: Year 3: Year 4:	[redacted]
Nonresidential Construction Hard Costs	NAICS 2362			
Road Construction	NAICS 2373			
Water and Waste Water Construction	NAICS 23711			
Golf Course Construction	NAICS 23799			
Architectural and Engineering Services	NAICS 5413			
Legal Services	NAICS 5411			

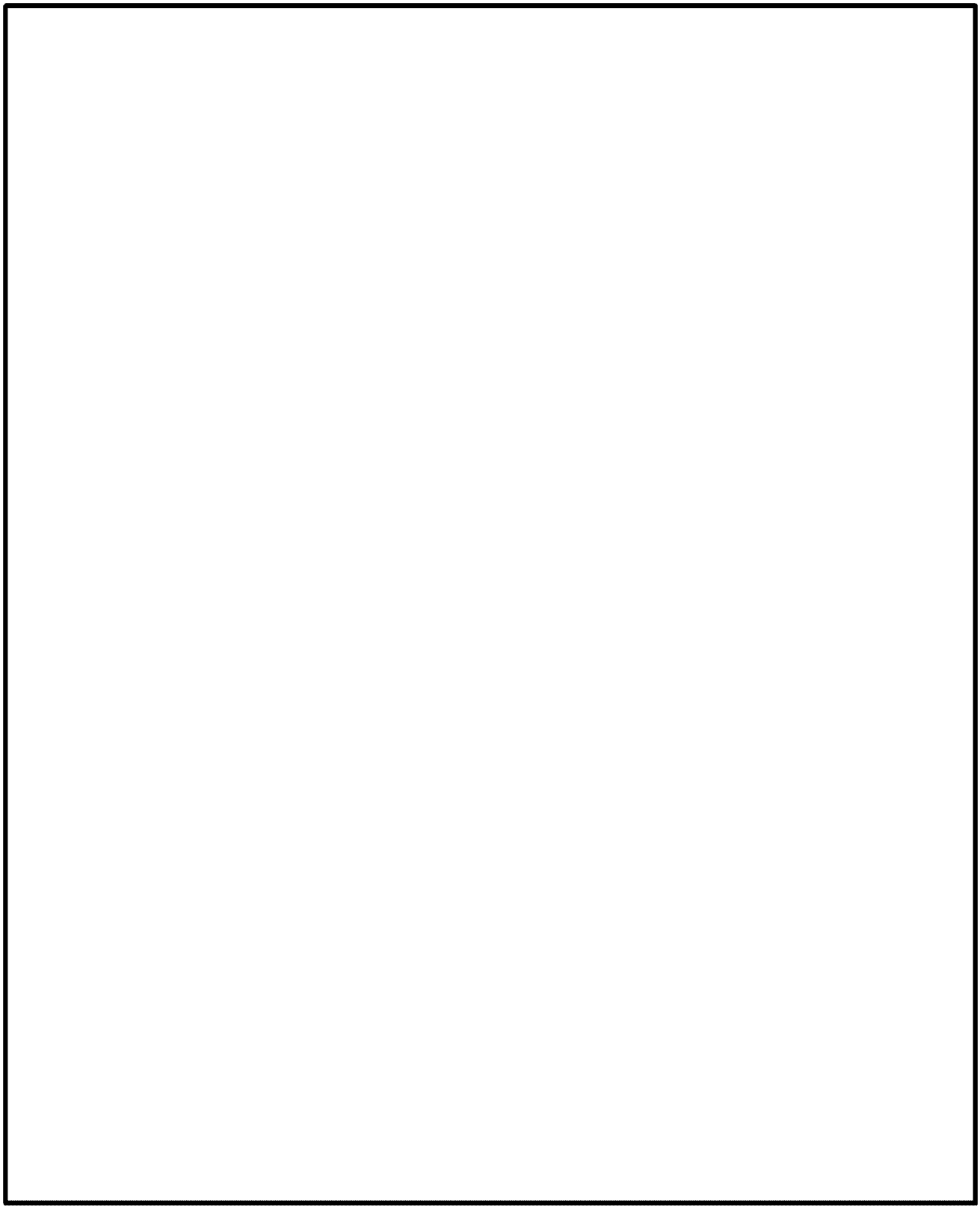
(b)(4)

Project Component	NAICS Activity Code	Employment Input	Job Creation Output within the Regional Center by Impact Year	Petitioner Requested Jobs for EB-5 Purposes
Operations				
Mountain Air Development	NAICS 5313	Year 1: Year 2: Year 3: Year 4: [redacted]	Year 1 Year 2 Year 3 Year 4 [redacted]	[redacted]
Mountain Air Realty	NAICS 5312	Year 1 Year 2: Year 3: Year 4:	Year 1 Year 2 Year 3 Year 4	
Mountain Air Utility Corp	NAICS 2213	Year 1 Year 2 Year 3 Year 4	Year 1 Year 2 Year 3 Year 4	
			Total Petitioner Reqested Jobs for EB-5 Purposes (Construction + Operations):	

(b)(4)

Notes: Petitioner Requested Jobs are the job impacts occuring in Impact Year 3 within the prospective Regional Center

(b)(4)



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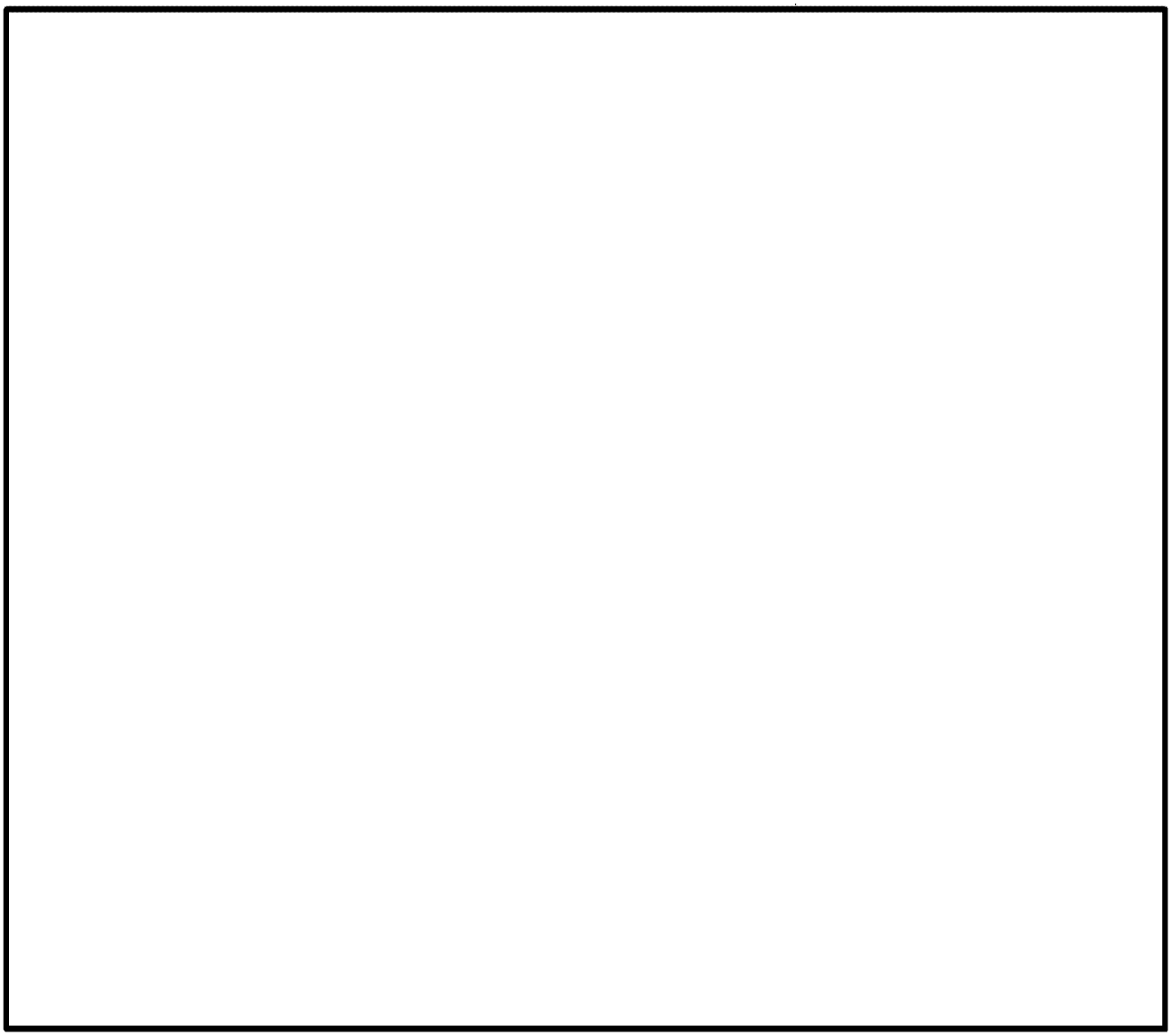


(b)(4)

Uses Of Funds (000's)	Year 1	Year 2	Year 3	Year 4	Total
Land Acquisition					
Infrastructure Soft Costs					
Engineering-Design					
Conservation Easements					
Amenities Soft Costs					
Architectural Services					
Engineering-Design					
Residential Construction Soft Costs					
Architecture					
Engineering					
Permitting					
Legal					
Contingency					
Insurance					
Interest/Financing					
Infrastructure Hard Costs					
Road Construction					
Water and Waste Water Construction					
Amenities Hard Costs					
Golf Course Construction					
Nonresidential Building Construction					
Residential Construction Hard Costs					
Waterfall Cabins					
Renaissance Cabins					
Spruce Run					
Lost Chimney					
Old Sawmill Cottages					
Settlers Edge Condos					
Old Sawmill Condos					
Lost Chimney Condos					
Lost Chimney Suites					
Heritage Ridge Condos					
Andrew Banks Overlook Condos					
Total Land Acquisition					
Total Soft Costs					
Total Hard Costs					
Total Cost					

The following table summarizes the architectural and engineering line items from the full sources and uses table.

Uses of Funds - Architecture and Engineering (000's)		Year 1	Year 2	Year 3	Year 4
Infrastructure Soft Costs					
Engineering - Design	$				
Amenities Soft Costs					
Architectural Services	$				
Engineering - Design	$				
Residential Construction Soft Costs					
Architecture	$				
Engineering	$				
Totals	$				

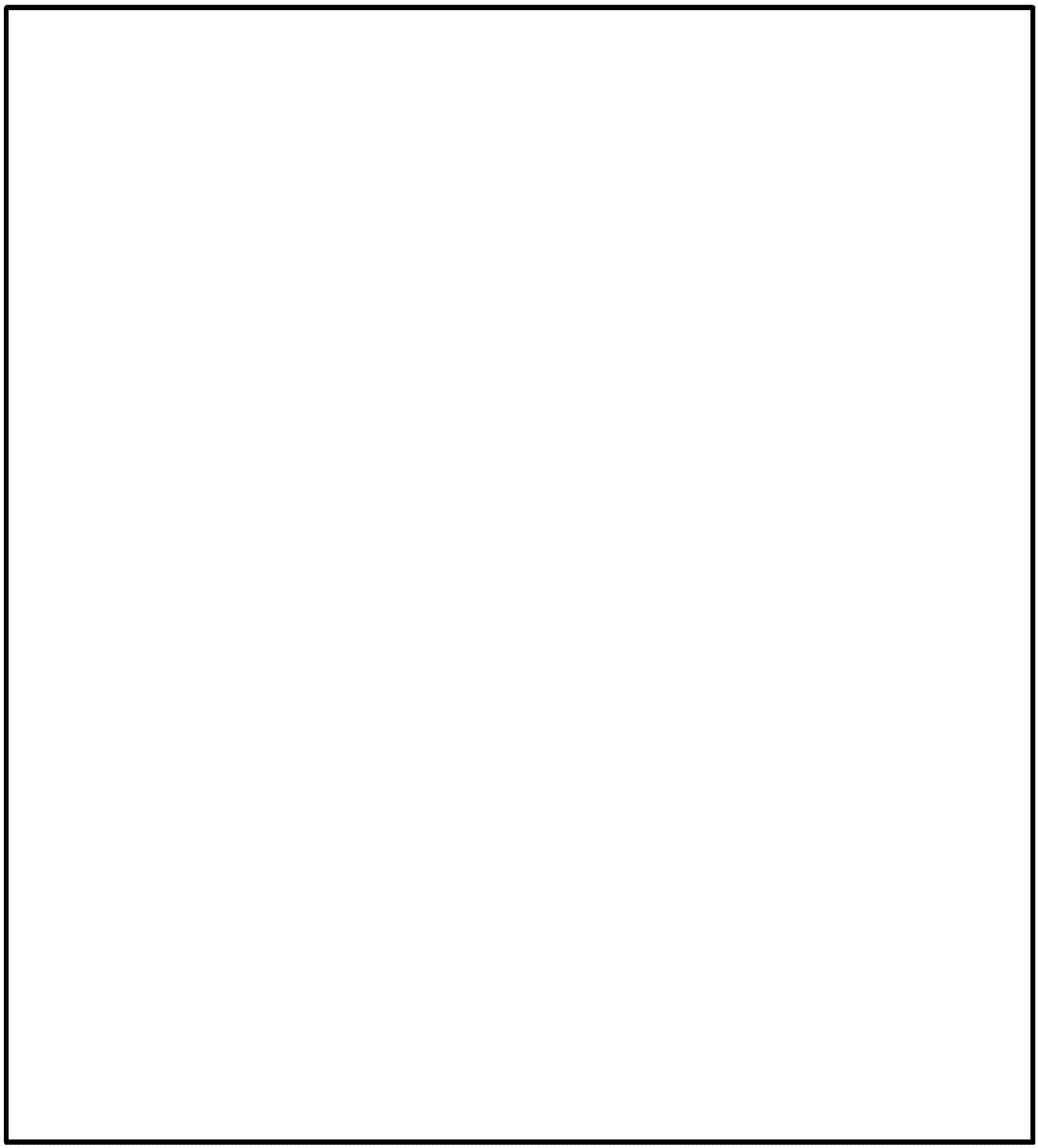
(b)(4)

The totals shown above equate to the numbers used in the economic modeling as reported in the updated economic study of December 21, 2012 and maintained in both the updated business plan and economic analysis report appended to this letter.

(b)(4)

(b)(4)

Approach and the Ralph Steward Bowden market analyses have been included in appendix to the project business plan as documentation in support of that section.



Updated project business plan and economic and job creation study: EPR updated portions of the Mountain Air EB-5 Project's business plan and economic and job creation study based upon the issues raised in this NOID. They appear as attachments to this NOID response.

Exhibit B

EPR Economic & Policy Resources
Economists, Policy and Financial Analysts
Reply to: PO Box 1660
Williston, VT 05495-1660

April 10, 2013

USCIS–California Service Center
P.O. Box 10590
Laguna Nigel, California 92607-0590

To Whom It May Concern:

This cover letter is intended to identify updates to the project business plan for the Mountain Air EB-5 Project. The business plan was updated to address issues raised by the USCIS in a Notice of intent to Deny (NOID) dated March 14, 2013 and bearing the reference RCW1209050633. The original business plan and subsequent updates were prepared by Economic & Policy Resources, Inc. (EPR) using data and materials provided by the project principals.

Through the NOID, the USCIS requested clarification on several issues affecting the project business plan. These results are as follows:

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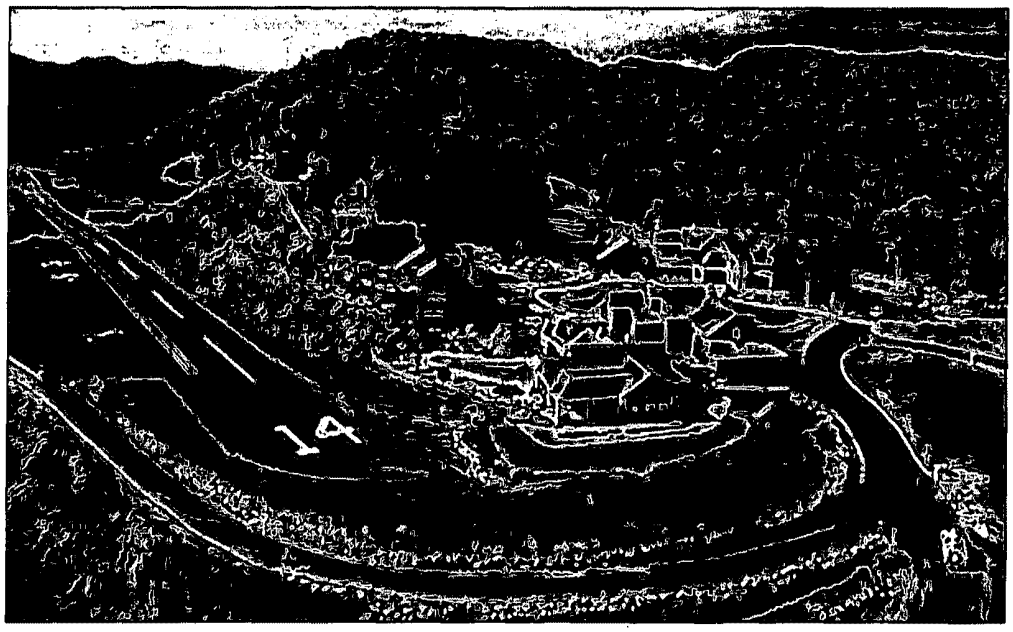
iv.

The opportunity to improve the application through this iterative application process is appreciated, and EPR feels that the business plan is strengthened by these updates. We believe that these changes suitably address the issues raised through the application process to date.

Sincerely,

Economic & Policy Resources, Inc.
By: Jeffrey B. Carr, President

APPALACHIAN EB-5, LLC REGIONAL CENTER
EB-5 PROJECT BUSINESS PLAN



REGIONAL CENTER DESIGNATION/PROJECT APPROVAL APPLICATION

April 10, 2013 Update

SPONSOR:
Appalachian EB-5, LLC Regional Center
45 Mountain Air Drive
Burnsville, North Carolina 28714

Email: info@AppalachianEB5.com
Web Site: http://www.AppalachianEB5.com

This document contains confidential and proprietary information belonging exclusively to: the Appalachian EB-5, LLC Regional Center. This is a business plan. It does not imply an offering of securities.

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1.1 Purpose

Regional Center (RC) Designation Application for the region including seventy-nine counties in the States of North Carolina and Tennessee under the regulations at *8 CFR §104.6(m).* The application also seeks project approval for the Mountain Air EB-5 project.

1.2 Sponsor/Applicant Company

Appalachian EB-5, LLC Regional Center on behalf of the
Mountain Air Lenders, LLC
c/o Mr. Andrew Dover
Odlum Tropaion LLC
45 Mountain Air Drive
Burnsville, North Carolina 28714

Telephone: (740) 704-3256
FAX: (305) 400-0679
Email: andydover@odlumcapital.com

Web Site: http://www.AppalachianEB5.com

1.3 Industry Focus

The focus of the proposed regional center will be the improvement and expansion of a unique mountain retirement-based community in the North Carolinian Appalachian Mountains. The development consists of single family homes, residential condominiums, a country club, and a village center featuring upscale lodging and dining, a spa, fitness center, theater, children's activity center, and other amenities that serve the small community. The Mountain Air EB-5 project will expand the residential base to include an additional: 37 single-family home sites, 67 developer-built homes, and 118 condominiums. The visitor activity base will be expanded with the sale of 150 new social memberships to the award winning country club that anchors the community.

Project development and operations activities and the positive economic impacts and net new job creation associated with them will cut across a large number of industry categories under the North American Industry Classification System (NAICS).[1] Within the proposed Appalachian EB-5, LLC Regional Center, these jobs will be created within a large number of NAICS categories. All of those jobs will be estimated through the development of a customized and extensive input-output model to measure economic activity and job impacts through the seventy-nine county economy[2] of the prospective Appalachian EB-5, LLC ("AEB-5") Regional Center and for the U.S. economy as a whole.

[1] 2012 NAICS industry categories are used in this description.
[2] This consists of 50 counties in Tennessee and 29 counties in North Carolina. The project falls near the center of this region, in Yancey County, NC.

The input-output model inputs capture the increase in investment associated with new construction well as the increase in direct employment and wages planned to accompany the expansion of the Mountain Air community. These occur in several NAICS sectors, as outlined in the inputs in the economic and job impact study. As a result of the expected EB-5 capital investment, net new jobs will be created in these and across a wide array of NAICS sectors and subsectors beyond those of the direct increases modeled as inputs. These total region-wide and national jobs impacts are presented in the economic and job impact assessment analysis completed by Economic & Policy Resources, Inc. as described herein.

However, it should be noted that the jobs that will be created by the EB-5 project, as presented in the economic and job impact study from Economic & Policy Resources, Inc., will not occur at Mountain Air Lenders, LLC—which is the EB-5 project business entity into which EB-5 investors are expected to make their equity investment. According to EB-5 project management, Mountain Air Lenders, LLC will provide financing to Mountain Air Global, LLC to develop and open the Mountain Air EB-5 project. The job creation from the expected EB-5 investor dollars will occur as a result of the development, construction, and operations of the EB-5 project—and this net new economic activity and new job creation will not occur at the EB-5 business enterprise into which EB-5 investors will be making an equity investment. **Because the positive economic activity and job creation impacts will be occurring at a different company than the EB-5 commercial business enterprise, all incremental economic activity and the net new jobs that will be created by the EB-5 project will be indirect for EB-5 program purposes.**

It follows from the discussion above that the Appalachian EB-5, LLC Regional Center, through its Mountain Air EB-5 project, is requesting USCIS approval of the following ten NAICS activities under this regional center application:

1. Water, Sewage and Other Systems (NAICS 2213) – Establishments in this industry group provide water, sewage service, and steam through a permanent infrastructure of lines, mains, and pipes. Sewage treatment is also included in this industry group.

2. Residential Building Construction (NAICS 2361) - Establishments within this industry group are primarily responsible for the construction of residential buildings. The work performed may include new work, additions, alterations, or maintenance and repairs. The on-site assembly of precut, panelized, and prefabricated residential buildings is in this industry group. Part or all of the production work for which the establishments in this industry group have responsibility may be subcontracted to other construction establishments--usually specialty trade contractors.

3. Nonresidential Building Construction (NAICS 2362) – Establishments within this industry group are primarily responsible for the construction of nonresidential buildings. The work performed may include new work, additions, alterations, or maintenance and repairs. The on-site assembly of precut, panelized, and prefabricated nonresidential buildings is in this industry group. Part or all of the production work for which the establishments in this industry group have responsibility may be subcontracted to other construction establishments--usually specialty trade contractors.

4. Highway, Street, and Bridge Construction (NAICS 2373) – This industry group comprises establishments primarily engaged in the construction of highways (including elevated), streets, roads, airport runways, public sidewalks, or bridges. The work performed may include new work, reconstruction, rehabilitation, and repairs. Specialty trade contractors are included in this group if they are engaged in activities primarily related to highway, street, and bridge construction (e.g., installing guardrails on highways).

5. Water and Sewer Line and Related Structures Construction (NAICS 23711) – This industry comprises establishments primarily engaged in the construction of water and sewer lines, mains, pumping stations, treatment plants, and storage tanks. The work performed may include new work, reconstruction, rehabilitation, and repairs. Specialty trade contractors are included in this group if they are engaged in activities primarily related to water, sewer line, and related structures construction. All structures (including buildings) that are integral parts of water and sewer networks (e.g., storage tanks, pumping stations, water treatment plants, and sewage treatment plants) are included in this industry.

6. Other Heavy and Civil Engineering Construction (NAICS 23799) – This industry comprises establishments primarily engaged in heavy and engineering construction projects (excluding highway, street, bridge, and distribution line construction). The work performed may include new work, reconstruction, rehabilitation, and repairs. Specialty trade contractors are included in this group if they are engaged in activities primarily related to engineering construction projects (excluding highway, street, bridge, distribution line, oil and gas structure, and utilities building and structure construction). Construction projects involving water resources (e.g., dredging and land drainage), development of marine facilities, and projects involving open space improvement (e.g., parks and trails) are included in this industry. Golf course construction is included in this industry.

7. Offices of Real Estate Agents and Brokers (NAICS 5312) – This industry group comprises establishments primarily engaged in acting as agents and/or brokers in one or more of the following: (1) selling real estate for others; (2) buying real estate for others; and (3) renting real estate for others.

8. Activities Related to Real Estate (NAICS 5313) – This industry group comprises establishments primarily engaged in providing real estate services (except lessors of real estate and offices of real estate agents and brokers). Included in this industry group are establishments primarily engaged in activities, such as managing real estate for others and appraising real estate.

9. Legal Services (NAICS 5411) – Industries groups in the Professional, Scientific, and Technical Services subsector group establishments engaged in processes where human capital is the major input. These establishments make available the knowledge and skills of their employees, often on an assignment basis, where an individual or team is responsible for the delivery of services to the client. The individual industries and industry groups of this subsector are defined on the basis of the particular expertise and training of the services provider.

This industry comprises offices of legal practitioners known as lawyers or attorneys (i.e., counselors-at-law) primarily engaged in the practice of law. Establishments in this industry may provide expertise in a range or in specific areas of law, such as criminal law, corporate law, family and estate law, patent law, real estate law, or tax law.

10. Architectural, Engineering, and Related Services (NAICS 5413) – Industries groups in the Professional, Scientific, and Technical Services subsector group establishments engaged in processes where human capital is the major input. These establishments make available the knowledge and skills of their employees, often on an assignment basis, where an individual or team is responsible for the delivery of services to the client. The individual industries and industry groups of this subsector are defined on the basis of the particular expertise and training of the services provider.

    Architecture establishments primarily engaged in planning and designing residential, institutional, leisure, commercial, and industrial buildings and structures by applying knowledge of design, construction procedures, zoning regulations, building codes, and building materials.

    Engineering establishments primarily engaged in applying physical laws and principles of engineering in the design, development, and utilization of machines, materials, instruments, structures, processes, and systems. The assignments undertaken by these establishments may involve any of the following activities: provision of advice, preparation of feasibility studies, preparation of preliminary and final plans and designs, provision of technical services during the construction or installation phase, inspection and evaluation of engineering projects, and related services.

If approved, the full development and operations associated with the Mountain Air EB-5 project will create jobs in industries across the list of NAICS sectors listed above and across a wide range of other NAICS sectors and subsectors of significance in both the seventy-nine county regional economy (which includes parts of North Carolina and Tennessee) and in the U.S economy as a whole—or beyond the requested geographic boundaries of the proposed Appalachian EB-5, LLC Regional Center.

1.4 Geographic Focus

The focus of the regional center will be the seventy-nine county area in western North Carolina and Eastern Tennessee. The proposed regional center encompasses a total land area of approximately 31,000 square miles, or about 64% the size of North Carolina.

1.5 Regional Center Contacts

Regional Center Principals:

Mr. Andrew Dover

c/o Odlum Tropaion, LLC
45 Mountain Air Drive
Burnsville, North Carolina 28714

Phone: (740) 704-3256
Fax: (305) 400-0679
Email: abdover@odlumcapital.com

Immigration Counsel:

H. Ronald Klasko
Klasko, Rulon, Stock & Seltzer, LLP
1800 John F. Kennedy Blvd.
Suite 1700
Philadelphia, PA 19103

Phone: (215) 825-8646
Fax: (215) 825-8699
Email: RKlasko@klaskolaw.com
Web: www.klaskolaw.com

SEC Counsel:

Ronald R. Fieldstone, Rebecca Abrams Sarelson
Arnstein & Lehr, LLP
200 S. Biscayne Blvd.
Suite 3600
Miami, FL 33131

Phone: (305) 428-4500
Fax: (305) 374-4744
Email: rrfieldstone@arnstein.com
Web: http://www.arnstein.com

Economic and Job Creation Impacts/Modeling:

Jeffrey B. Carr.
Economic & Policy Resources, Inc.
400 Cornerstone Drive, Suite 310
P.O. Box 1660
Williston, VT 05495-1660

Phone: (802) 878-0346

Email: jbc@epreconomics.com
Web: www.eb5economics.com

Accounting/Tax Planning:

At this point, the selection of an outside, independent accountant has not been made. This selection will be made by the end of the third quarter of calendar year 2012.

Business Plan Development:

Jeffrey B. Carr (see address and contact information above under **Economic and Job Creation Impacts/Modeling)**

EB-5 Marketing:

Mr. Jorge Cordova
Platinum Capital Investments, LLC
3219 E. Camelback, Suite 497
Phoenix, AZ 85018

Phone: (928) 380-3969
Email: Jorgekalm@aol.com

Investor Solicitation:

The selection of a firm or firms to handle investor solicitations is also underway. The firm or firms that could be employed in addition to Platinum Capital Investments, LLC (if any) will be designated by the end of the third quarter of calendar year 2012.

1.6 Total Anticipated Domestic Capital Investment

(b)(4)

Through the EB-5 program, Mountain Air Lenders, LLC intends to raise up to [redacted] in EB-5 capital to fund the development and operation expansion planned in the Mountain Air EB-5 project in Yancey County, North Carolina. These expansions will result in the creation of new economic activity and new jobs for the prospective regional center economy and beyond.

1.7 Investor Program Summary

Summary of the Project

The focus of the regional center's investment program will be residential construction and expansion of the existing Mountain Air community that comprises the EB-5 project. The community is an award winning private village with its own country club, air strip and village center. Great value is contributed to the community by the existing infrastructure which includes: roads, sewer service, phone, electric, and cable internet provision. The expansion of the community will include new single family homes, developer-built homes and residential condominiums in addition to growth in the country club by 150 social members. The new housing construction, expanded population, and increase in country club visitors associated with the EB-5 project will expand the regional economy and create new jobs across a myriad of expected NAICS activity areas as listed in Section 1.3 (above) and then through additional sectors by way of the economic multiplier or "ripple" effect. The EB-5 project intends to use the development expertise of the regional center and the development company principal, Andy Dover, and a senior management team to develop the project.

Investor Program Summary

(b)(4)

A portion of the investment capital for the initial project (with an expected minimum offering of up to [redacted] will be raised through an EB-5 Investment Program, offered exclusively to international investors seeking to gain the benefits of the program:

- Living and working anywhere in the U.S.,
- No employment authorization requirement to accept employment,
- Ability to develop and run a business,
- Ability to sponsor green cards for a spouse and minor children,
- Ability to travel outside of the United States and return to the United States without a visa,
- Education benefits of permanent residents such as admission to state universities at resident costs,
- Become a U.S. citizen once the investor has been a permanent resident for more than five years.

(b)(4)

A total of up to [redacted] investors, with a minimum investment of $500,000 each, will be solicited through the program. In exchange, each investor will be offered the opportunity to receive conditional permanent residency which can be converted to unconditional permanent residency after a period of 21 months. It is projected that investors will receive periodic income from the project but on a deferred basis, with an expectation for loan repayment in 5 years—with two 1 year extension options. See Section 3 for a full description of the investment project and the regional center's development plans.

1.8 Economic Impact Analysis Summary

The economic and job impact assessment analysis report prepared by Economic & Policy resources, Inc. is the result of a significant study by the firm. Economic & Policy Resources, Inc. has considerable experience in evaluating and preparing impact assessment reports in support of EB-5 Regional Center and project approval applications that demonstrate the economic and job creation impacts of activities on a specific geographic area such as the proposed regional center.

The impact study completed by Economic & Policy Resources, Inc. used a REDYN dynamic input-output model tool—one of the generally accepted approaches for measuring net job creation by the U.S. Citizenship and Immigration Services. A summary of the job-generating results of the initial investment projects follows:

- The Economic & Policy Resources, Inc. impact assessment concluded that the development and construction of the Mountain Air EB-5 project in the Appalachian EB-5, LLC Regional Center will generate significant and positive economic benefits for the U.S. economy.

(b)(4)

  - [redacted]
  - [redacted]

- The planned Mountain Air EB-5 Project, if developed and operated as planned, will also have a positive impact on the regional economy of the AEB-5 Regional Center.

(b)(4)

  - [redacted]

(b)(4)

[redacted]

Table 1 (below) displays the summary inputs and economic impacts of the planned development, construction and operation of the Mountain Air EB-5 Project in both the proposed AEB-5 Regional Center and the U.S. economy as a whole.

Table 1. Summary Model Inputs and Results - Mountain Air EB-5 Project

		Year 1	Year 2	Year 3	Year 4
Timeline		Construction			
		On-Going Operations			
Model Inputs	**2012**				
Construction	**NAICS**				
Residential Construction Hard Costs	2361				
Nonresidential Construction Hard Costs	2362				
Road Construction	2373				
Water and Waste Water Construction	23711				
Golf Course Construction	23799				
Architectural and Engineering Services	5413				
Legal Services	5411				
Operations					
Mountain Air Development	5313				
Mountain Air Realty	5312				
Mountain Air Utility Corp	2213				
Model Output [1]					
Total U.S. Economy					
Output ($2013, 000s)					
Disposable Income ($2013, 000s)					
Household Earnings ($2013, 000s)					
Jobs					
Regional Center Economy					
Output ($2013, 000s)					
Disposable Income ($2013, 000s)					
Household Earnings ($2013, 000s)					
Jobs					
Job Impacts by Component					
Construction Component					
Total Regional Center					
Total United States					
Operations Component					
Total Regional Center					
Total United States					

(b)(4)

[redacted]

Notes:
[1] Economic activity was modeled at the county level.

Prepared by: Economic & Policy Resources, Inc.

2.1 Summary of the Program for the EB-5 Project

Mountain Air Lenders, LLC has been organized to provide financing to Mountain Air Global, LLC pursuant to a Memorandum of Understanding entered into with the Appalachian EB-5, LLC Regional Center to develop the Mountain Air EB-5 project. Appalachian EB-5, LLC will enter into a Memorandum of Understanding with Mountain Air Global, LLC to utilize the EB-5 Regional Center designation to develop the EB-5 Project. The regional center shall provide administrative, supervisory, due-diligence and other services as needed for the benefit of the EB-5 Project in consideration for receiving a supervisory/management fee related thereto.

The Mountain Air EB-5 Project consists of the expansion of an existing private residential community outside Burnsville, North Carolina. The community, which began as a getaway for close friends and acquaintances, has evolved into a 1,300 acre, more inclusive private residential development. The community centers on Slickrock Village, which includes the country club, community pool, restaurants, a spa and activity center, theater, and lodge. The Project expansion will add 37 homesites (to the existing 183), 67 developer-built homes (to the existing 123), and 118 condominiums (to the existing 210) for a total of 222 new residences. In addition to this residential expansion, Mountain Air Global will expand the country club membership by 150 social members and enter into conservation easement agreements, which will both raise funds and preserve the natural setting Mountain Air residents enjoy.

Since the Community is largely self-contained and provides some of its own infrastructure, utilities services, and administration, an expansion in the residential base will motivate an expansion of the supporting services provided by the community. Therefore, as shown in the economic report and Section 3.6 of this business plan, the project also includes the hiring of staff in a number of industries. These include real estate sales, utility provision, and professional support services required by the growing community.

The Mountain Air development is situated on the peak of 4,919 foot high Slickrock Mountain in the Appalachians of western North Carolina. While the property benefits from a remote atmosphere, it is still accessible. The property is just outside of Burnsville, North Carolina, a mountain community that is home to more artists and craftspeople per capita than anywhere else in the U.S. Thirty minutes away sits Asheville, North Carolina. This city of about 83,000 is known for its thriving downtown, artistic community, and livability. Enhancing the accessibility of the community is its 2,875 foot, VASI-equipped runway and aircraft parking area.

Appalachian EB-5, LLC has also arranged for the Klasko, Rulon, Stock & Seltzer, LLP immigration law firm to file an EB-5 Application and a Form I-526 on behalf of each Subscriber, which will be done promptly following acceptance of the subscription and admission of the Subscriber as an Investing Member of the EB-5 Company. It is anticipated that the USCIS will act on each EB-5 Application within approximately one hundred eighty (180) to two hundred forty (240) days after the completed EB-5 Application is filed. If the EB-5 Application is granted, the Subscriber will become a regular Member of the EB-5 Company. If a Temporary EB-5 Application is denied, without appeal or after denial of any appeal, the Company will cancel such subsidiary Member's Interest by returning to the Member the five hundred thousand dollar ($500,000) subscription price (whichever is applicable), less the [redacted] deposit for legal, administrative, and marketing fees.
(b)(4)

The EB-5 Company will continue in existence during the time that it maintains its investment in Mountain Air Global, LLC unless sooner terminated as provided in the Operating Agreement.

2.2 Qualification for Regional Development Center Designation

The program has been developed under the following USCIS requirements: (b)(4)

- Investors will be required to make an investment of at least $500,000, plus [redacted] in legal, administrative, and marketing costs and other fees.
- Each investor's contribution to the Mountain Air Lenders, LLC will generate at least 10 EB-5 program eligible jobs within the defined geographic area of the regional center.
- Funds may come from any legal foreign or U.S. source, including gifts, loans, executive pension funds, trusts, and divorce settlements.
- The investment must be received from the person seeking the visa, from clearly identifiable and legal funds.
- Borrowed investment funds qualify as long as they are not secured by the assets of the target U.S. investment.

The EB-5 Offering has been structured so that a Subscriber will have made an investment that qualifies for an EB-5 Visa entitling such Subscriber, assuming the Subscriber otherwise satisfies the non-investment criteria for an EB-5 Visa, to conditional permanent United States residency and, ultimately, to apply for U.S. citizenship without conditions. The planned EB-5 Project is located in a prospective regional center which is applying to be designated as an EB-5 regional center by the United States Citizenship and Immigration Services ("USCIS"). Since investors must wait to file their EB-5 petitions until after regional center approval validates the arrangements, should be able to show such approval and avoid further adjudication of the project arrangements. Accordingly, in the absence of unexpected circumstances, the factors that will lead to granting or denial of the EB-5 Visa will focus on personal facts and circumstances of each Subscriber, particularly relating to showing legitimate source of his or her funds. The Company has arranged to work with experienced immigration attorneys to file the EB-5 Petition for an EB-5 Visa on behalf of and at each Subscriber's expense promptly following acceptance of the subscription and admission of the Subscriber as a Member in the LLC. It is anticipated that USCIS will act on each Petition within six (6) to eight (8) months after the completed Petition is filed, although a longer or shorter time period may apply in a particular case. If the Petition is granted, the Subscriber will become a regular Member of the Company. The Subscriber shall be responsible for all cost of travel and fees to USCIS.

2.3 Managerial Role—Active vs. Passive Investment

Mountain Air Lenders, LLC, the business enterprise into which EB-5 subscribers will invest is a Delaware Limited Liability Company. Under EB-5 regulations, the EB-5 immigrant investor is expected to participate in the management of the new enterprise by assisting in the formulation of the enterprise's business policy, by participating in one or more of the activities permitted in

the Delaware Limited Liability Company Act,[3] and as otherwise set forth in the Operating Agreement. Investors in an EB-5 enterprise must have all the rights and duties usually accorded to members applicable under the Delaware Limited Liability Company Act. The rights of the Members under the Operating Agreement are consistent with rights normally granted to Members under the Act.

2.4 Company Privacy Policy

It is the company policy of Appalachian EB-5, LLC, **and all subsidiary business enterprises,** to protect the privacy of its investors. Therefore, the Company will not disclose the names of investors to those outside of the Company that each investor is invested in, unless required to do so by law. However, each investor has the legal right of access to names, contact information, and percentage of ownership of the other investors within his/her limited liability company.

2.5 Project Selection

The current EB-5 project represents an important business opportunity, and is only the first of a number of projects the proposed regional center is expected to undertake. The selection of this project is based on the strong likelihood that the new jobs will be created within the geographic boundaries of the proposed regional center if this application is approved. The EB-5 project seeking approval has provided a detailed economic and job creation impact assessment analysis based on this business plan specifying its employment requirements, which were carefully reviewed and evaluated by the regional center's management prior to recommendation of the project to investors. Throughout the life of the first EB-5 project, these newly added EB-5 qualifying jobs will be closely monitored by the regional center's management. This will be done using the regional center's own job reporting forms, and will be supplemented by the project's employment records. These data will be collected and reported according to USCIS requirements including through the Form I-924A process as outlined in the Regional Center Operations Business Plan. Estimates of indirect job creation were determined by the economic and job creation impact assessment study that accompanies this application. These estimates were based on the EB-5 qualifying jobs that were to be added by the expansion of the completion of the EB-5 project within the geographic boundaries of the proposed regional center Memorandum of Understanding for each project which itemizes the rights and requirements for a regional center—sanctioned EB-5 project. A draft copy of the regional center's proposed Memorandum of Understanding for project participation within the proposed regional center is provided in the Regional Center Operations Business Plan, Section 1.5.

[3] Mountain Air Lenders LLC, the company into which the Investors will join as Members is a Delaware LLC.

3.1 Business Structure Overview

As noted above, Mountain Air Lenders, LLC (the EB-5 business enterprise) has been organized to provide financing to Mountain Air Global, LLC (the development company creating EB-5 jobs), a North Carolina limited liability company. The EB-5 development company has acquired the 1,300 acre Mountain Air community in addition to an adjacent property known as Mountain Spirit. This acquisition included all assets of the Mountain Air community. The property strikes a balance between the privacy of remote beauty and access to the small nearby (36 miles) town of Burnsville, NC and the larger Asheville, NC, which is noted for the character of its downtown.

The Mountain Air EB-5 Project consists of the expansion of the existing private residential community. The Project expansion will add 37 home sites (to the existing 183), 70 developer-built homes (to the existing 123), and 82 condominiums (to the existing 210) for a total of 189 new residences. In addition to this residential expansion, Mountain Air Global will expand the country club membership by 150 social members and enter into conservation easement agreements, which will both raise funds and preserve the natural setting Mountain Air residents enjoy.

Mountain Air Lenders, LLC will provide the above-referenced financing to Mountain Air Global, LLC pursuant to a Memorandum of Understanding entered into with Appalachian EB-5, LLC, a prospective regional center, to develop the EB-5 Project. The Mountain Air EB-5 Project will receive each Investor's $500,000 contribution, and will provide development/construction financing in connection with the EB-5 Project.

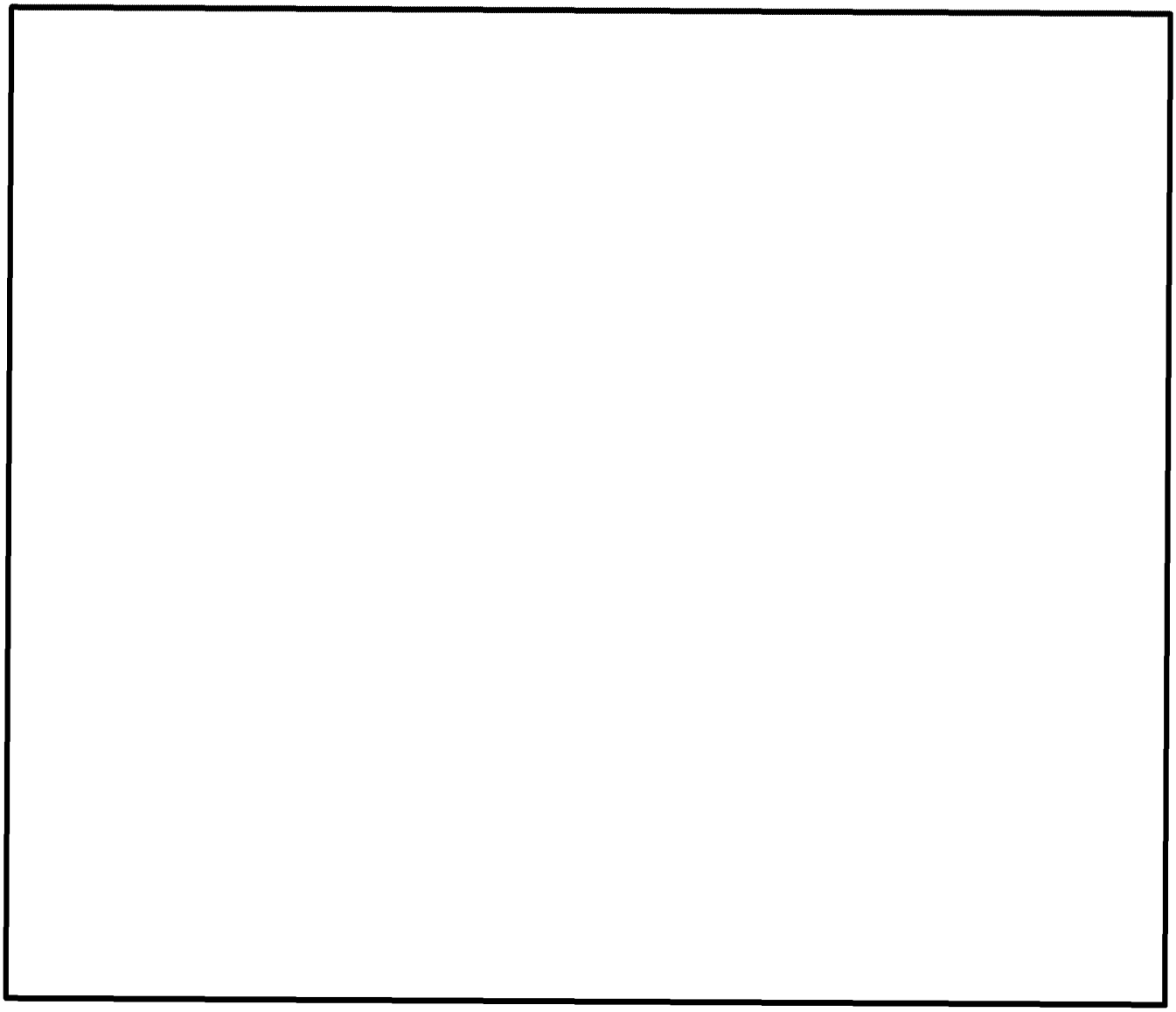
The EB-5 project location is in Yancey County, North Carolina. This is part of the proposed regional center area consisting of seventy-nine counties in western North Carolina and eastern Tennessee. The regional center boundaries were defined, in part, based on the boundaries used by the Appalachian Regional Commission. The commission is a federal, state, and local government partnership focused on economic development in Appalachia, a region of unique economic need and opportunity. The regional center encompasses about 31,000 square miles and contains the cities of Knoxville, TN and Asheville and Winston-Salem, NC. It is an area known for its natural beauty and Appalachian culture. This culture is recognized for distinctive craftsmanship and music in particular, and the regional center is home to many festivals celebrating this local personality. Economically, the region faces transportation barriers and declines in the textile, furniture, and tobacco manufacturing industries on which it has depended in the past. The high technology-biotechnology and tourism industries are up-and-coming.

The chart below describes the overall corporate structure of the various subsidiaries for the prospective regional center and the prospective EB-5 project.

OVERVIEW STRUCTURE

(b)(4)

MOUNTAIN AIR LENDERS, LLC
(THE "EB-5 COMPANY")



* Principals include Andrew Dover and William R. Banks.

** Excludes [redacted] per Investor for Offering costs, migration services and immigration legal fees and costs.

(b)(4)

*** Manager is owned by the Regional Center.

**** Certain parties shall be appointed by the Company to serve as agents of the Company.

***** Principals include Andrew Dover, William R. (Randy) Banks and John Mccallum.

Footnotes: (b)(4)

1. Excludes [redacted] per unit for Cost Allocation Amount. The Cost Allocation Amount shall be funded into an expense escrow account ("Expense Escrow Account"), and the $500,000 per Unit Project amount shall be funded in a project escrow account ("Project Escrow Account") as described herein.

2. Certain parties shall be appointed by the Company to serve as agents of the Company, including a Construction Disbursement Agent.

3. Appalachian EB-5, LLC will enter into a Memorandum of Understanding with the Developer to utilize the EB-5 Regional Center designation to develop the Project which will, in turn, create jobs. The Regional Center shall provide supervisory services for the benefit of the Project in consideration of receiving a portion of the Interest paid on the Loan. The Regional Center is affiliated with the Developer.

4. The Regional Center has an Advisory Board that includes Ronald Heifetz, Peter Salovey, Joe Vittoria, Jim Hindman and Tom Wicky.

3.2 Detailed Description—Mountain Air EB-5 Project[4]

Mountain Air started with a desire to create a special mountaintop retreat for the Banks and Young families. It was originally conceived as a getaway for close friends and acquaintances, but quickly blossomed into a 1,300 acre award-winning private residential development complete with 18 holes of mountaintop golf and its own airstrip. The community is unique as a destination-oriented development with $100 million of amenities and infrastructure in place. The Mountain Air EB-5 project includes the property acquisition followed by expansion of residences and amenities within the community as well as the sale of conservation easements on surrounding land parcels, which will both retain the natural environment and improve Mountain Air property values.

Since the early 1990s, Mountain Air has sold more than 600 properties consisting of home sites, cabins, condominiums, and custom homes. In addition, there have been 400 resale properties with sales in excess of $400 million. Growth in the residential base of the community associated with the EB-5 project will be based on the sale of new homesites, developer-built single family homes, and condominiums. Historically, these have ranged in price from the mid-$100,000s for lots and smaller condominiums to over $5 million for custom homes. The construction of 417 new residential units is planned for the community over the course of the next 10 years.

[4] The Mountain Air EB-5 Project is comprised of the first four years of a larger Master Plan for Mountain Air. It is possible that there are additional EB-5 projects that will be developed and applied for over the next ten years. However, a five year plan and forecast is presented in some sections of this business plan in order to best demonstrate the scope of the development.

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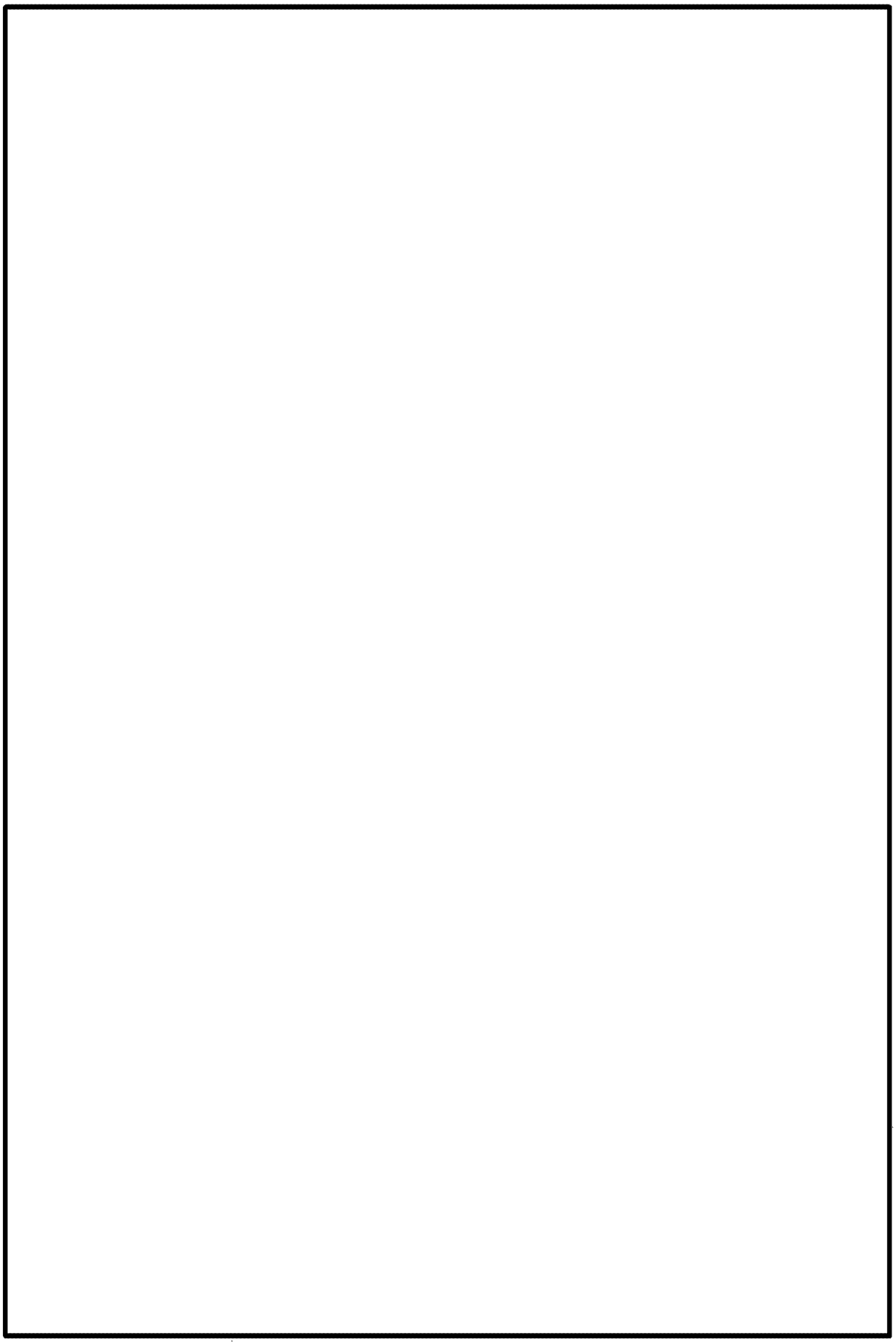

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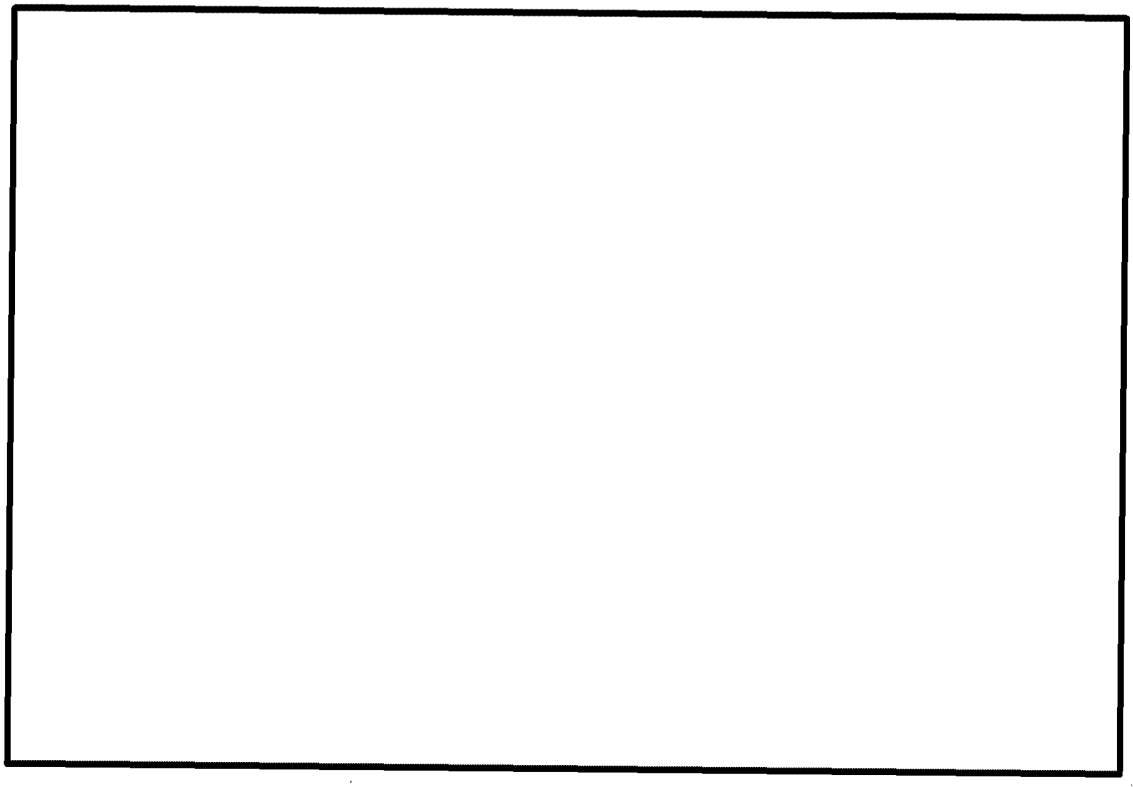

The community rests on a solid base of physical infrastructure, including:

- 17 miles of completed roads;
- Onsite water wells, water treatment, and distribution network;
- City sewer service provided by the town of Burnsville;
- Underground electric, phone, cable (high speed internet) service;
- 2,875 feet of paved runway with VASI (specialized, certified runway lighting) and a parking area for 30 aircraft; and
- 8.5 miles of maintained hiking trails.

As part of this EB-5 project, improvements to this infrastructure will be undertaken. These improvements will integrate the newly constructed units into the community's roadway, water, and sewer systems as well as improving existing infrastructure used by current residents. The developers have planned construction of a lift station, road repairs and resurfacing, water system repairs and upgrades, city water tie-in, and sanitary system repairs and upgrades. These improvements will require a [redacted] million investment.

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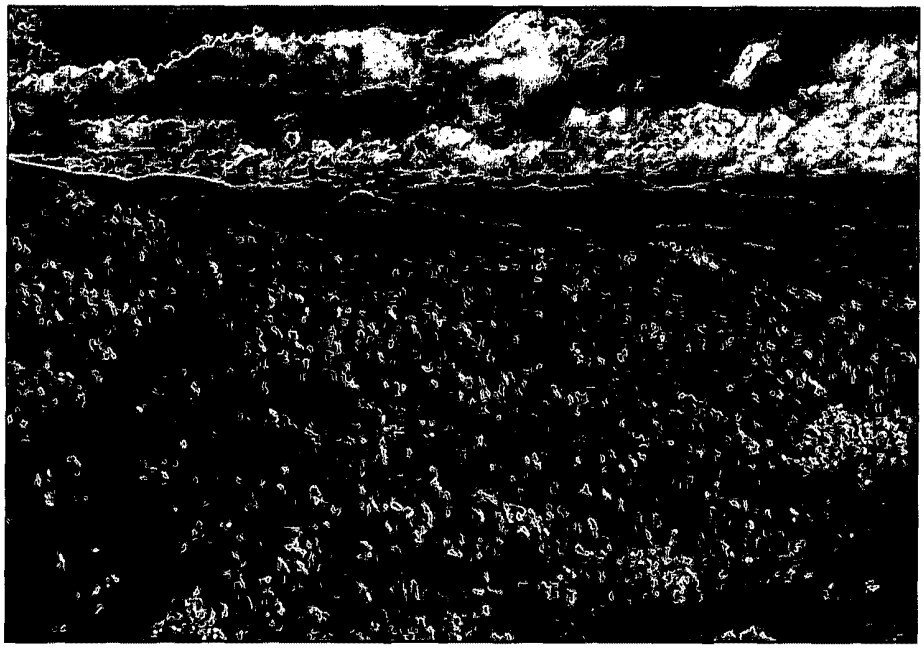
Further detail regarding the construction of the Mountain Air Community can be found in appendix to this business plan.



The success of Mountain Air is directly linked to the success of Yancey County, North Carolina. The vast majority of new property owners (over 80%) come from states other than North Carolina. Once complete Mountain Air will represent nearly

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At the center of Mountain Air is Slickrock Village, the community's gathering place where residents can enjoy amenities such as five-star lodging and dining, a spa and fitness center, a theater, a children's activity center, and a heated pool. Through a compelling combination of meeting places and gathering spaces, Mountain Air offers a truly authentic mountain village experience. It sustains the heritage of family togetherness that runs deep through the community, and it reflects a profound respect for the mountain's natural beauty.

Slickrock Village, as mentioned above, features an attractive array of amenities available to residents and visitors. These include:

- Falling Leaf Lodge
  - Seven five-star hotel suites with fireplaces and large deck areas
  - Lounge with bar and fireplace
  - Community Concierge
  - Mountain Market for sandwiches, snacks, beer, wine, and gifts
  - Pro Shop for apparel and golf equipment

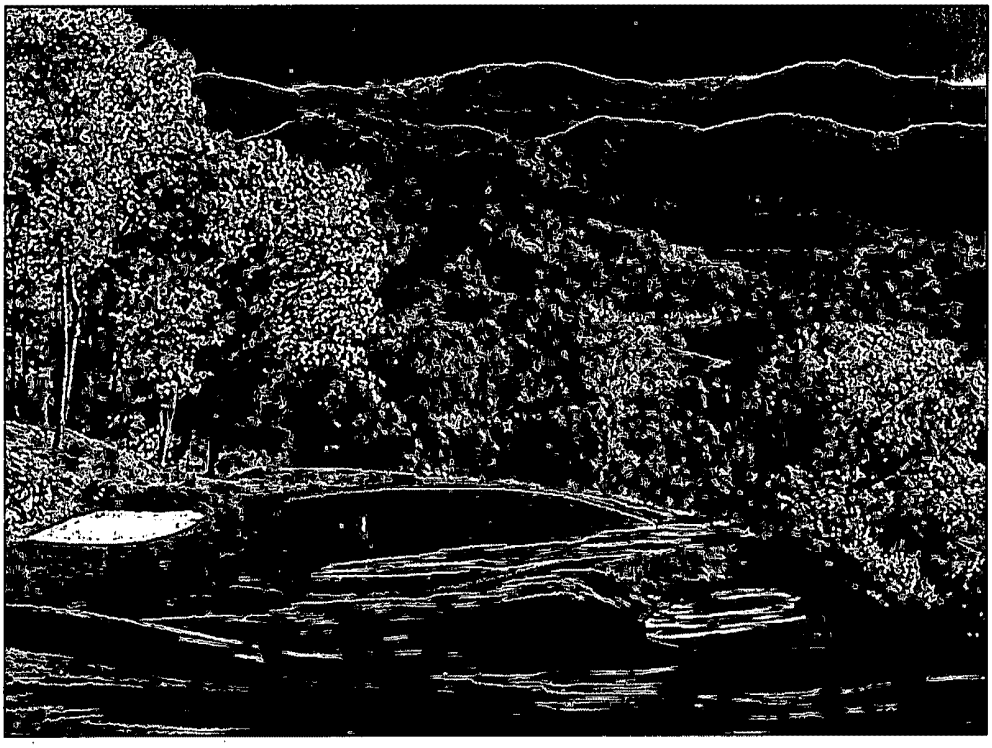
- Chautauqua Activity Center
  - Slickrock Cinema
  - Kids activity and game rooms
  - Fitness room overlooking the mountains
  - Men's and women's spa rooms

- Community pool
  - Large deck
  - Waterfall
  - Cabanas

- Orville & Wilburs Restaurant
  - Casual dining

- Mountain Air Country Club
  - Formal dining and bar
  - Administrative offices, business center, and conference room
  - Naturalist office and store
  - 18 (expanding to 27) hole golf course
  - Tennis courts

The Mountain Air Country Club is an important amenity and social center of the Mountain Air community. Originally, the club was planned for 850 members comprised of 550 full golf memberships, 150 associate golf memberships, and 150 social memberships. A [redacted] investment in golf facilities are bringing about an expansion to bring the course from 18 to 27 holes, and an additiona[redacted]ill be invested in other club upgrades. Along with these (b)(4)
expansions, the development team intends to add an additional 150 social memberships to bring the total to 1,000 members. These additional memberships will allow new residents of Mountain Air to make use of the club.



The EB-5 project also includes investments in amenities in other areas of the property. A teen center, a cabin in the Settler's Edge parcel, a sports complex in the Lost Chimneys parcel, and a shelter in the Old Growth forest park will be constructed with a [redacted] investment. (b)(4)

Mountain Air has a history of success at placing land into permanent conservation easements. Originally, Mountain Air earmarked a 100-acre easement known as Old Growth Forest Preserve. In December 2001, the first 25 Old Growth Forest acres were set aside for permanent conservation at a value of over $3.5 million. Then in November 2006, an additional 41 acres of Old Growth Forest were preserved at a value of over $18.0 million. An additional 34 acres, valued at over $17.0 million, was prepared for conservation in 2007. Going forward, the developers will continue to pursue the conservation easement strategy that shows community commitment to the environment. The plan calls for up to 1,200 acres to be placed in permanent conservation easements. This will ensure future generations have an opportunity to enjoy the (b)(4)
Old Growth Forest in its natural state and will raise an additiona[redacted] in sales from the conservation investor programs.

In this time of economic transition, Mountain Air is well-positioned to take advantage of the growth in the private resort sector that is expected to accompany economic recovery. Its successful history gives it a competitive advantage in the real estate market, and the timing of the purchase presents a financial opportunity for investors.

3.3 Strategic Approach

The recent economic turbulence has devastated many of the nation's resorts and private communities. The sharp economic downturn that has wreaked havoc among the established resort community has virtually abolished the "coming soon" communities. Early-stage/on-the-drawing-board communities will not be viable for years to come, if ever. While there are a handful of mature developments, Mountain Air stands above the competition with its built-out infrastructure, debt-free amenities, and a track record of over 600 lots and homes sold to date.

Mountain Air's proven track record gives it a competitive advantage, but it has not been enough to make it immune to the economic reality of the past three years. Like the rest of the second home/resort industry, Mountain Air has suffered financial stress due to the decline in market activity. This has presented new investors with a significant opportunity to benefit from a highly collateralized, short term investment with above market rate returns. In addition to the competitive advantages specific to Mountain Air, the state of North Carolina has three of the top ten housing markets in the United States, as reported by *Builder* magazine's annual Healthy Markets Index.

These favorable market trends in combination with a proven management team speak to the anticipated commercial success of the Mountain Air EB-5 Project. It is clear that potential EB-5 investors are discerning in a market that provides a number of investment opportunities. Confidence in the anticipated commercial success and the resulting job creation that a successful real estate transactions and community operation will provide will be key in marketing the project to these investors.

In order to accurately anticipate the performance of the Mountain Air EB-5 Project, project management commissioned Ralph Steward Bowden, Inc. to complete a study of the competitive marketplace of which the Mountain Air Country Club and Mountain Air Community are a part. This study was completed in June 2008. In light of significant economic changes since that time, in particular in the real estate and construction sectors, the study was updated in December 2012. This study identified the primary markets for Mountain Air real estate, analyzed the luxury retirement/resort living supply and demand within the primary market area and beyond, and conducted a detailed study of competitive products in the market in order to establish the reasonableness of the Mountain Air EB-5 project's financial projections. The findings of these studies are summarized below, and the full studies can be found in amendment to this document.

The Mountain Air EB-5 Project Market: Ralph Steward Bowden, Inc. identifies the Mountain Air community as within a regional market comprised of the greater portion of western North Carolina, which is bordered by Tennessee, Georgia, and South Carolina. Yancey County is considered the local, or primary, market area. The supply in this market is therefore made up of contemporary, upscale private golf communities in western North Carolina. The demand in this

market is based on major "feeder markets" from which second and retirement home buyers for the North Carolina mountains typically originate. These have historically included metropolitan areas in North Carolina, South Carolina, Florida, and Georgia, and the study states that potential buyers in Virginian metro areas have recently become an important part of the feeder market outlook.

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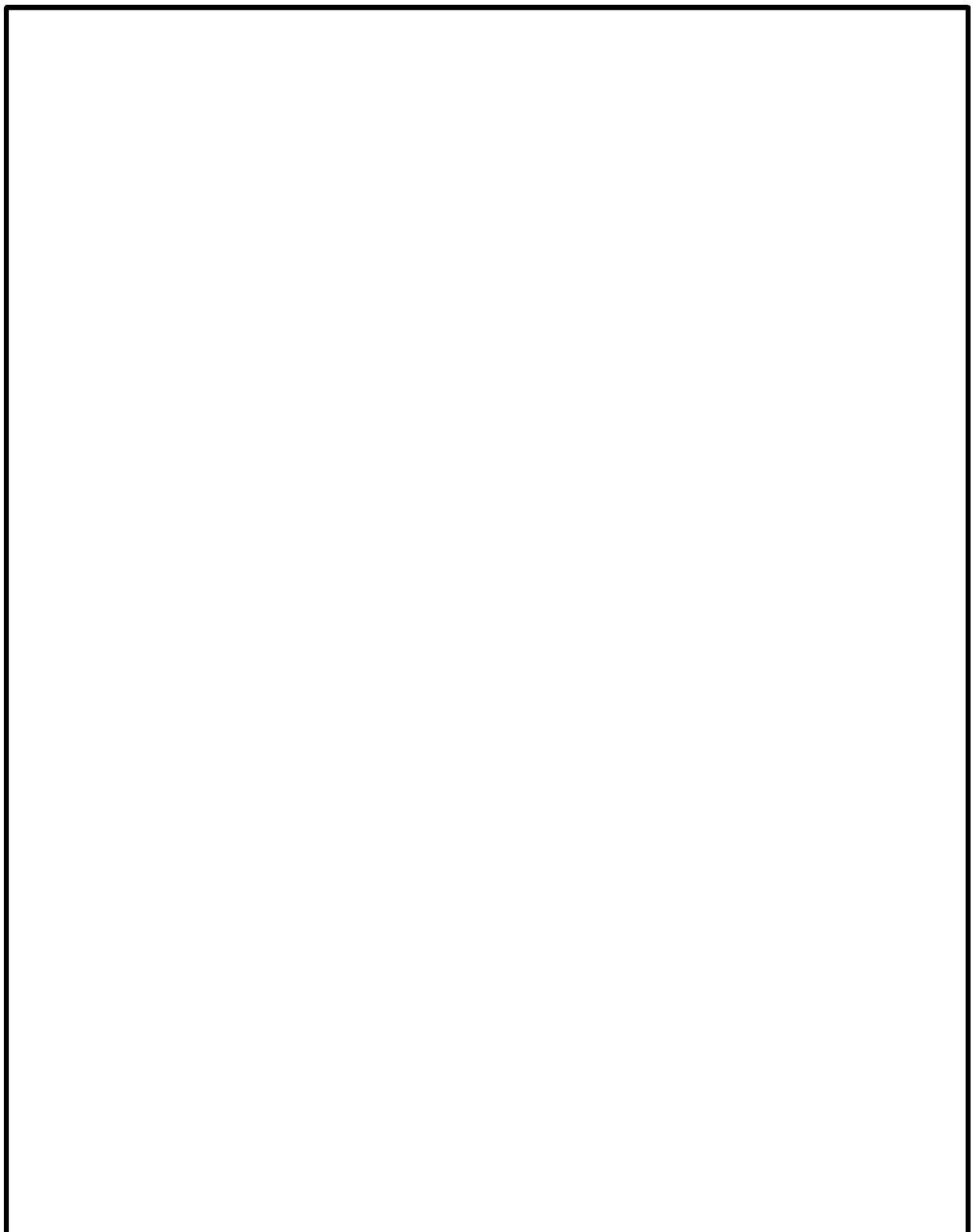

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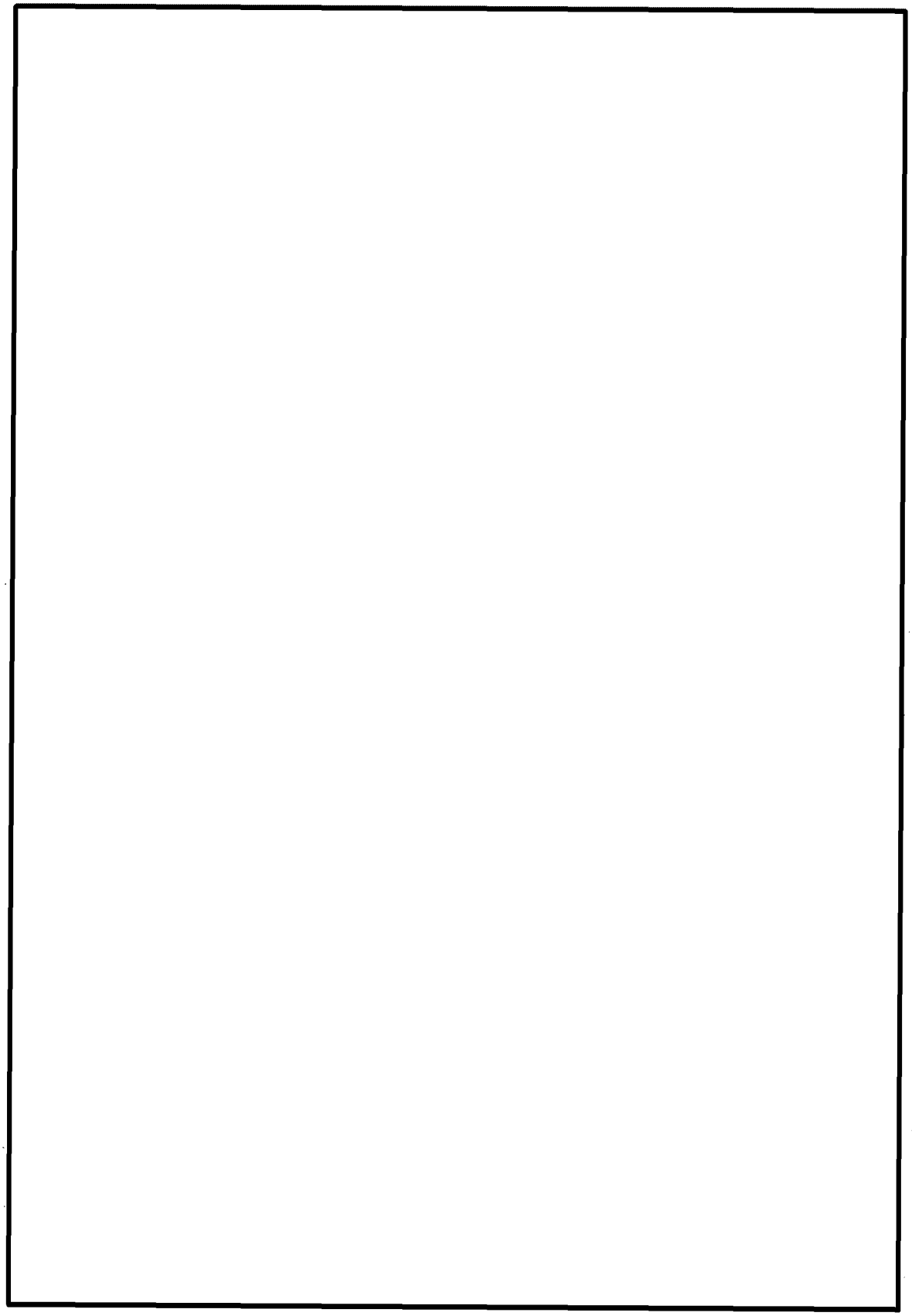

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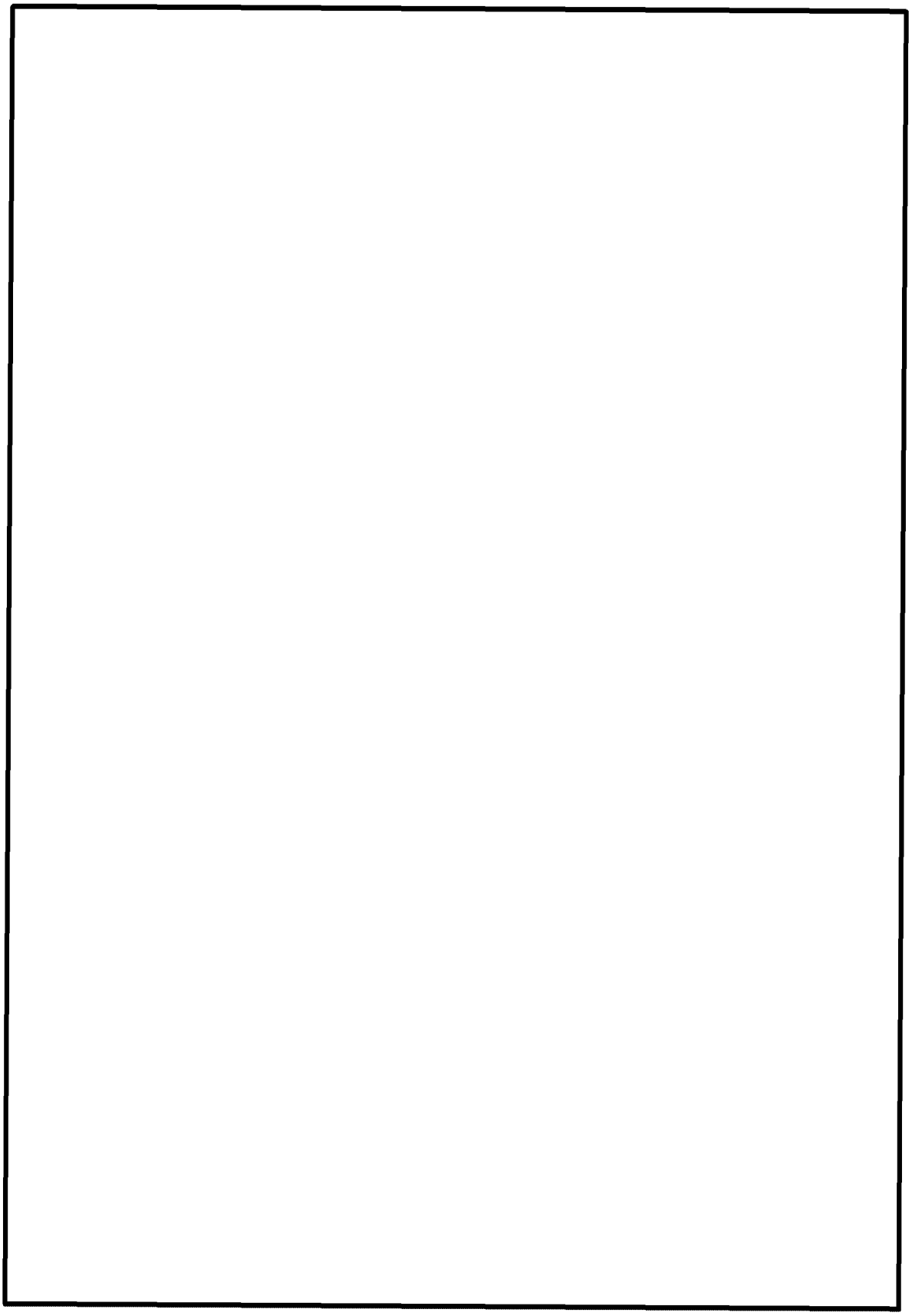

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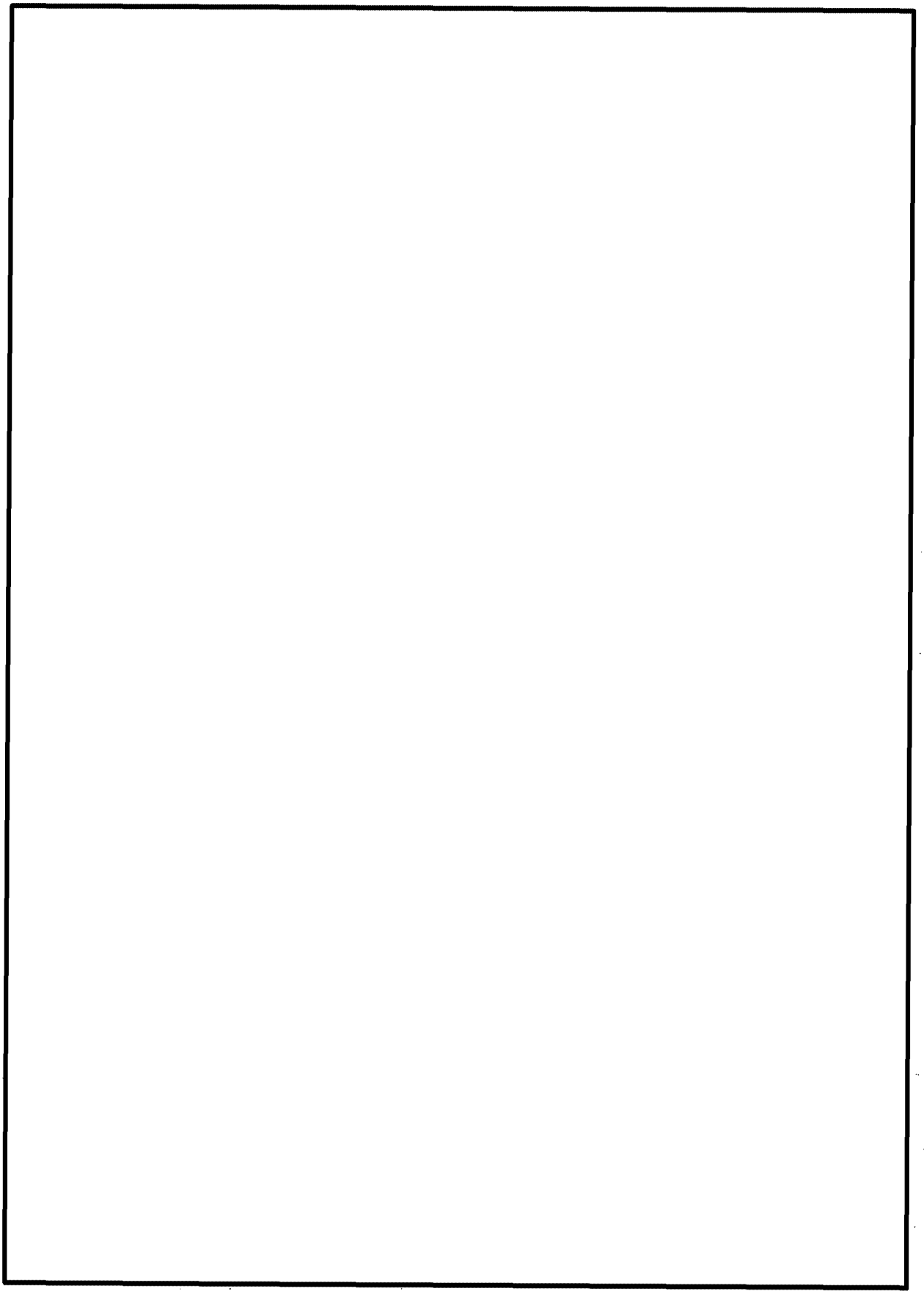
Mountain Air EB-5 Project Business Plan



Supporting documentation including the full Ralph Steward Bowden, Inc. reports are included as appendices to this document

3.4 Statement of Sources and Uses of Funds

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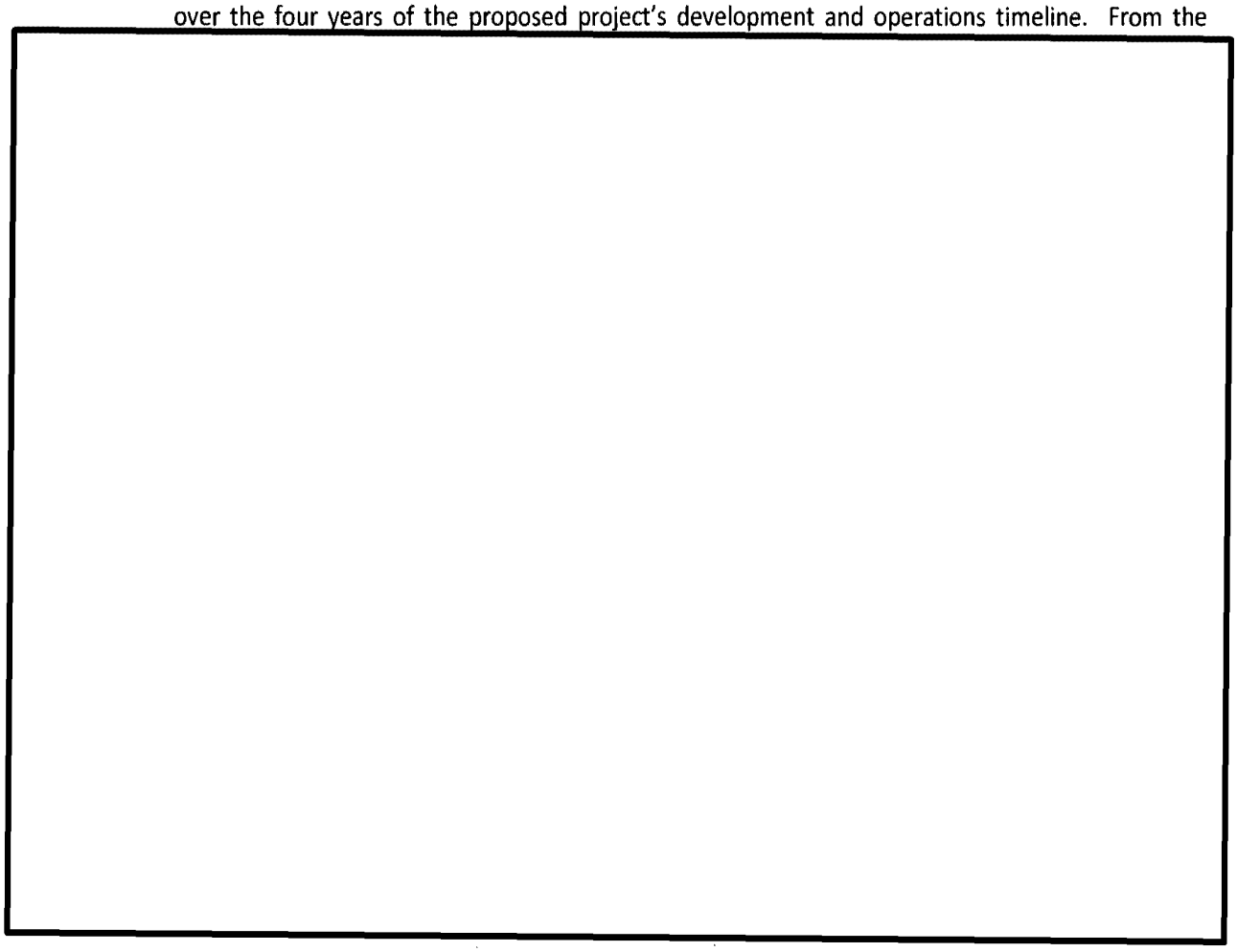
The following table highlights the Mountain Air EB-5 project's expected sources and uses of funds over the four years of the proposed project's development and operations timeline. From the



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Uses Of Funds (000's)	Year 1	Year 2	Year 3	Year 4	Total
Land Acquisition					
Infrastructure Soft Costs					
Engineering-Design					
Conservation Easements					
Amenities Soft Costs					
Architectural Services					
Engineering-Design					
Residential Construction Soft Costs					
Architecture					
Engineering					
Permitting					
Legal					
Contingency					
Insurance					
Interest/Financing					
Infrastructure Hard Costs					
Road Construction					
Water and Waste Water Constructi					
Amenities Hard Costs					
Golf Course Construction					
Nonresidential Building Constructio					
Residential Construction Hard Costs					
Waterfall Cabins					
Renaissance Cabins					
Spruce Run					
Lost Chimney					
Old Sawmill Cottages					
Settlers Edge Condos					
Old Sawmill Condos					
Lost Chimney Condos					
Lost Chimney Suites					
Heritage Ridge Condos					
Andrew Banks Overlook Condos					
Total Land Acquisition					
Total Soft Costs					
Total Hard Costs					
Total Cost					

3.5 Immigration Timeline Summary

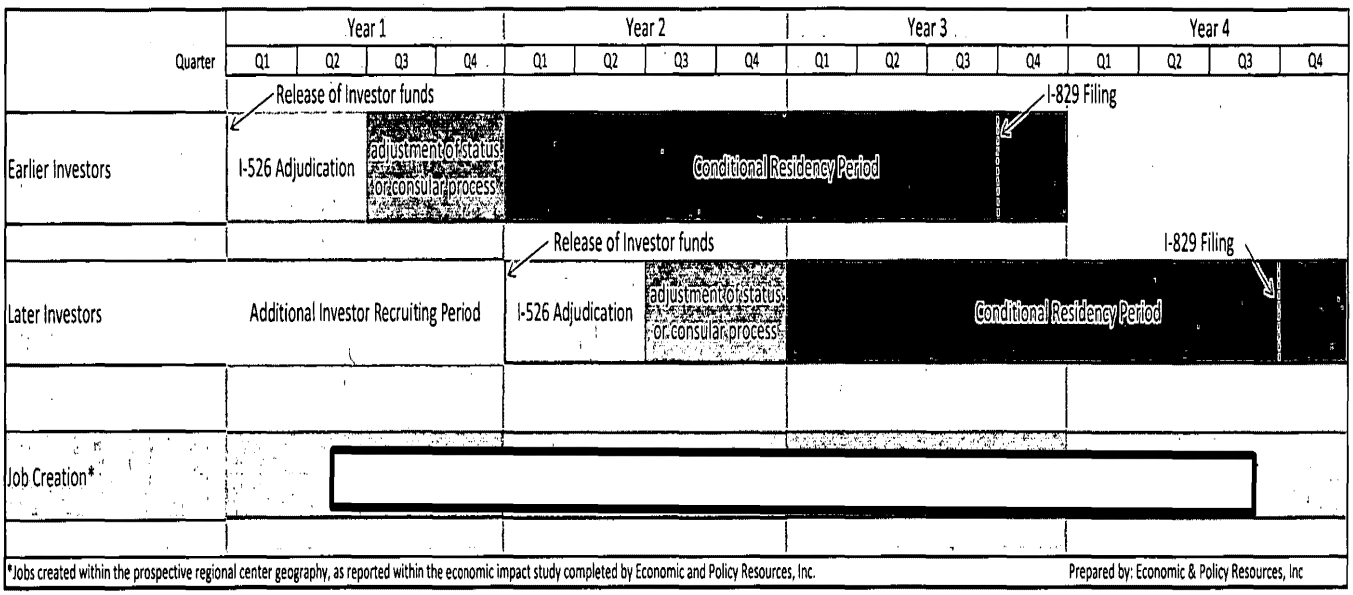
Figure 1 below depicts the timeline for an example earliest possible investor to the project, who is ready to file an I-526 immediately at project inception,[5] and an example latest anticipated investor to the project, who subscribes following a year of recruitment efforts by the project and regional center teams. These timelines are meant to demonstrate the ends of the full range of I-526 filing timeline possibilities.

I-526 applications will be submitted as investors are recruited and qualified throughout the course of year 1. However, in this timeline, management recognizes that petitioners will not all file their I-526 petitions, progress through the I-526 adjudication, and complete the process of establishing conditional permanent residency all at the same time. The earliest applications will be submitted at the beginning of the first quarter of Year 1, and approvals are assumed to be obtained at the end of the second quarter of Year 1 of the EB-5 project timeline. This assumes a six month I-526 adjudication period, which is believed to be reasonable. In addition, the timeline assumes a six month time period for each investor to either: i) complete a "change of status" process and establish residency in the U.S. as a Conditional Permanent Resident ("CPR"),[6] or ii) complete the consular process and establish residency in the U.S. as a CPR.[7] This assumption is inherent to the two year and six month timeline requirement cited in the RFE. The official establishment of conditional permanent residency is followed by the two-year conditional residency period.

Taken together, these assumptions place the two year six month benchmark for the earliest Mountain Air EB-5 Project investors at the end of the fourth quarter of impact Year 3. EPR has calculated job creation estimates for each year of the EB-5 project timeline, as shown. All impact Year 2, and 3 jobs have been created within the two year and six month window of the earliest investors. Late investors to the project will reach the two year and six month point at the end of the fourth quarter of Year 4, as shown in the figure. All impact Year 3 and 4 jobs will also have been created within this time period. Therefore, because Year 3 jobs are created during both early and late investor timelines, and because the Year 3 job creation estimates are more conservative, EPR selected Year 3 as the representative year in its economic impact analysis and project management selected Year 3 as the most appropriate on which to base its capital raise estimates for this application.

[5] Such an investor would have been interested in the project before the start of the development timeline.
[6] If the immigrant investor is already lawfully in the U.S. at the time of the I-526 filing approval.
[7] If the immigrant investor is abroad at the time of the I-526 filing approval.

Figure 21: Alignment of I-526, Project Impact, and Job Creation Timelines – Mountain Air EB-5 Project



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3.6 Development Pro-Forma

The following figure is a detailed pro-forma describing income and costs anticipated by the Mountain Air EB-5 project development team.

	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue						
Lots						
Lots Prepared						
Lots in Inventory						
Lots Sold						
Cumulative Sales						
Unsold Lot Inventory						
Ave Lot Revenue / Unit / Period						
Total Revenue Per Period						
Contribution Margin						
Less Commissions						
Net Contribution Margin						
Single Family						
SF Prepared						
SF in Inventory						
SF Sold						
Cumulative Sales						
Unsold SF Inventory						
Ave SF Revenue / Unit / Period						
Total Revenue Per Period						
Contritubution Margin						
Less Commissions						
Net Contribution Margin						
Condos						
Condos Prepared						
Condos in Inventory						
Condos Sold						
Cumulative Sales						
Unsold Condo Inventory						
Ave Condo Revenue / Unit / Period						
Total Revenue Per Period						
Contritubution Margin						
Less Commissions						
Net Contribution Margin						
Sales Summary						
Total Unit Sales / Year						
Total Cumulative Sales						
Total Revenue/Year						
Total Cumulative Revenue						
Total Net Contribution Margin / Year						
Cumulative Net Contributin Margin / Year						
Additional Revenues						
Club Equity Memberships						
Re-Sale Real Estate Operations						
Conservation Easement Sales						
Sale of Lodge & Offices						
Total Additional Revenues						
Total Net Revenues - All Sources						

(b)(4)

	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Disbursements						
Debt Buy-Out						
Amortized Debt Balance						
Balance						
Interest						
Total Debt Purchase, Amort & Interest Cash Flow						
Work-in-Process Single Family						
Condos						
Interest						
Total Work-in-Process Interest Expense						
Amenities & Community Infrastructure						
Neighborhood Infrastructure						
Total Infrastructure						
General & Admin						
G&A Admin Overhead						
Accounts Payable						
Marketing						
Club Operations Subsidy						
Total General & Administrative						
Total Disbursements						
Project Cash Flow						
Net Revenues						
Disbursements						
Net Cash Flow						
Equity Contribution						
Cumulative Cash Flow						

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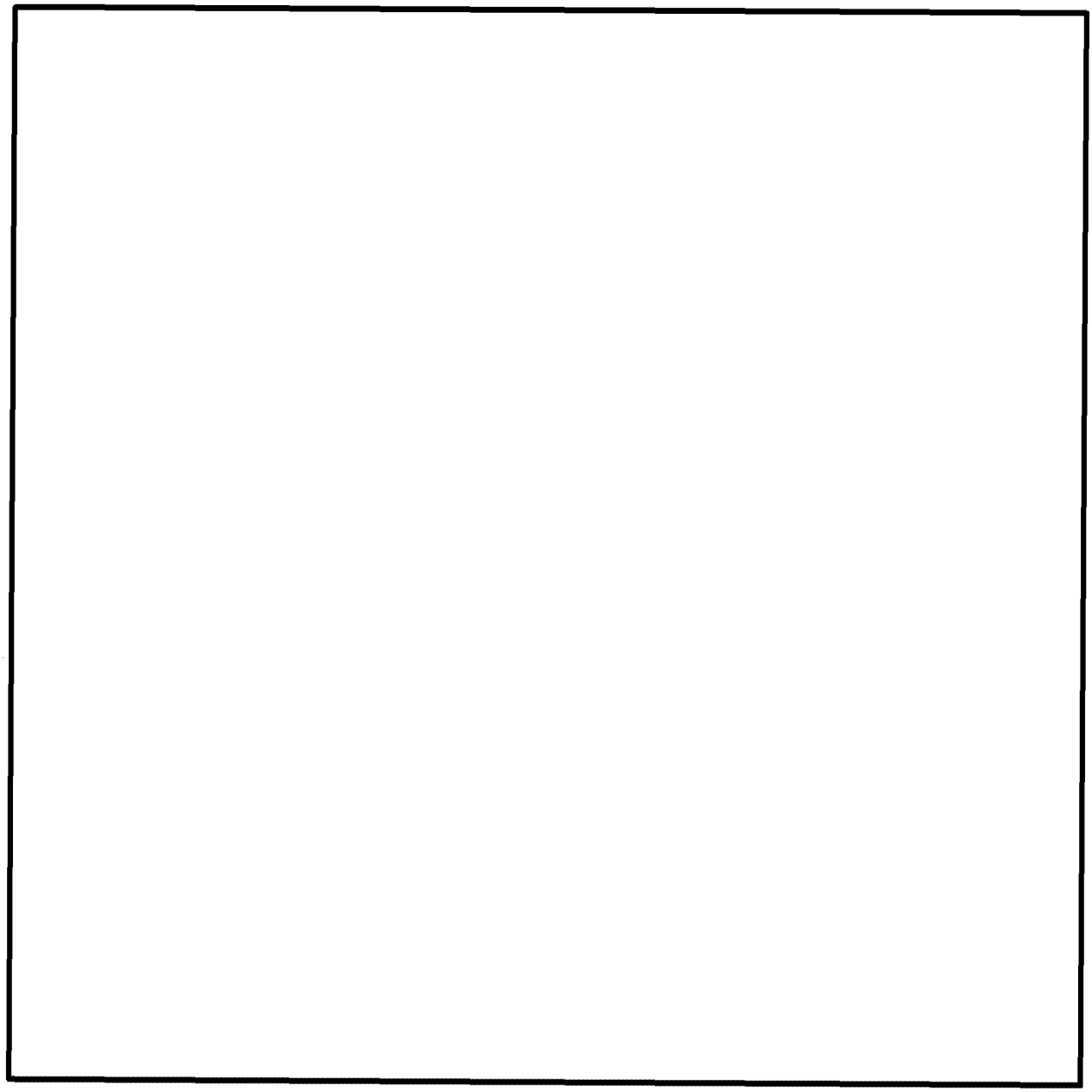


[8] Benchmark Advisors is a conservation design and development consulting firm specializing in conservation strategies and development management, www.benchmarkadvisors.com.

3.7 Staff Positions of the Mountain Air EB-5 Project

The Mountain Air EB-5 Project staffing schedule is based on the prior Mountain Air operating model that was utilized to execute the earlier phases of development of the Mountain Air community. Management has examined the historical staffing requirements for a four year period that most closely resembles the activity reflected in this business plan. (b)(4)

Full Time Employees - Mountain Air EB-5 Project					
Department	Year 1	Year 2	Year 3	Year 4	Year 5
Mountain Air Development					
Mountain Air Realty					
Mountain Air Legacy Homes					
Mountain Air Utility Corp					
Mountain Air Maintenance Services					
TOTAL					

(b)(4)

In order to facilitate the build-out/completion, sale, operations and maintenance of the Mountain Air community, Mountain Air will rely on five operating divisions that we directly manage and control (Mountain Air Development Corporation, Mountain Air Realty, Mountain Air Legacy Homes, Mountain Air Utility Company and Mountain Air Maintenance Services.) In addition, the project's success will rely on several independent professional services firms with which management will contract for services. This has been the historic operating model for the Mountain Air community for the past 22 years, in which project managers have developed approximately $500 million of club and community infrastructure plus over 600 for-sale real estate products, including single family home sites, single family residential homes, and residential condominiums.

The following is a brief description of each of the entities/departments through which the Mountain Air EB-5 project will conduct its operations.

1. Mountain Air Development Corporation is the master developer responsible for the oversight of all real estate and amenity development for the Mountain Air community. Mountain Air Development Corporation will employ the community's C-level staff and their support staff and finance, marketing, HR, and related staff.

2. Mountain Air Realty is the division of the development company responsible for the marketing and sales of the remaining residential real estate products, to include 111 single family home sites, 109 single family residential homes, and 197 residential condominiums (throughout the full 10 year development plan). Staffing for this department will consist of the Sales Director and his/her support staff and other real estate sales staff.

3. Mountain Air Legacy Homes is a single-purpose LLC under the umbrella of Mountain Air Development Corporation. Its function is to manage and oversee the various residential and

commercial construction projects within the Mountain Air community. It holds an unlimited North Carolina general contractor license.

4. Mountain Air Utility Corporation is responsible for operation and maintenance of water and sewer services for the Mountain Air community. It is licensed and regulated by the North Carolina Utilities Commission.

5. Mountain Air Maintenance Services will be responsible for the overall property maintenance and inspection of developer-owned properties, including offices, residential model homes and related facilities. In addition, Mountain Air Maintenance Services will offer fee-based maintenance services to owners of residential properties in the Mountain Air community.

In appendix you will find the historical company staffing schedules for each operating department as well as the future staffing requirements, listed by position, that will enable execution of this business plan.

4.1 The Appalachian EB-5, LLC Regional Center Team

A number of highly-qualified professionals have been carefully selected in order to implement and manage the activities of the Appalachian EB-5, LLC Regional Center in compliance with USCIS regulations.

Regional Center Principal—Mr. Andrew B. Dover

Mr. Dover is the founder and managing partner of Odlum Capital. He is responsible for setting the firm's global asset strategy and managing the overall operations of the firm.

Prior to founding Odlum, Mr. Dover was the CEO of the Joe Torre Foundation in New York City. Before his tenure as CEO, he served as a senior vice-president at UBS. He started his investment career at Merrill Lynch.

Mr. Dover holds a BA in Philosophy from Yale University, an MPA from Harvard University's John F. Kennedy School of Government, and a Diploma in Organizational Leadership from the University of Oxford. In addition, he was a Fellow of the Center for Social Innovation (CSI) at the Stanford Graduate School of Business.

Regional Center Principal—Mr. William R. (Randy) Banks

Mr. Banks is President and Chief Executive Officer of Mountain Air Country Club and Mountain Air Development Corporation. Mr. Banks is an expert in developing, operating and managing of resort and residential communities, Mr. Banks has been employed by such well-known development companies as Gulfstream Development Corporation, The Hilton Head Company, and Wintergreen Development, Inc. He has served on the President's Council and Board of Directors of the National Association of Home Builders and as a local President and State Director of Home Builders Association of Georgia. Mr. Banks currently serves as Chair of the Urban Land Institute's National Recreational Development Council, Gold Flight. He was named the North Carolina Chapter's Developer of the Year in 2009 by the American Resort Development Association and the Community Association Institute.

Mr. Banks earned a BA in Political Science from the University of North Carolina-Charlotte.

Immigration Counsel: Klasko Immigration and Nationality Law

Klasko, Rulon, Stock and Seltzer, LLP has a team of nine full-time attorneys, all dedicated exclusively to immigration law. The firm's partners, headed by H. Ronald Klasko, are nationally recognized for their skills and field-leading law practice. The group serves companies and institutions large and small in addition to individual and family immigration cases.

Under Mr. Klasko's leadership, the firm was chosen with five other firms by ***Chambers Global*** in 2006, 2007, 2008 and 2009 as the top U.S. business, hospital and university immigration law firm. Ron, himself, was named as the world's most respected corporate immigration lawyer (The International Who's Who of Business Lawyers 2007 and 2008) and one

of the country's top immigration lawyers by clients and other immigration lawyers who said he is "revered for coming up with unique arguments that can save a client" ***(Chambers Global)***.

At the request of members of Congress and their staffs, Ron has testified before the U.S. House of Representatives Committee on the Judiciary and the U.S. Commission on Immigration Reform. He has been invited to lecture and provide training to staff members and lawyers of the U.S. Department of Labor, U.S. Department of State, INS General Counsel Management Conference, Immigration Judges Association and U.S. Department of Justice. In addition, he has been an Adjunct Professor of Immigration Law at Villanova University Law School and is a frequent lecturer on immigration law subjects.

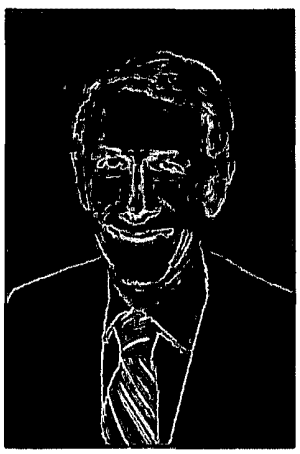
A member of the prestigious Alliance of Business Immigration Lawyers, Ron is the co-author of the two volume ***Employers' Immigration Compliance Guide*** (Matthew Bender 1985).

For the last 18 years, Ron has been included in the highly regarded Best Lawyers in America (Woodward and White). He is one of only three practicing attorneys ever honored with the AILA Founders Award for his contributions to immigration jurisprudence.

SEC Counsel: Arnstein & Lehr, LLP

Arnstein & Lehr LLP is one of the country's oldest and most respected law firms. Since its founding in 1893, the Firm has served clients – large and small – throughout the United States and in many foreign countries. More than a century later, Arnstein & Lehr has established itself as a sophisticated, full-service practice that addresses the diverse and complex needs of its clients with vision, expertise, and a commitment to quality and service. The company practices in five main service groups – Business, Litigation, Local Government, Tax and Estate Planning, and Real Estate.

Ronald R. Fieldstone is a partner in the Miami office of Arnstein & Lehr LLP, specializing in corporate/securities and taxation law.



Mr. Fieldstone is a member of the Real Property, Probate and Trust and the Tax Law Sections of The Florida Bar. He served as a panel member of the American Arbitration Association for 17 years and is a title agent of several title insurance companies. Mr. Fieldstone has published numerous articles and has been a lecturer in the fields of real estate, corporate, tax law and franchise law for the past 37 years. He currently practices primarily in the areas of corporate/securities and taxation law.

Since 2009 Mr. Fieldstone has actively been involved in serving as corporate/securities counsel for multifaceted industries involving real estate funds and specializing more recently on EB-5 immigrant visa investor offerings ("EB-5"). The EB-5 visa is a United States visa created by the Immigration Act of 1992. This visa provides a method of obtaining a green card for foreign nationals who invest money in the United States. Mr. Fieldstone represents a vast number of Regional Centers

in EB-5 offerings, involving in excess of 40 matters. Mr. Fieldstone's corporate/securities work includes the preparation of private placement memoranda and related documents. Mr. Fieldstone actively lectures and publishes in the EB-5 corporate/securities fields.

Mr. Fieldstone was a principal in a Blockbuster Video franchise that operated 25 stores in eight states from 1987 until October, 1995, when the business was sold to the franchisor. He is a principal of a multi-state lithotripsy company and a Miami-based medical diagnostic company. He was also a principal of Barnie's Coffee and Tea, Inc., the owner of the Barnie's operating system with approximately 80 corporate units and 20 franchised units.

Mr. Fieldstone has extensive real estate holdings in the state of Florida and serves as a managing partner of Landmark Residential, which has served as the sponsor and manager of approximately 20,000 multi-family units in the states of Florida, Alabama, Georgia, Texas and North Carolina.

Associate Rebecca Abrams Sarelson, in the firm's Miami office, focuses her practice on international and domestic corporate transactions, taxation, wealth preservation, estate planning, tax-exempt organizations, and real estate transactions. Ms. Sarelson handles complex business and tax planning and counsels clients in entity selection, joint ventures, general corporate and partnership matters and advises on complex tax and estate planning matters, asset protection, gift planning and trust administration.

During her undergraduate and law school career, Ms. Sarelson volunteered as a Guardian ad Litem in Alachua County, Florida and completed an externship in the Eighth Judicial Circuit. After earning her J.D. from the University of Florida, she completed a tax internship with a well-known tax boutique in Miami, Florida, and after earning her LL.M in Taxation in 2004, she joined Fieldstone Lester Shear & Denberg, LLP, and now works with Mr. Fieldstone at Arnstein-Lehr.

Ms. Sarelson is a member of the International Law, Real Property, Probate and Trust Law, and Tax sections of the Florida Bar, as well as the Young Lawyers Division.

Economic and Job Creation Impact Modeling: Economic & Policy Resources, Inc.

Since the company's founding in 1983, the professionals of Economic & Policy Resources have been providing clients with objective research, analysis, forecasting, and advisory services in multiple aspects of economics, finance, public policy, and strategic planning. The firm has completed successful projects for government, business, and institutional clients, allowing clients to move forward decisively to embrace their opportunities or address their problems.

The Company's experience includes a wide range of assignments. Completed projects range from performing economic impact analyses for clients who need to understand how their industry or project will affects a state, regional, or community economy to developing solutions and implementation strategies for dealing with the most complex economic, financial, or public policy problems. The firm also evaluates and drafts business plans for the EB-5 Immigrant Investor VISA

Program.

Jeffrey B. Carr, EPR, Corporate President & Economist, has more than 30 years of experience in economic analysis, economic forecasting, regional economic and fiscal impact analysis (including a growing national practice under the U.S. Citizenship and Immigration Service's EB-5 Immigrant Investor Program), financial analysis, economic-tax revenue forecasting, and preparing and presenting state economic-fiscal data to Wall Street bond rating agencies. In addition to more than 200 completed regional impact assessment assignments in his consulting practice, Mr. Carr has served as the consulting State Economist and Principal Tax Revenues Analyst-Forecaster for the past five Governors of Vermont, including the newly elected Vermont Governor Peter Shumlin, 8 years for former Governor James H. Douglas, and 12 years for former Vermont Governor Howard B. Dean. He has been the State Economic Forecast Manager for Vermont the past 20 years for the New England Economic Partnership (NEEP).

EB-5 Program Marketing Plan Development: Jorge Cordova, Platinum Marketing, LLC

The EB-5 marketing program will be handled by representatives of the regional center and Platinum Capital Investments, LLC utilizing their extensive network of international contacts in Mexico, Central America and South America. In addition, EB-5 project management will also potentially work with a third party with broad EB-5 program experience and reliable past performance for these services and will be paid according to a legally structured compensation agreement.

Business Plan Preparation: Economic & Policy Resources, Inc.

Please refer to the company description for Economic & Policy Resources, Inc. and Mr. Jeffrey B. Carr above.

Regional Center Escrow Agent: JP Morgan Chase Bank

The regional center's escrow agent will be JP Morgan Chase Bank. J.P. Morgan offers escrow services for an increasingly complex global economy, helping their customers and clients to successfully mitigate risk for critical transactions. JP Morgan Chase's dedicated escrow team offers reliable and dependable service to ensure that transactions close quickly, accurately and securely.

J.P. Morgan's suite of escrow services has been built on experience and customized to cover the needs that arise in your business including, but not limited to, escrow structures for mergers & acquisitions, regulatory/litigation, payments and raising capital. When risk management is critical, rely on a trusted provider-the escrow professionals of J.P. Morgan provide: (1) Quick services turnaround: Escrow Services provides rapid turnaround on escrow agreements, enabling clients to close deals without delay; (2) Fast, easy document preparation: JP Morgan walks customers through the steps to complete the escrow transaction, and then provides customers with a form of a contract that can be customized to meet the needs of the

transaction and then quickly reviewed with a dedicated team of document specialists; (3) Dedicated escrow professionals: J.P. Morgan has a team of dedicated escrow specialists, who understand the nuances of escrow and its many applications, including translating a customer's unique risk mitigation requirements into a simple, workable solution; (4) Global reach: Including escrow specialists and offices across the globe; (5) Financial strength: J.P. Morgan's fortress balance sheet, strong capital base and rigorous risk management policies provide a strong complement to our leadership in escrow services. This is especially important as clients navigate through turbulent markets, and (6) Integrated solutions: JP Morgan Chase clients of Escrow Services have access to a broad range of related capabilities, such as foreign exchange services to address currency risk in cross-border transactions.

4.2 Initial EB-5 Project Development Team

This section profiles the key team members that have worked to develop the Appalachian EB-5, LLC Regional Center's vision for the regional center and its subisiary business enterprises. Each will be involved in the development and operations of the new businesses and projects in the current regional center program.

Mr. Andrew Dover, Regional Center Principal.

See Mr. Dover's biographical information in Section 4.1 above.

Mr. William R. (Randy) Banks, Regional Center Principal.

See Mr. Bank's biographical information in Section 4.1 above.

Senior Development Team Biographies for the Mountain Air EB-5 Project

The development team for the Mountain Air EB-5 Project and the Appalachian EB-5, LLC Regional Center includes a number of skilled, senior professionals that will oversee the development, construction, and operations of the Appalachian EB-5, LLC Regional Center's first EB-5 project. These professionals bring together an impressive range of practical and successful experience in the development of such projects. Among the key professionals include:

Dr. Ronald Heifetz, Regional Center Board Member-Advisory Board

Dr. Heifetz is a Board Member of Odlum Capital and Appalachian EB-5, LLC Regional Center. Dr. Heifetz is the King Hussein bin Talal Senior Lecturer in Public Leadership at Harvard University's John F. Kennedy School of Government, where he also co-founded the Center for Public Leadership. His book "Leadership Without Easy Answers" (Belknap/ Harvard University Press, 1994) is currently in its 13th printing. Dr. Heifetz is co-founder of Cambridge Leadership Associates. Dr. Heifetz earned his Bachelors of Arts degree from Columbia University, an MD from Harvard Medical Schoolm and an MPA, John F. Kennedy School of Government, Harvard University/

Mr. Peter Salovey, Regional Center Board Member-Advisory Board

Dr. Salovey is a Board Member of Odlum Capital and Appalachian EB-5, LLC Regional Center. Dr. Salovey is Provost at Yale University and the Chris Argyris Professor of Psychology. Dr. Salovey is also a Professor of Management, Epidemiology and Public Health at Yale, where he directs the Health, Emotion and Behavior Laboratory. Dr. Salovey has published more than 300 articles and chapters, and he has authored, coauthored, or edited 13 books.

D. Salovey earned his AB in Psychology and co-terminal MA in Sociology from Stanford University. He earned his MS, MPhil and PhD in Psychology from Yale University.

Mr. Joe Vittoria, Regional Center Board Member-Advisory Board

Mr. Vittoria is a Board Member of Odlum Capital. He was Chairman and CEO of Avis, Inc., where he created the Avis Employee Stock Ownership Trust, the largest ESOP at the time and a model for other companies. As an adviser to the United Airlines board, Mr. Vittoria would later spearhead the creation of UAL's landmark ESOP. In 1997, Mr. Vittoria founded Travel Services International, a public company that changed the industry's traditional distribution system. Selling it in 2000, Mr. Vittoria became an investor and Chairman of Puradyn Filter Technologies, Inc. In 2006, he became Puradyn's CEO, a position he holds today. Mr. Vittoria is also Chairman of the Board of Great Wolf Resorts and Greenjets, Inc.

Mr. Vittoria earned his BS in Civil Engineering from Yale University, and an MBA from Columbia University.

Mr. James Hindman, Regional Center Board Member-Advisory Board

Mr. Hindman is a Board Member of Odlum Capital. Mr. Hindman founded Jiffy Lube in 1979 and grew it to 1,000 units internationally. Upon the sale of Jiffy Lube in 1989, Mr. Hindman founded Youth Services International, a private agency serving more than 3,000 juveniles from 35 states and operating residential and community-based educational programs for adjudicated and at-risk youth. Today, Mr. Hindman is the co-founder and former Chairman of Avatech Solutions, a software consulting company. He was awarded the Entrepreneur of the Year Award in 1987 by the International Franchise Association.

Mr. Hindman earned his BA from Western Maryland College.

Mr. Tom Wicky, Regional Center Advisory Board

Mr. Wicky is a distinguished hotel management executive responsible for making Mountain Air a five-star experience. Mr. Wicky began his management career in Europe, bringing the highest standards of hospitality to premier resorts and luxury urban hotels. Returning to the U.S., Mr. Wicky earned the coveted Mobil 5-Star or AAA 5-Diamond awards at four renown properties: The Boca Raton Hotel & Club, The Breakers Palm Beach, The Cloister at Sea Island (Ga.), and Hotel Intercontinental. Mr. Wicky has served on the Board of Directors of privately owned, corporate and equity member ownership properties. Mr. Wicky has represented extensive real estate assets, including single-family homes, condominiums, hotel accommodations, and membership sales. Mr. Wicky has also run a $100 million site renovation and spearheaded

operational aspects of recreational facilities including golf, tennis, marinas, and retail outlets. Mr. Wicky has been a guest speaker at Cornell and a lecturer at both Florida State University and Florida Atlantic College.

Mr. Wicky earned his Certified Hotel Administrator degree from Michigan State University. He has completed post-graduate studies at Cornell University's School of Hotel Management and the University of Miami.

4.3 Listing of Key Mountain Air EB-5 Project Contractors

In addition to the above, the Mountain Air EB-5 Project has provided a list of key vendors. These vendors are listed in the table below.

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Supplier List Mountain Air Development Co. Mtn Air Development Co.	
Supplier Name	**City**

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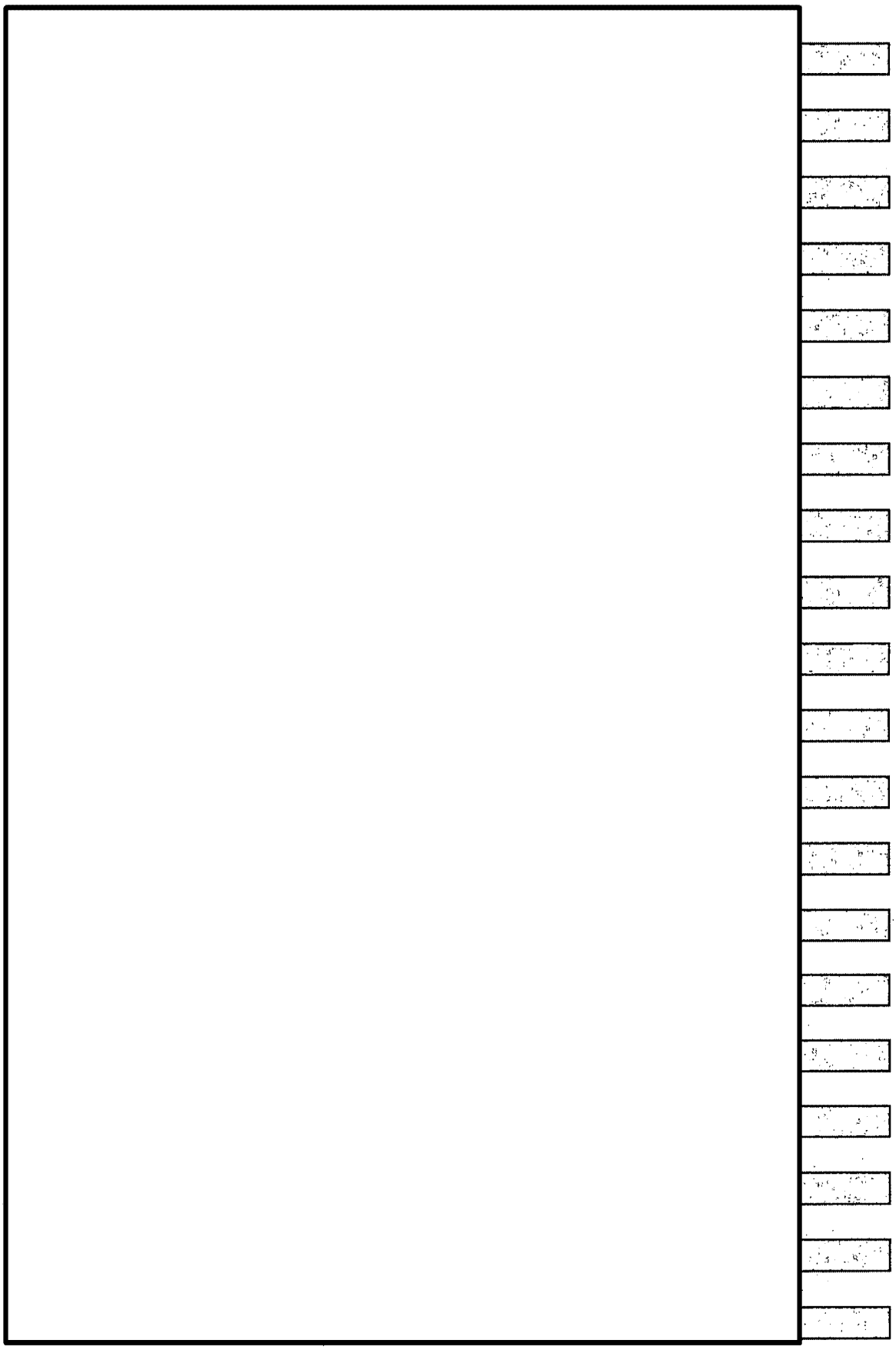

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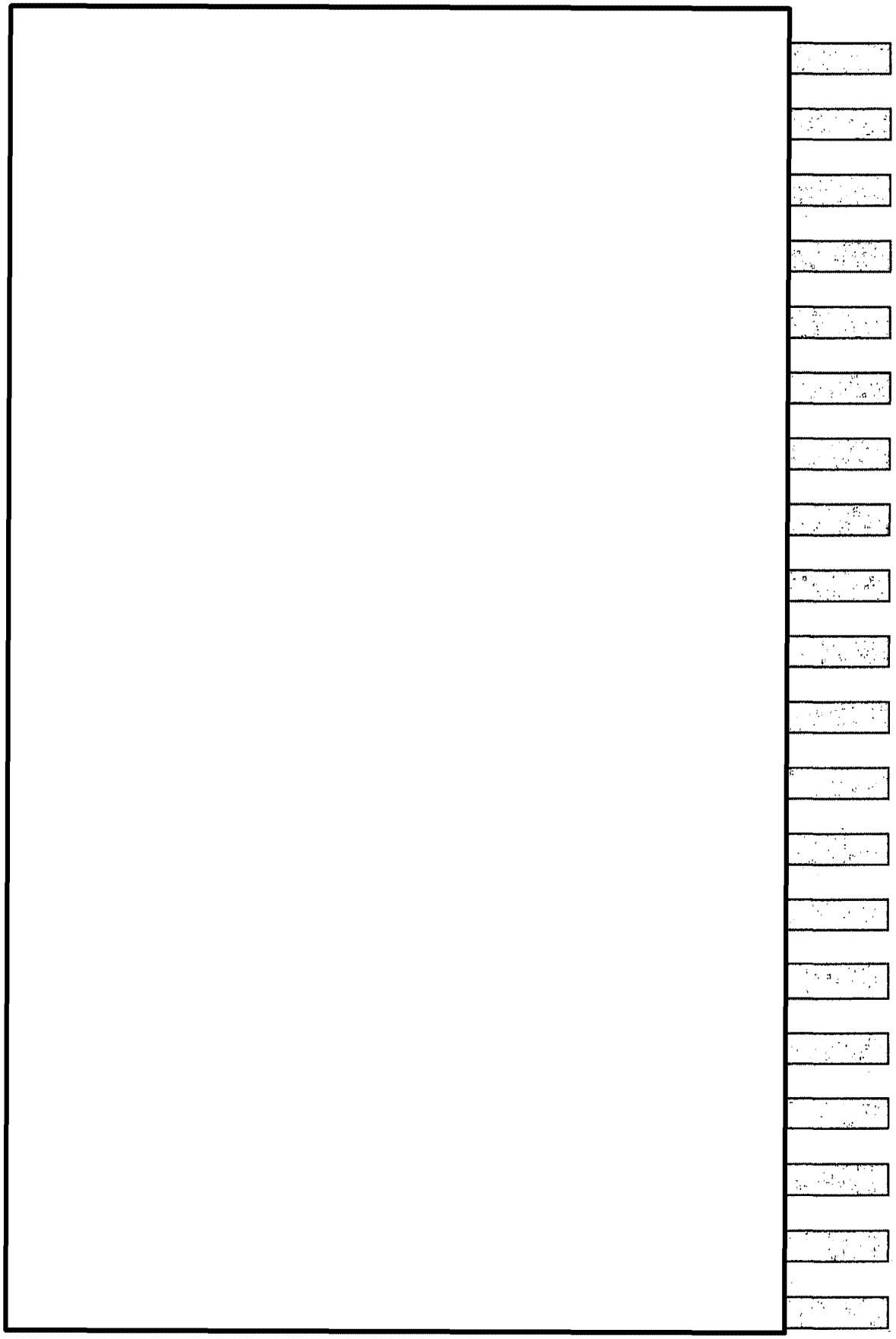

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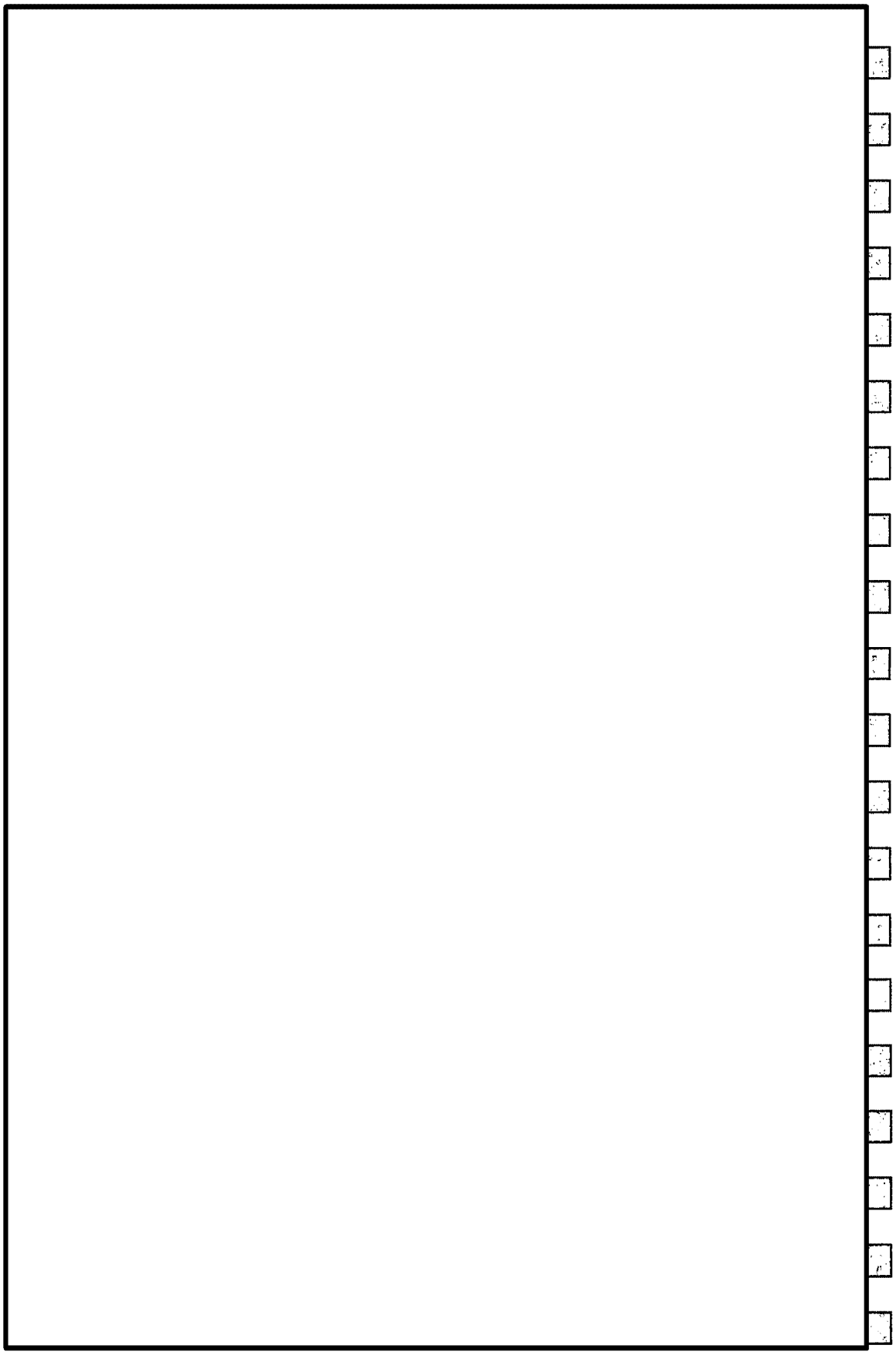

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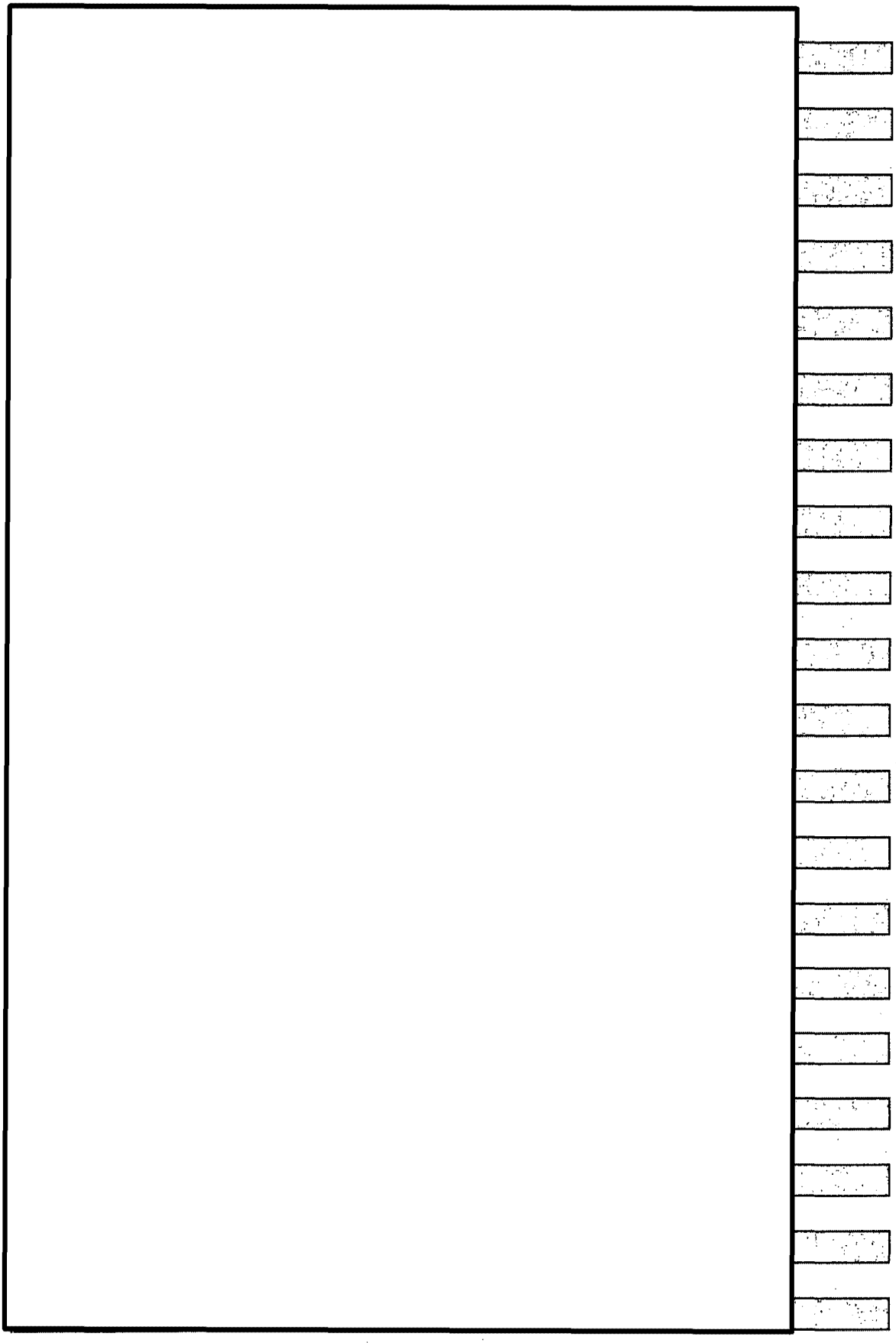

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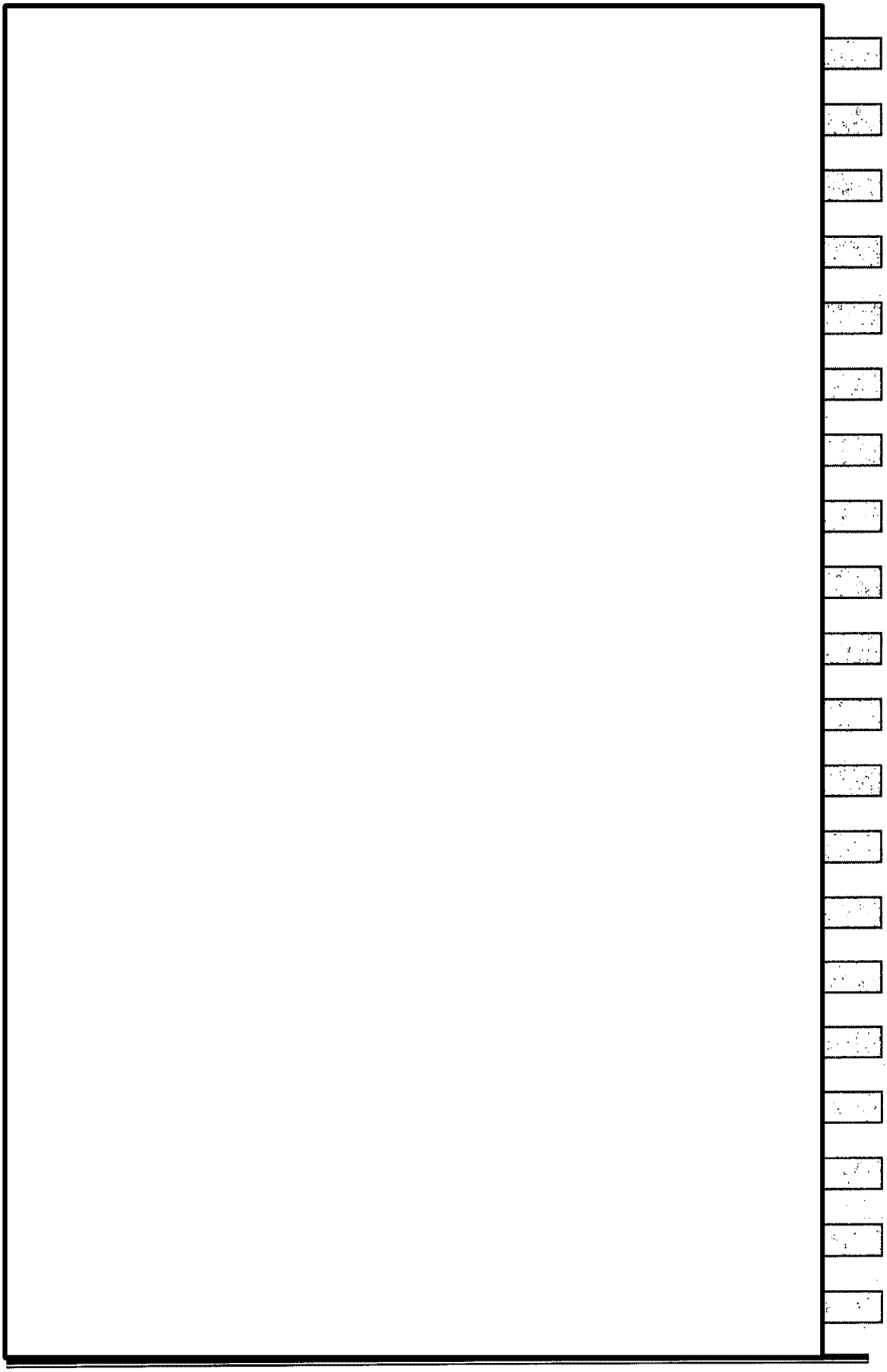

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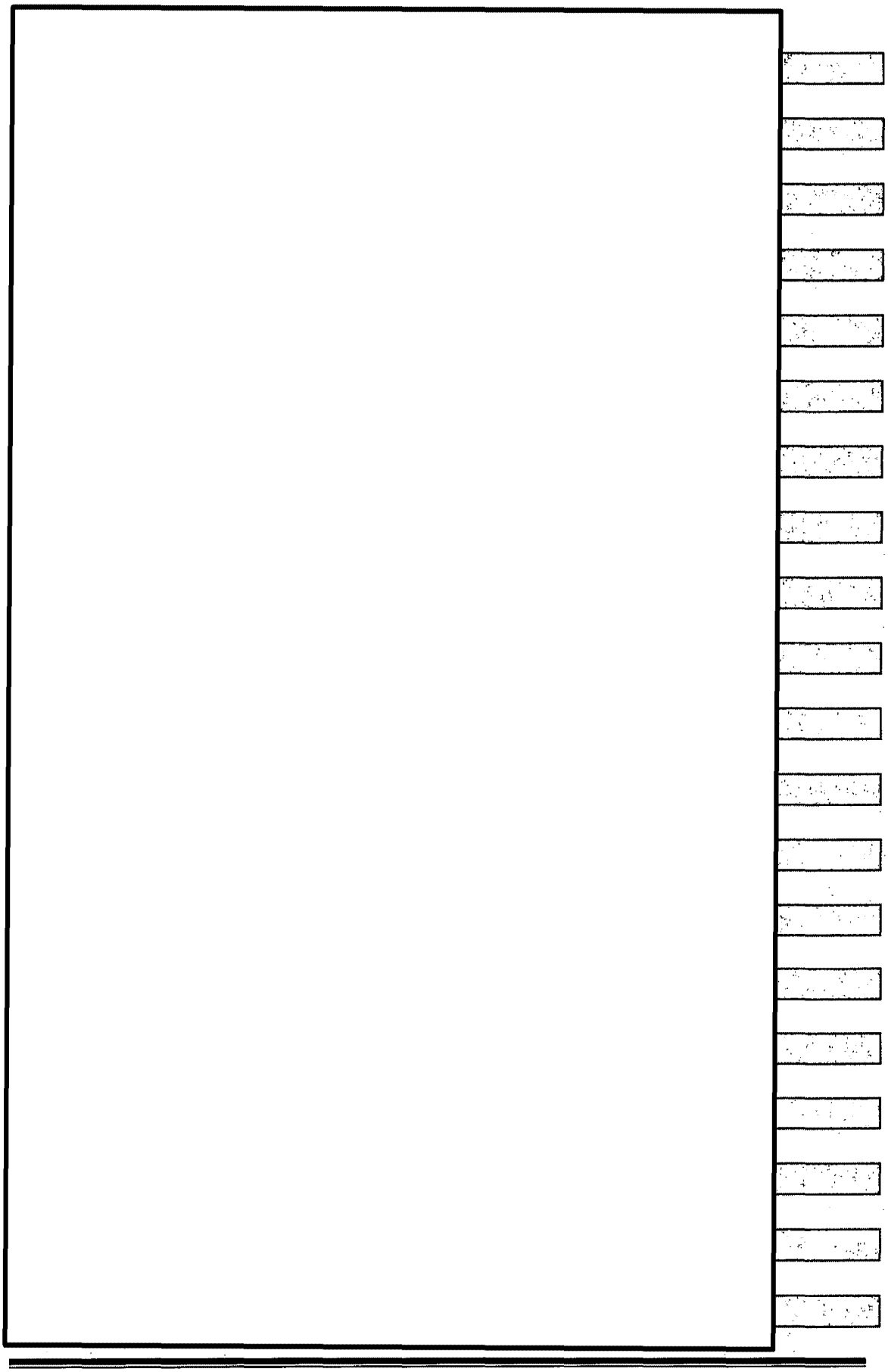

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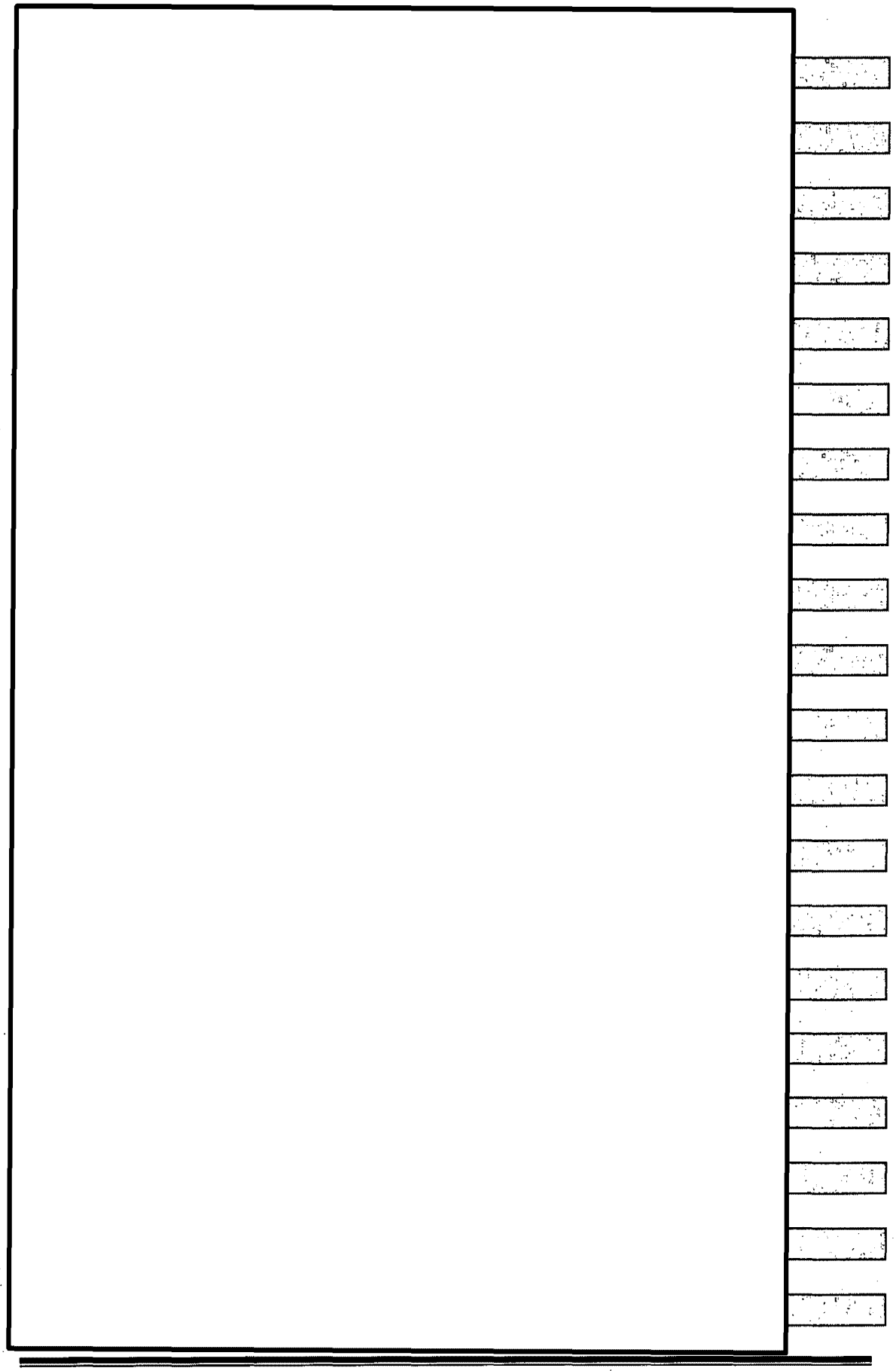

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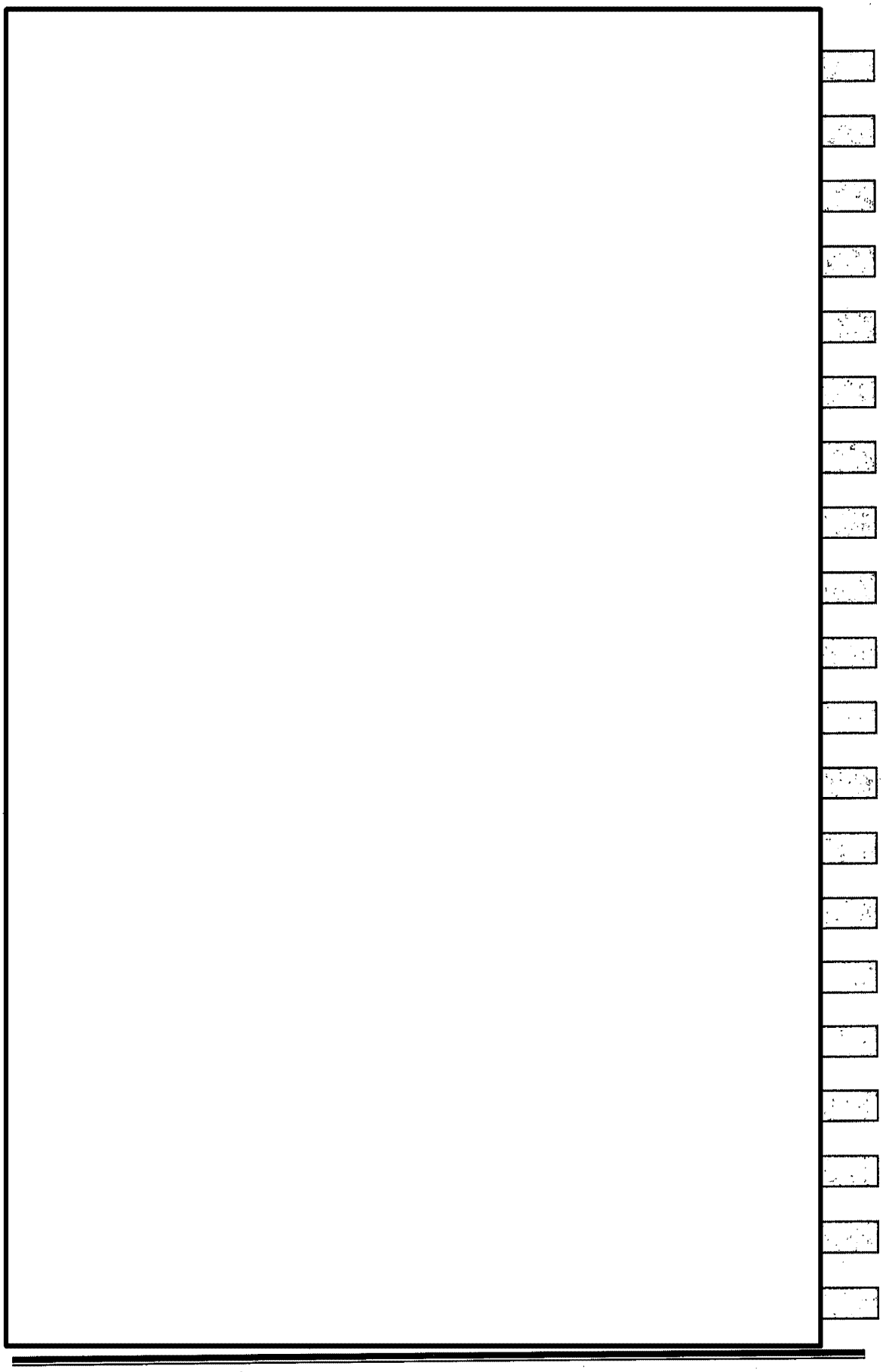

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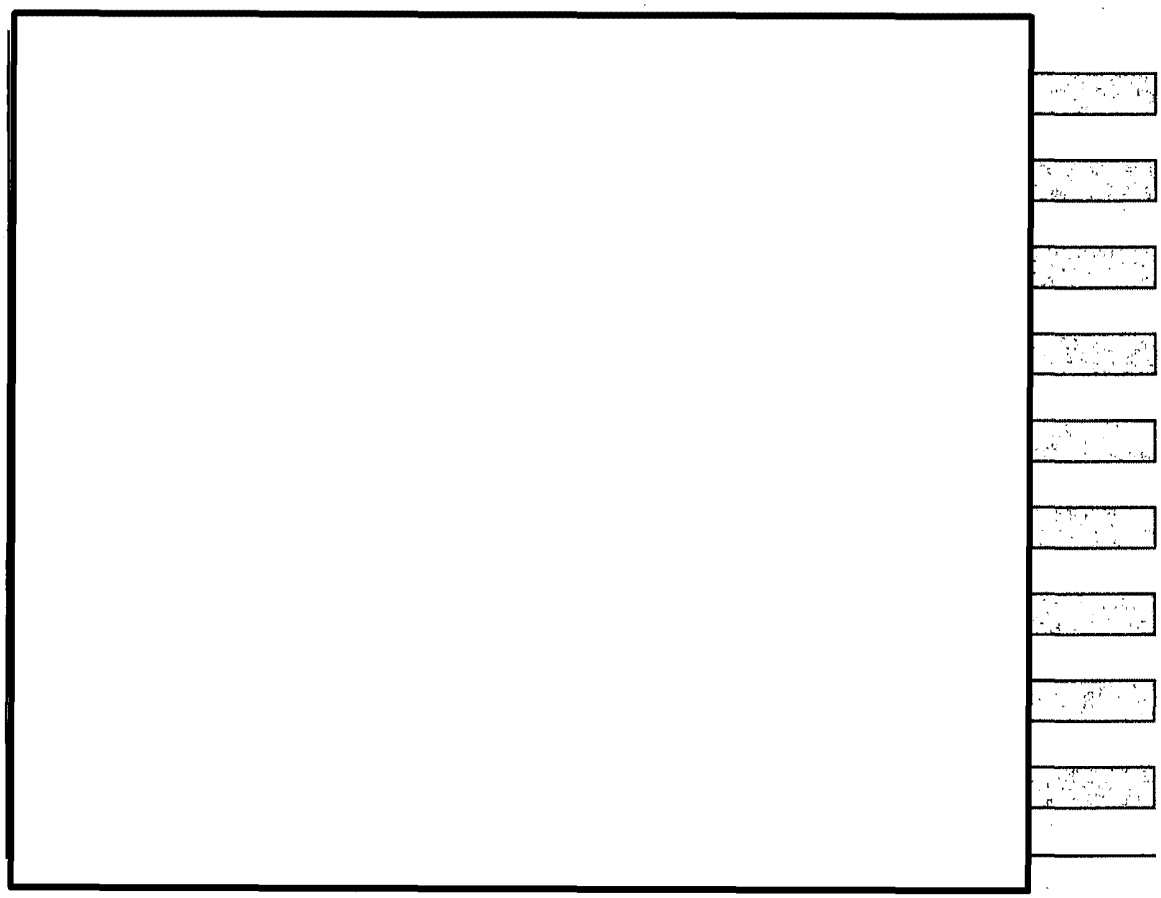

4.4 Listing of Permits and Licenses Required for the Mountain Air EB-5 Project

Most permits and licenses required for the execution of the business plan for the Mountain Air community are already in place, however some require periodic renewals or are recurring in nature. Yancey County has no subdivision or zoning regulations, thus county approvals are limited to individual construction building permits.

Following is a list of permits and licenses required for the ongoing implementation of the Mountain Air project business plan:

(b)(4)

1.
2.
3.
4.
5.
6.
7.
8.

Various state real estate registration licenses (Required by certain states in order to market to residents of that state for the purpose of selling real estate within the community. Registration is in place in states where we currently market. Each state has different registration requirements and if we choose to enter new markets, we will need to adhere to the registration requirements of that particular market.)

Appendices Contents

Appendix I: Construction Detail

- Construction Phasing Description – Letter from Mr. Randy Banks, President and CEO, Mountain Air Development Corp.
- Construction Support Letters
    - Sitework and Infrastructure – Letter from Young & McQueen Grading Company Inc.
    - Vertical Construction – Letter from Tyner Construction Company, Inc.

Appendix II: Market Analysis

- Mountain Air County Club, Burnsville, NC Residential Market Update. Dated December 2012. Supplied by Ralph Steward Bowden, Inc.
- Mountain Air Country Club Residential Market Analysis, Burnsville, North Carolina. Dated June 2008. Supplied by Ralph Steward Bowden, Inc.

Appendix III: Mountain Air EB-5 Project Direct Employment Detail

- Analysis of Employment Projections – Letter from Mr. Randy Banks, President and CEO, Mountain Air Development Corp.

Appendix I: Construction Detail

- Construction Phasing Description – Letter from Mr. Randy Banks, President and CEO, Mountain Air Development Corp.
- Construction Support Letters
    - Sitework and Infrastructure – Letter from Young & McQueen Grading Company Inc.
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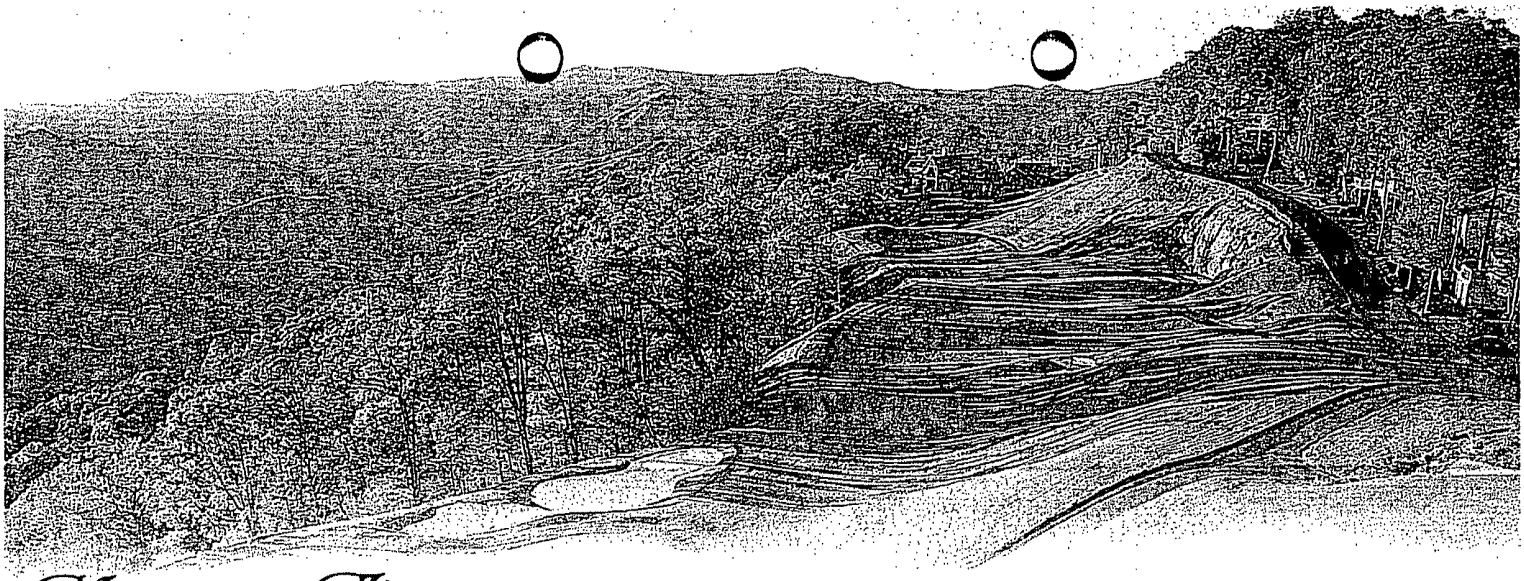

Mountain Air

Redefining Mountain Living, Naturally

April 6, 2013

To Whom It May Concern:

In order to further clarify and explain the construction timelines contained in the RFE report, I am following the outline in Figure 1 on page 4, titled: "Construction Timeline: Neighborhood, Amenities, and Infrastructure Phasing – Mountain Air EB-5 Project, a revised version of which is copied below for easy reference.

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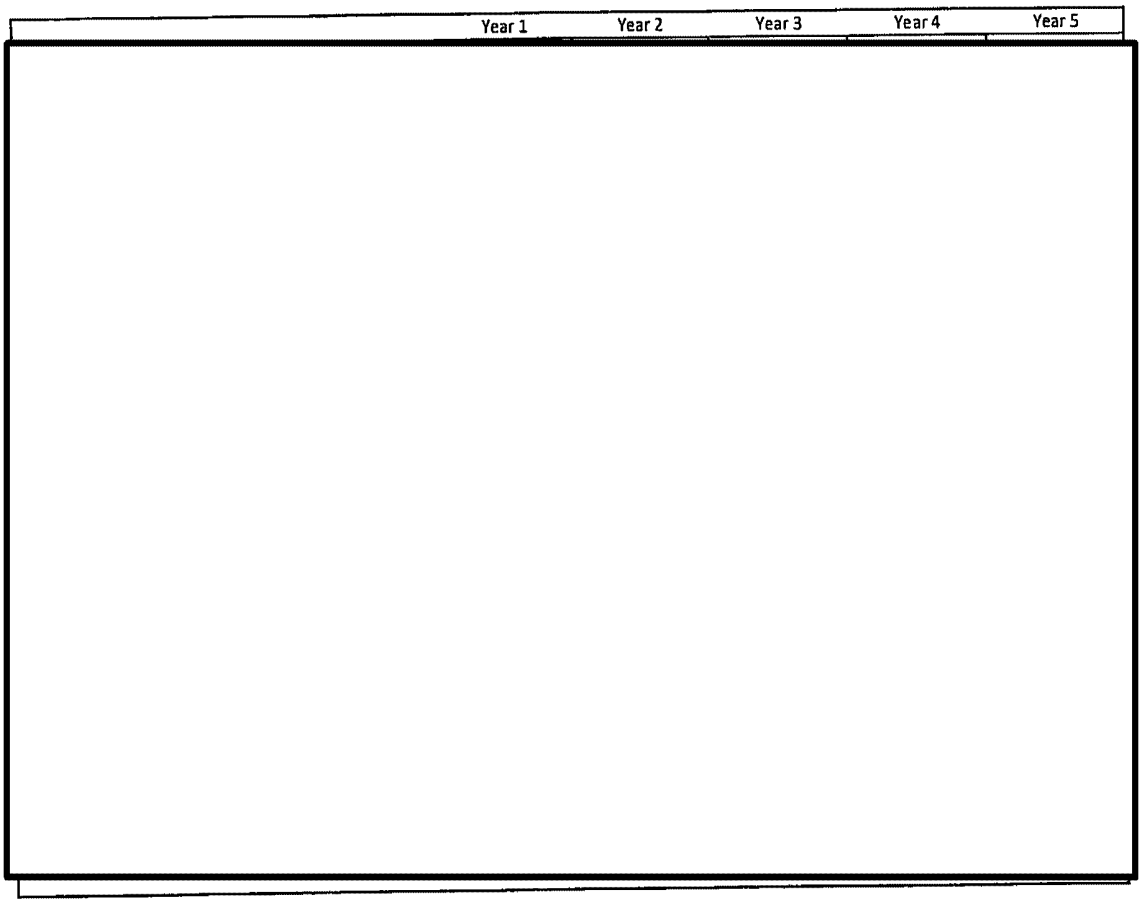

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The categories are as follows: 1. Detached Single Family Homes/Cottages 2. Attached Condominiums 3. Amenities 4. Infrastructure. A brief description/explanation of each category, along with their associated nuances, may prove helpful.

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[redacted]

For further clarification, I am attaching a more detailed schedule that provides an estimate of time for completion (in months) of each residential product type per unit or per building, by neighborhood, as well as monthly durations for each amenity or infrastructure line item.

I hope this provides the additional clarity that is requested. All of these projections are based on historical experience of similar product/project construction timelines in the Mountain Air community over the past twenty years and have been validated by the general contracting firms that have performed these services.

Sincerely,

Randy Banks
President, CEO
Mountain Air Development Corporation

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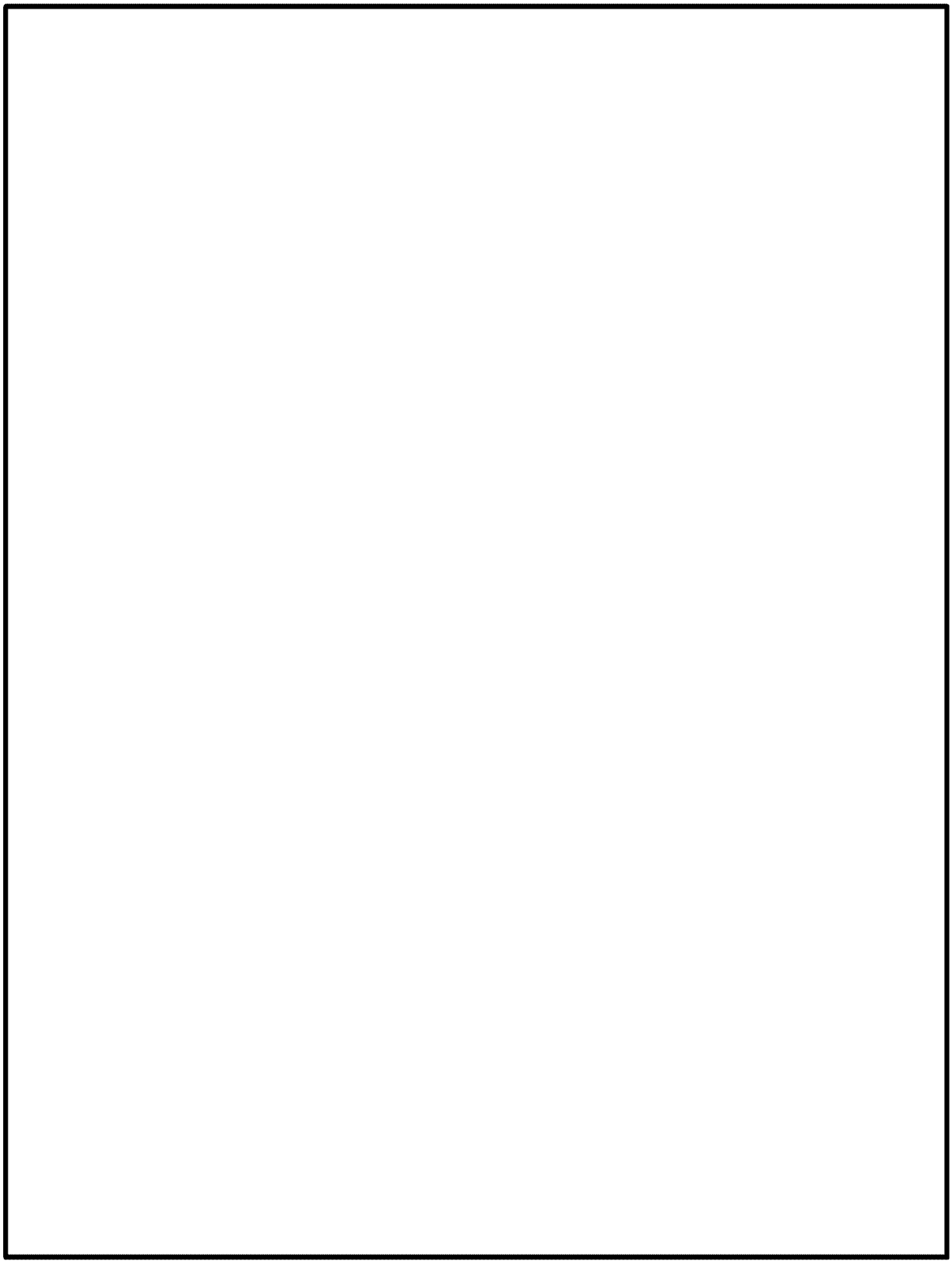
MOUNTAIN AIR CONSTRUCTION TIMELINE

MONTHLY PROJECTIONS



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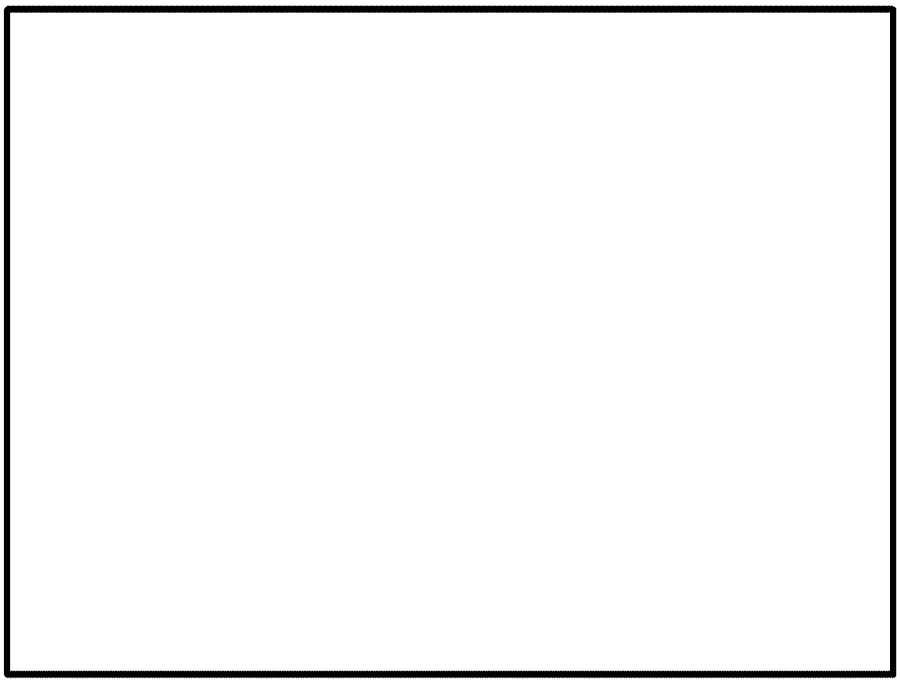

YOUNG & McQUEEN
GRADING COMPANY INC.

December 10, 2012

Mr. Andrew Dover
Managing Partner
Mountain Air Global, LLC
45 Mountain Air Drive
Burnsville, North Carolina 28714

RE: Mountain Air Community

Dear Mr. Dover,

At the request of Mr. Randy Banks I am providing the following information on our company, a brief history of our company's involvement in the construction of the existing Mountain Air infrastructure and our understanding of future development plans within the Mountain Air Community.

Young & McQueen Grading Company, Inc. is a family owned business. Formed in 1986 as a small earthwork and site development company, we have grown into a larger heavy / highway contracting firm. We have become well respected among our piers and have fortunately completed many commercial, residential, institutional, private development and highway projects throughout Western North Carolina over the past 26 years. Many of our projects have included coordinating design and self-performing construction of many roads, bridges and building sites. These projects have not only had terrain and environmental challenges, but also required a high level of quality and ascetics. Further, we have recently completed, as a JV partner, a $107 million NC DOT highway project. This was one of the largest NC DOT projects in WNC in recent years. We are also currently working independently on the next phase of a widening project along this same highway. These projects require a high level of subcontractor coordination, equipment allocation, crew scheduling and most importantly keeping workmen and the traveling public safe on a main corridor through WNC.

Young & McQueen has been the prime site development contractor at Mountain Air since Mountain Air's inception. We have successfully completed construction of an 18 hole golf course, airplane runway, golf learning center and sites for many buildings including clubhouse, lodge, condominiums and single family homes. We have built over 17 miles of roadway in the mountains of WNC, which requires mass earth and rock excavation, along with strict erosion control measures and efforts to protect the surrounding mountain environment. We have installed utilities (water, sewer, phone, cable) along these 17 miles of roadway, plus an additional 5 miles of offsite sewer line construction.

Young & McQueen is one of the larger employers in Yancey County and are proud to continually employee over 100 local people. In our peak seasons, we typically increase our

25 Crest View Road Burnsville, NC 28714
Phone 828-682-7714 1-800-211-4567 Fax 828-682-4145
www.youngmcqueen.com
NC License# 27438

YOUNG & McQUEEN
GRADING COMPANY INC.

workforce by 25% to 50% depending on workload. We are long time members of Carolina Association of General Contractors and participate in many forms dealing with highway construction, safety and environmental issues. We employee a full time safety director, enjoy an experience modifier under .9 and have won several safety awards including; NCDOL Gold Certificate Safety Award - 8 times, Ohio Casualty Platinum Safety Award - 6 times, Carolinas AGC Merit Award for Outstanding Safety Performance - 8 times. In addition, we have also been awarded Carolinas AGC Construction Safety Excellence First Place Award for 2004 and 2006, National Finalist AGC CSEA for 2007, President's Award for 2006 and 2011, and Summit Award for 2006 and 2011.

With our history and experience at Mountain Air, we are intimately familiar with site conditions, construction methods and associated costs. Over the past few years, we have worked closely with Land Planners, Engineers and Architects to develop plans and cost estimates for the build-out of the remainder of the Mountain Air Community. This build-out includes;

- Additional 9 holes of golf
- Sports and Fitness Complex
- Site work and infrastructure for over 100 single family home sites, approximately 200 condominium units and over 100 single family homes
- Additional on and off-site water and sewer expansion
- Existing roadway improvements and resurfacing

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[redacted]

We appreciate the opportunity to continue our relationship with Mountain Air and I ask you to contact me with any questions, concerns or if additional information is required.

Sincerely,

YOUNG & McQUEEN GRADING CO., INC.

Samuel K. Young
President

25 Crest View Road Burnsville, NC 28714
Phone 828-682-7714 1-800-211-4567 Fax 828-682-4145
www.youngmcqueen.com
NC License# 27438

TYNER
CONSTRUCTION
Since 1979

December 10, 2012

Mr. Andrew Dover
Managing Partner
Mountain Air Global, LLC
45 Mountain Air drive
Burnsville, NC 28714

Dear Mr. Dover,

Tyner Construction Company, Inc. is pleased to submit our qualifications to support the business plan for the build-out of Mountain Air Country Club.

Tyner Construction Company has been in business for over 33 years with our corporate offices located in Burnsville and Asheville, North Carolina. Our officers are Benson Tyner, Harrison Tyner, and Martha Tyner thus validating our family owned and operated status in the construction industry. We employ over 30 field supervisors and staff and indirectly over 150 artisans in various trades, the core of which live in Burnsville or within a 30 mile radius.

Tyner Construction Company holds an unlimited Building License in North Carolina and South Carolina. We are members of WNC Green Building Council, Green Built North Carolina, and the majority of our projects are Energy Star Certified structures. In this calendar year we have received a platinum level recognition from the North Carolina Green Building Council. We have received the Griffin Award for Historic Renovation, and we have been the showcase builder on an upcoming episode of American Builder.

We build in a 75 mile radius of Asheville; however we concentrate in private luxury gated communities such as the Cliffs at Walnut cove, The Ramble, and Mountain Air Country Club. We have been the primary builder for the Mountain Air community for over 20 years and are responsible for the Clubhouse, Orville and Wilbur's Bar and Grill, over 200 single family units, and 220 condominium units.

828.682.7421 | tynerconstruction.com | 828.682.3428 fax
400 East Main St. | Burnsville, NC 28714 | 630 Long Shoals Road | Arden, NC 28704

Tyner Construction has worked with Mountain Air management staff, land planners, and architects. We have a thorough knowledge of construction costs, especially as they relate to Mountain Air topography. We have worked in collaboration with their staff to develop the business plan and the cost estimates for the build-out of the remainder of the Mountain Air community to include the following:

1. Sports and Fitness Complex
2. Clubhouse Expansion and Renovation
3. Teen Center
4. Settlers Edge Cabin
5. 197 Condominium Units
6. 109 Single Family Homes

(b)(4)

It is also helpful that we have cross-referenced our estimates with our vast amount of historic data; not just at Mountain Air but the entire Western North Carolina region.

Sincerely,

Benson L. Tyner

Benson L. Tyner, President
Tyner Construction Company, Inc.

Appendix II: Market Analysis

- Mountain Air County Club, Burnsville, NC Residential Market Update. Dated December 2012. Supplied by Ralph Steward Bowden, Inc.
- Mountain Air Country Club Residential Market Analysis, Burnsville, North Carolina. Dated June 2008. Supplied by Ralph Steward Bowden, Inc.

MOUNTAIN AIR COUNTRY CLUB

BURNSVILLE, NC

RESIDENTIAL MARKET UPDATE

December 2012

Prepared by:

RALPH STEWART BOWDEN, Inc.
Real Estate Counselors

EXECUTIVE SUMMARY

Ralph Stewart Bowden, Inc., Real Estate Counselors (RSB) has been commissioned to analyze current market conditions as they relate to Mountain Air County Club's (MAAC) development plan and related pricing. MACC is an established, 1,300-acre private club community located in Burnsville (Yancey County) North Carolina. Our study has concluded the following:

General - After several years of recessionary sluggishness, the market area appears to be emerging with a positive long-term development environment. This is due, in part, to significant competitive development attrition that has resulted from the economic downturn, as well as mature developments reaching effective sellout of developer products.

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- [redacted]
- [redacted]
- [redacted]

The Characteristics of Demand - Based on National Association of Realtors (NAR) data, there has been resurgence in second home demand that is expected to continue as aging, upper income households maintain a growth pattern.

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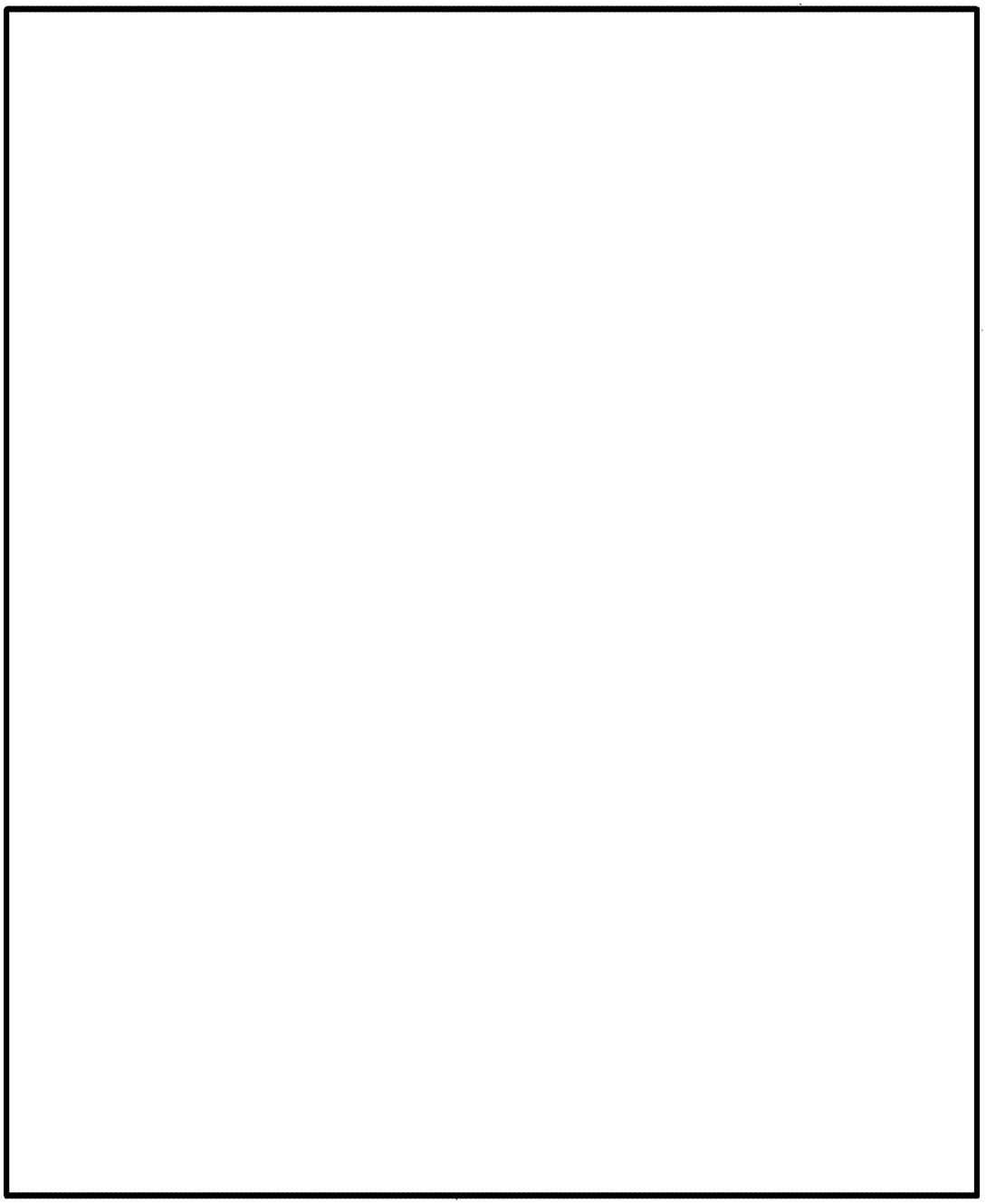

Qualified Home Buyers – Macro Perspective - Median household incomes have stalled at the lower income levels since the "Great Recession" began but the share of affluent households continues to exhibit growth.

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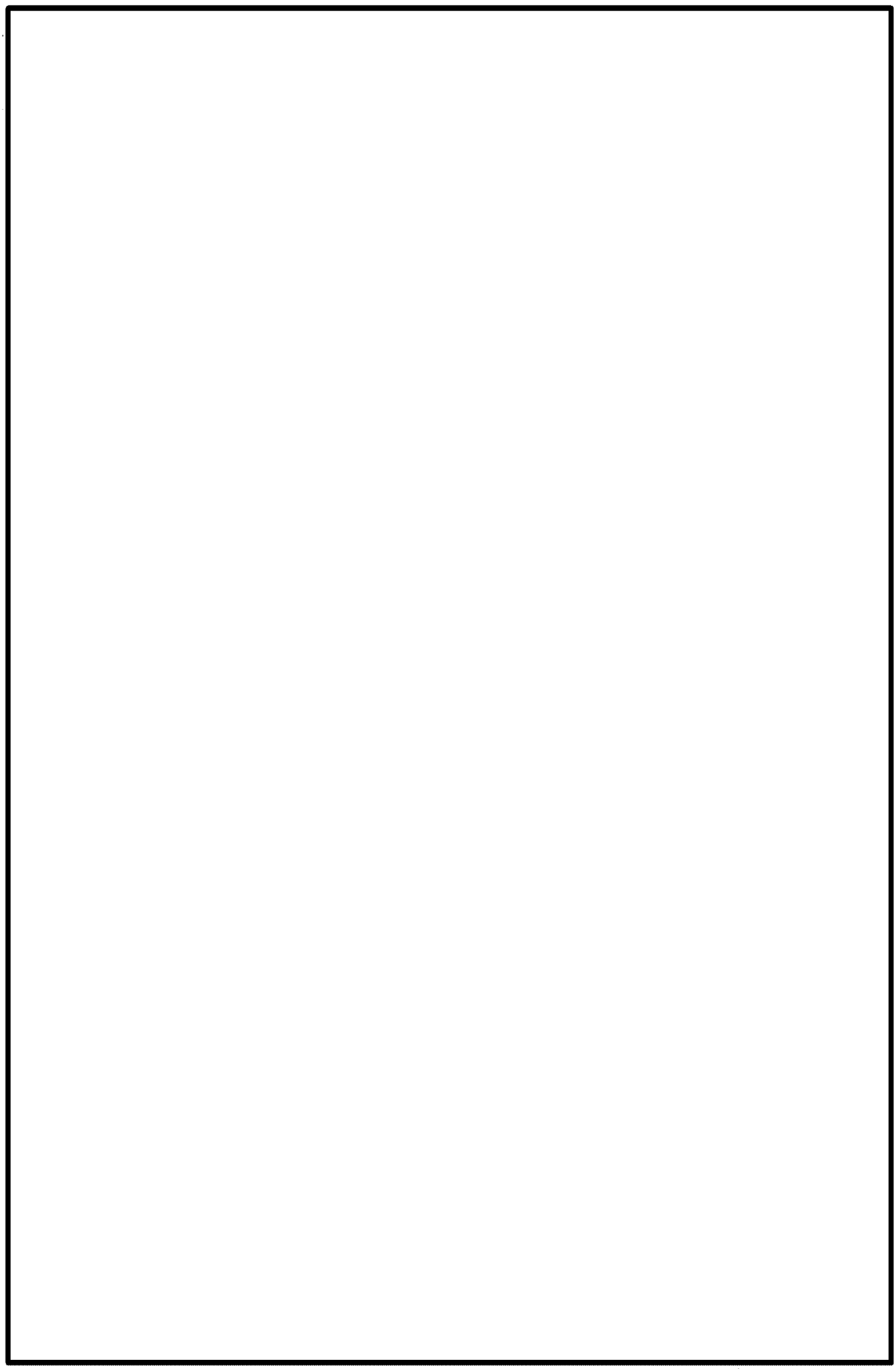

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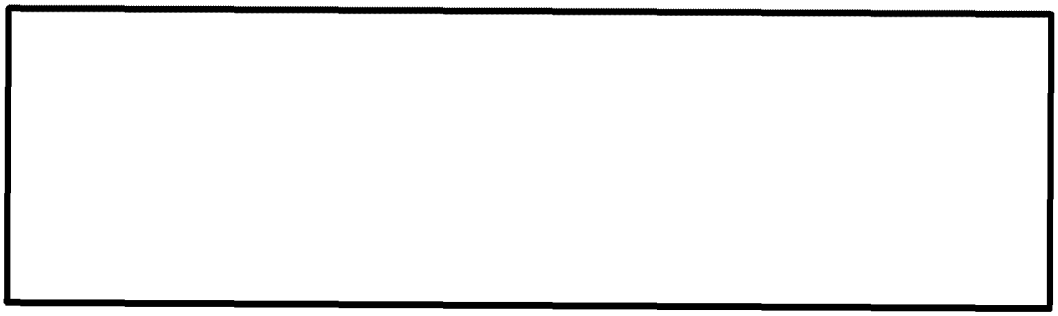

Summary Conclusion/Macro Perspective - The expansion of the upper income brackets to include both the leading edge of the Baby Boomer generation and the significant balance that will reluctantly march toward the traditional retirement period over the ensuing decades, serves to provide an opportunity to appeal to an unusually large and diverse target market than has been viable in the past, encompassing vacation and second homebuyers, investors, and pre-retirement- and retirement-oriented buyers.

Second Home Buyer Origination and Demand - The Western North Carolina region's feeder markets have traditionally included a variety of North Carolina, South Carolina, Florida and Georgia metropolitan areas. The continuance of this trend is supported by state tourism statistics that cite these states among the top producers for visitor origination. In recent years the top five has also included Virginia, ranking third behind North Carolina and South Carolina and ahead of Florida and Georgia.

- The tourism-based feeder market demand is augmented by pockets of interest coming from the Northeast, the Midwest and the Southwest, for which western North Carolina represents a comparatively affordable, high-quality, mountain residential experience.

- The prime home buying period typically begins at around 35 years of age and has traditionally topped out at about 65. However, as the Baby Boomer generation ages the top end of the prime homebuyer age range continues to escalate, resulting in the eldest cohorts providing increasingly significant market depth and raising the age range to 74 years. The target market sweet spot covers the 55 to 74 age groups.

Income-Qualified Household Growth – Based on Nielsen/Claritas estimates, as of 2013

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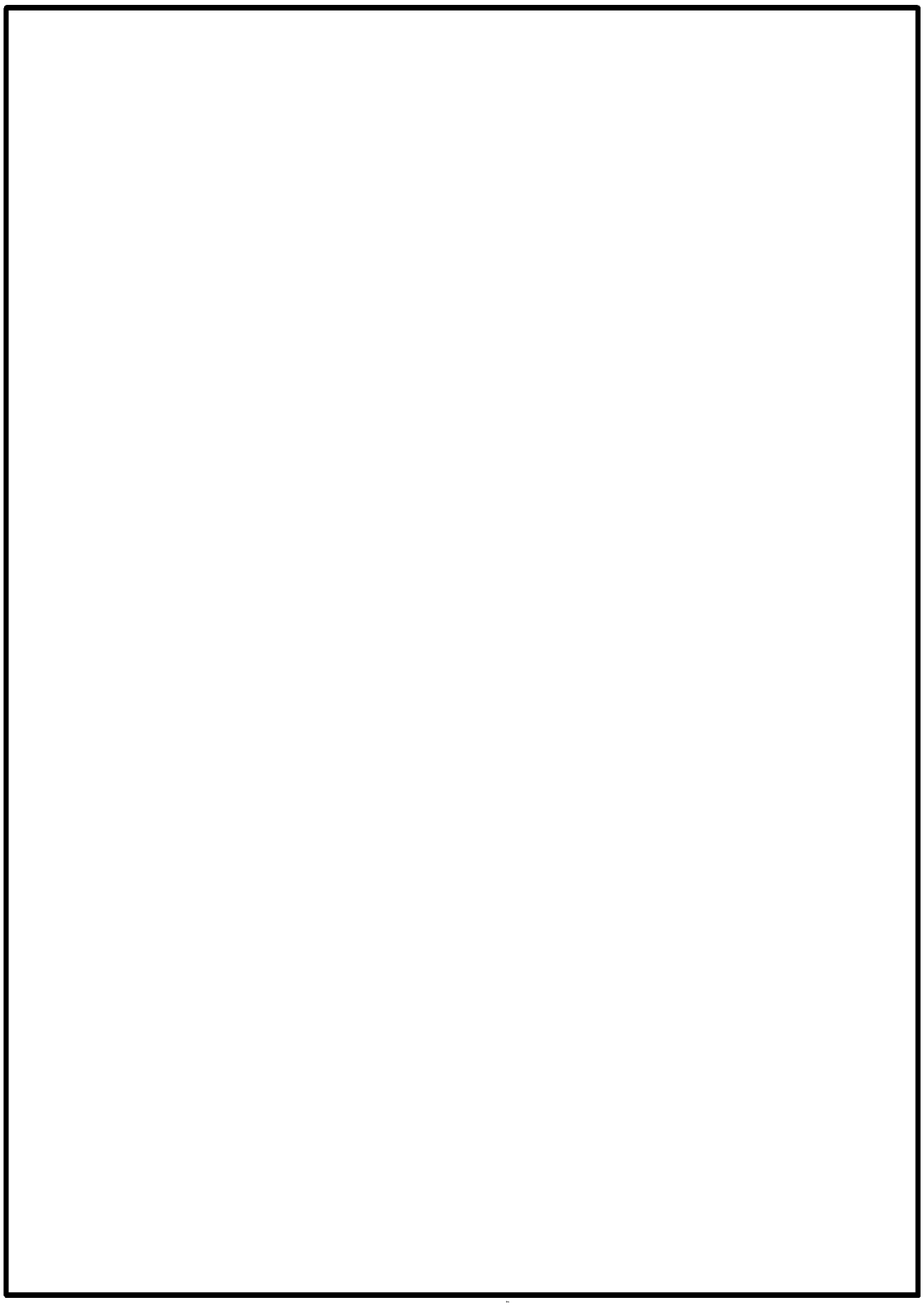

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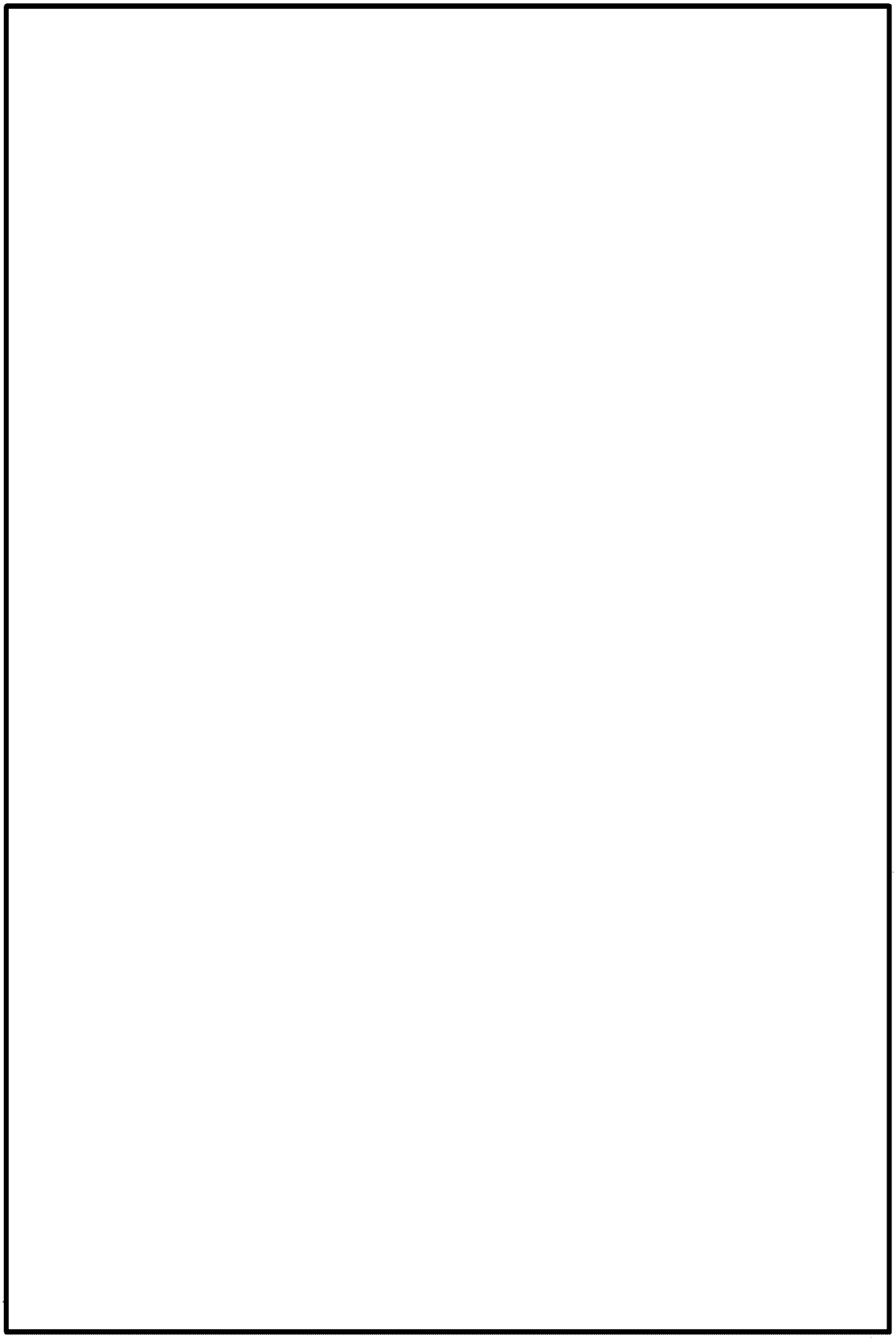

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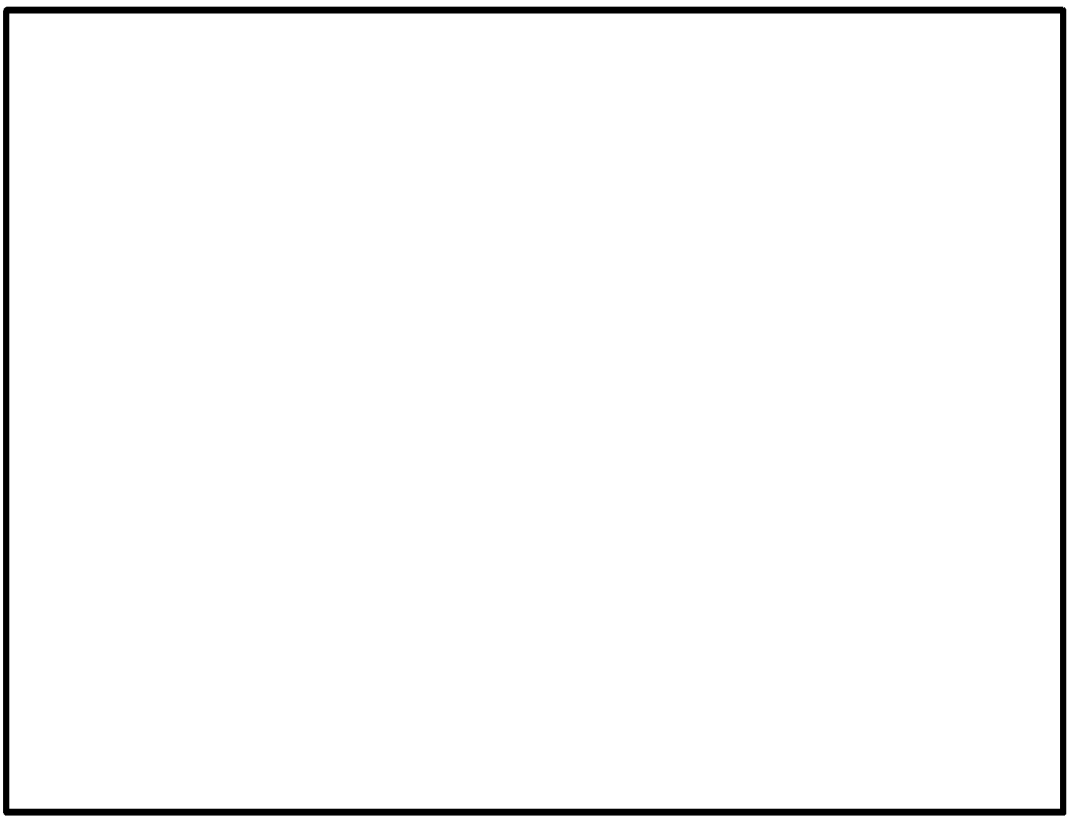

Summary Conclusion/Qualified Demand – There appears to be ample demand from the "mass affluent" qualified households in the typically productive feeder markets. The distribution of affluent households across qualified age groups suggests significant year-over-year growth in demand for discretionary and primary (retirement) real estate.

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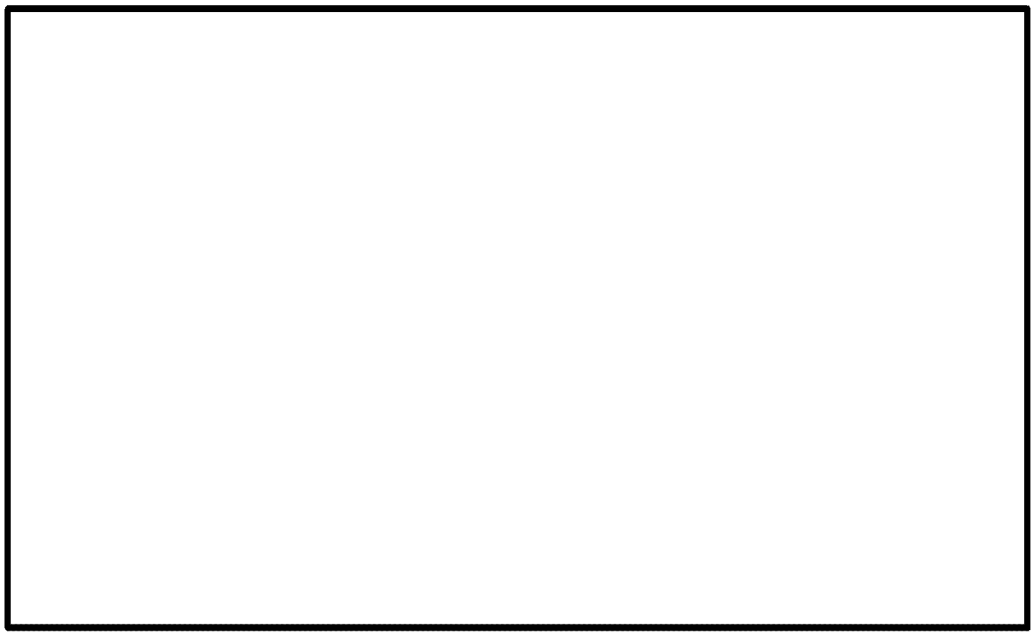
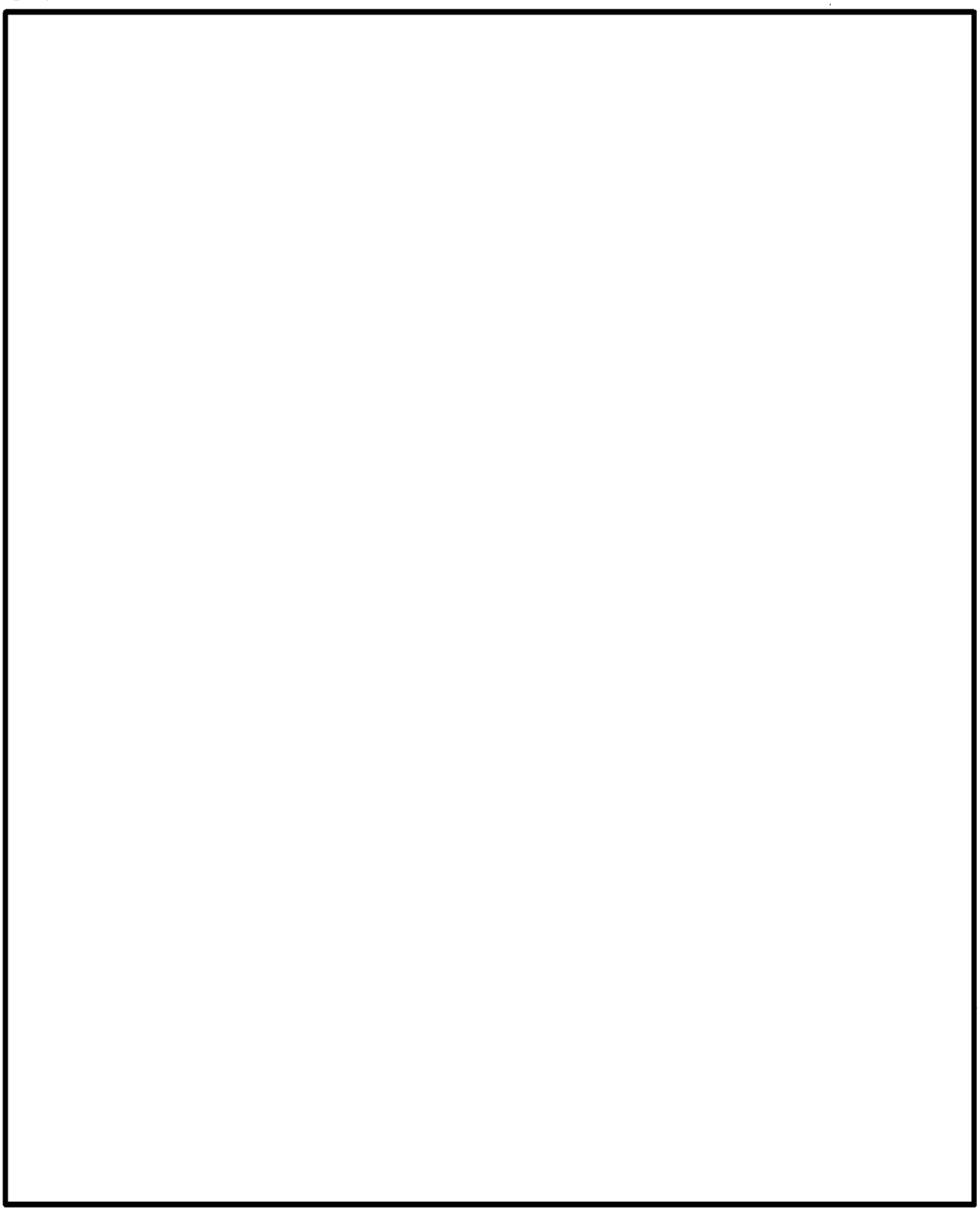


The Characteristics of Supply - The upper echelon of the Carolina Mountain Region second home marketplace is approaching equilibrium and only the strong have survived a market downturn that has endured for nearly five years. In 2008, there were 20 active projects within the region defined as competition to MACC. These projects accounted

(b)(4)



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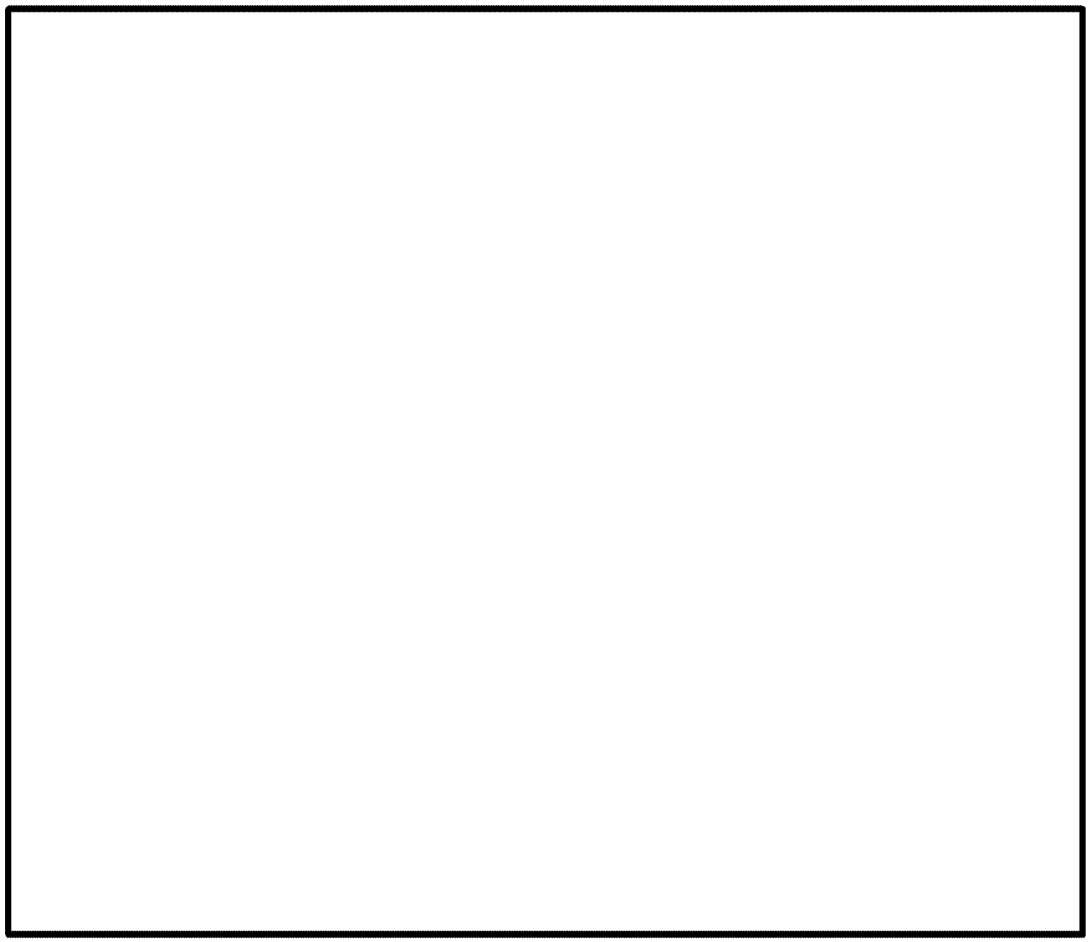

Custom Home Building Lots – MACC compares to the competitive market as follows:

(b)(4)

Community Characteristic	New Product Market Standard	MACC

(b)(4)

Built-For-Sale Products – All five competitive projects offer or will be offering detached, built-for-sale (BFS) products, but none are offering, or have plans to offer attached products.

(b)(4)

The following table compares the competitive/new product market standards to MACC's residential inventory characteristics.

(b)(4)

	New Product Market Standard	MACC
Detached BFS		

Based on the comparison:

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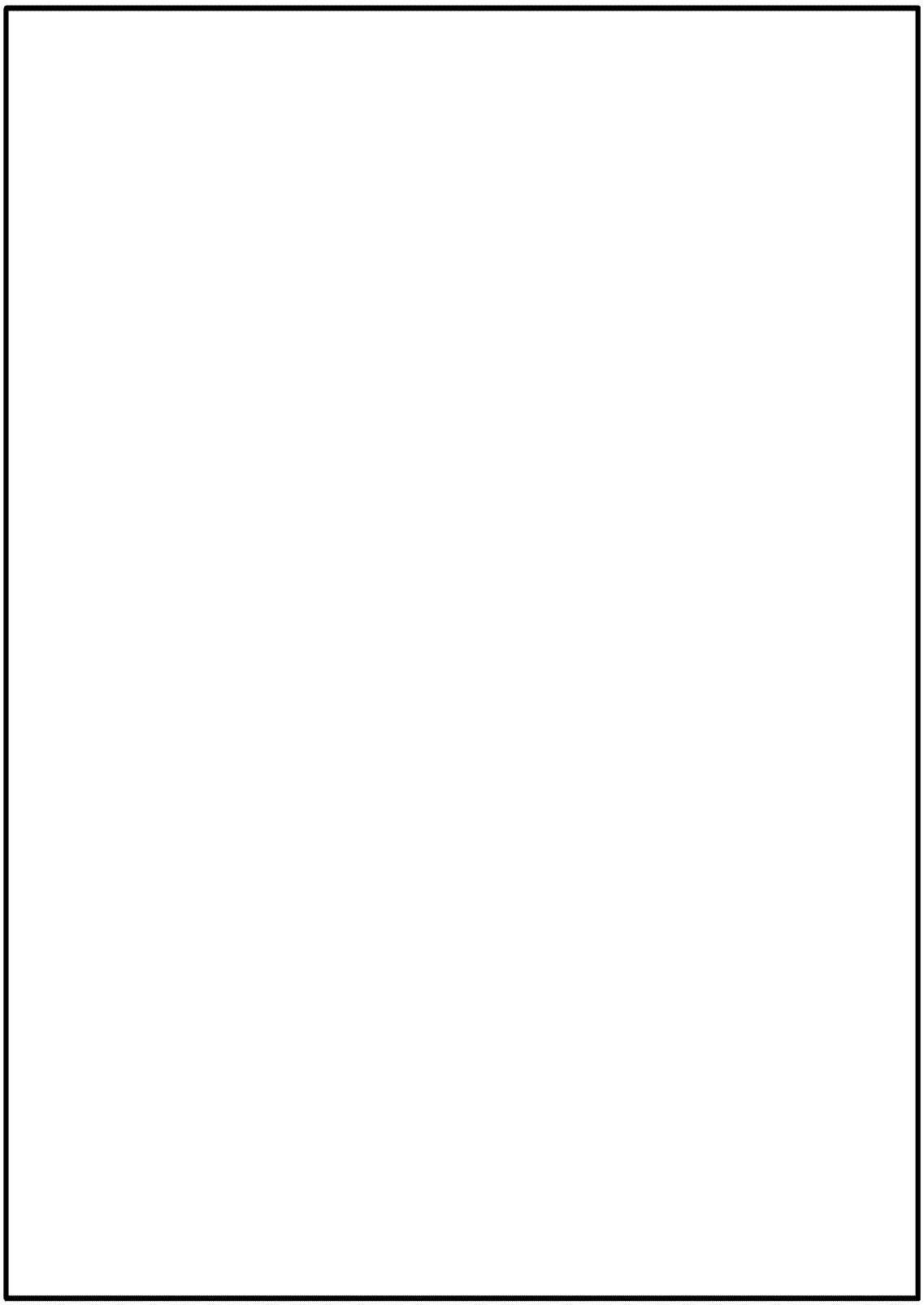
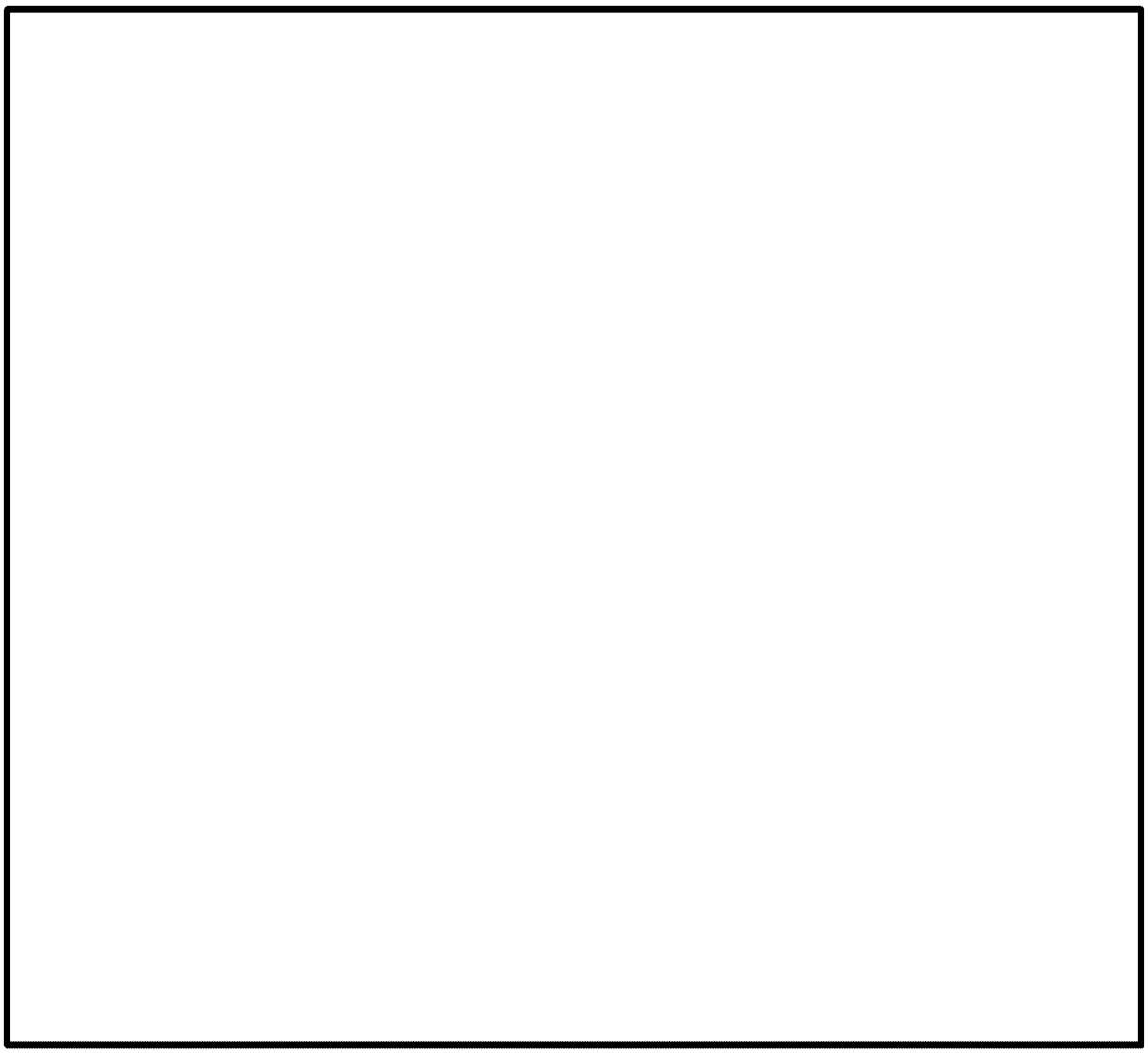
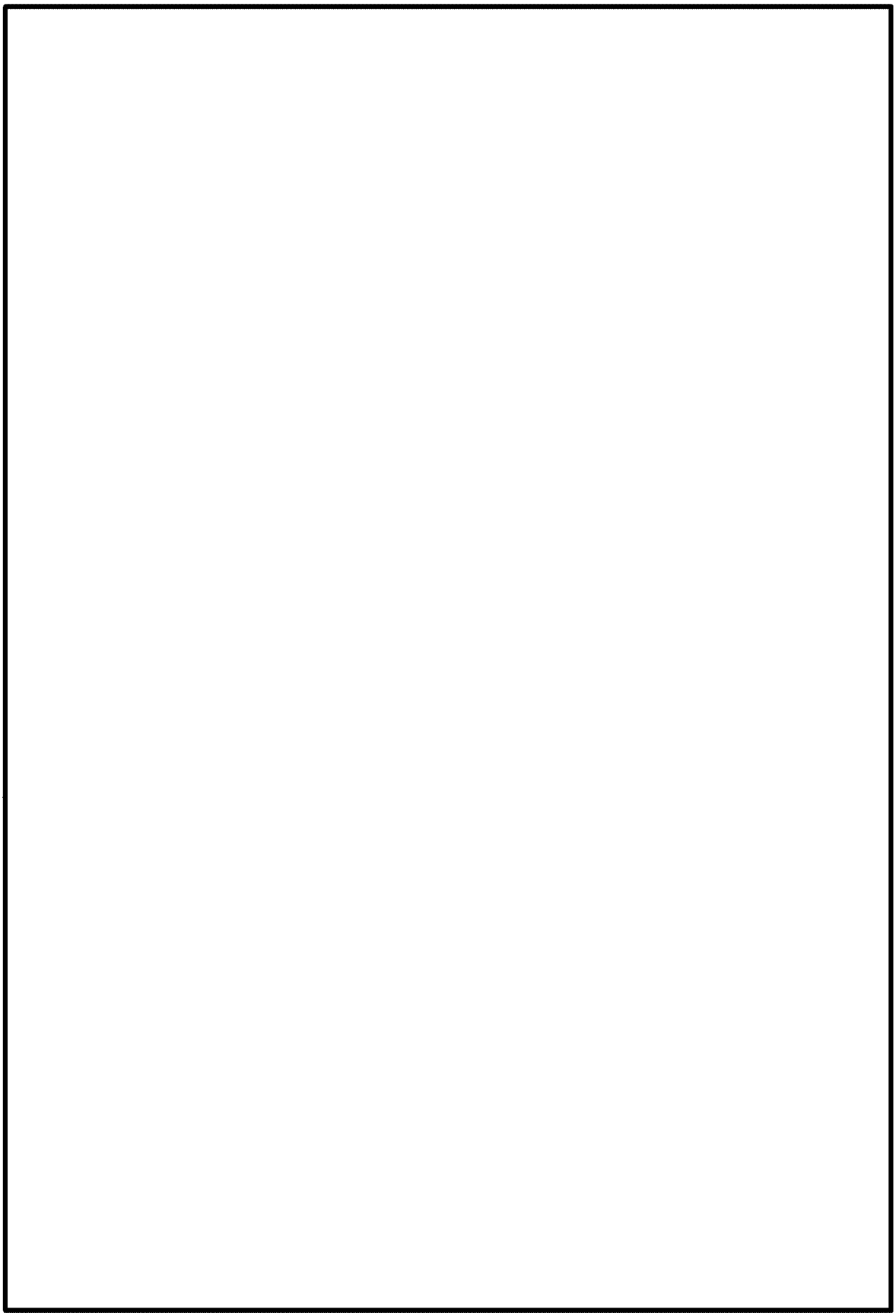


(b)(4)

Resale Market Activity – RSB has also reviewed the resale market represented by mature private golf communities for product and price indicators. Our sample included the following communities:

(b)(4)





Summary Conclusion/Supply –There is minimal disparity between the new product standards and the resale product standards, suggesting limited market distress in terms of urgency to sell. Said another way, the western North Carolina private golf community market appears to have found a state of equilibrium. The following table presents the key community and product characteristics for both the New and Resale community samples and compares them to MACC.

Private Golf Community Summary Comparison

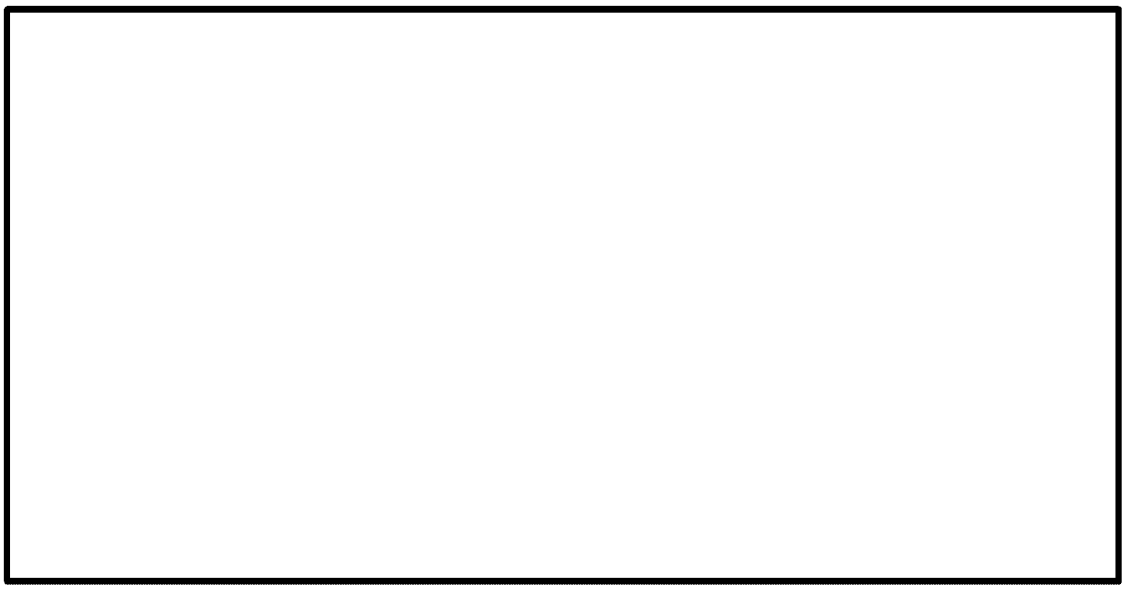
(b)(4)

Membership – Private clubs have been challenged to retain old members and attract new ones. In this regard, new communities are taking a page out of the older communities' playbooks to find a financial structure that makes sense to the real estate buyer. In many cases, this has resulted in reduced membership fees, restructured social memberships, and the addition of new membership categories.

Our survey included all five of the new communities and five of the older, resale communities.

Private Golf Club Profile

(b)(4)



The following table provides detailed fee and annual dues data for each of the club included in the analysis.

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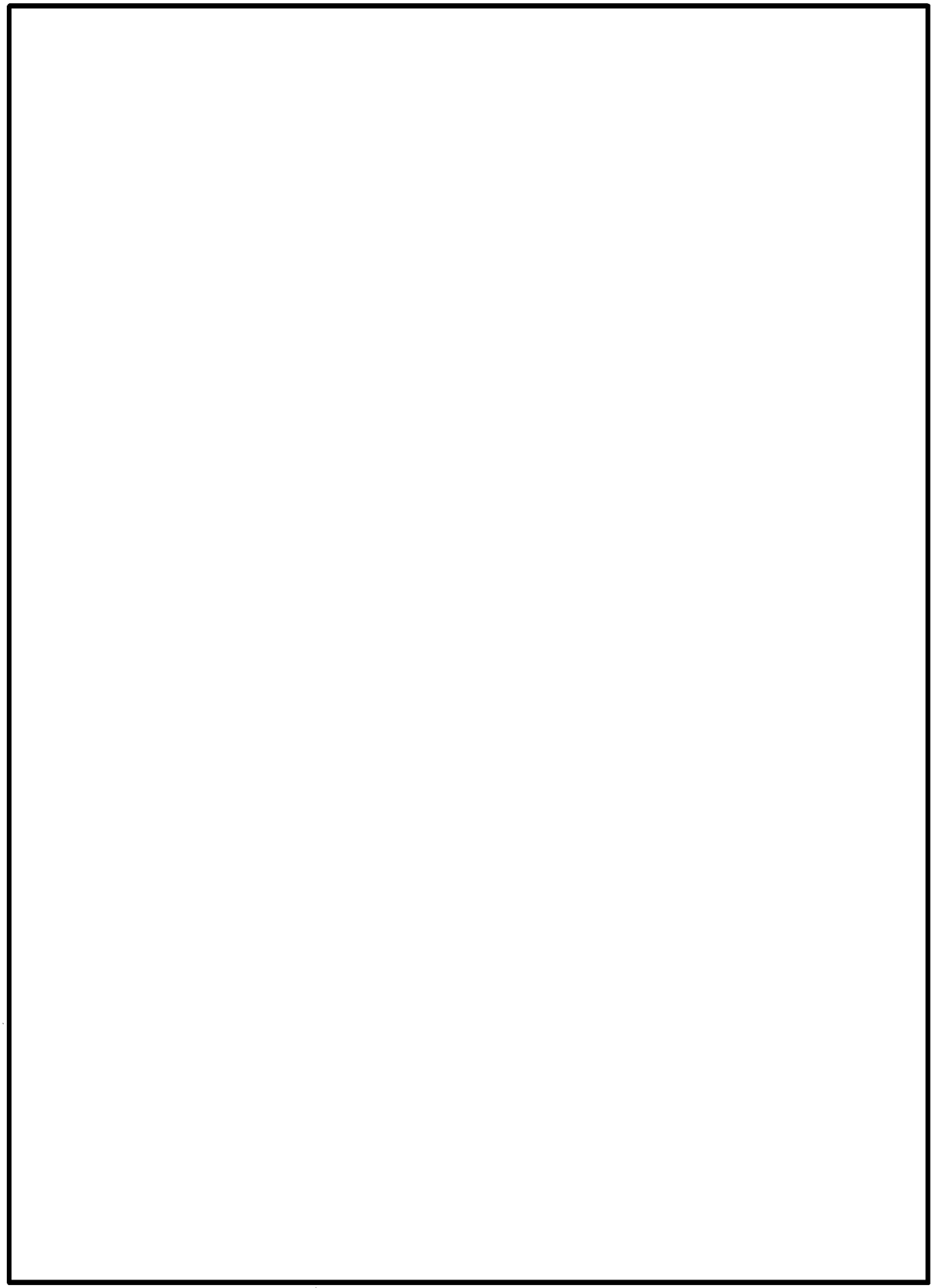

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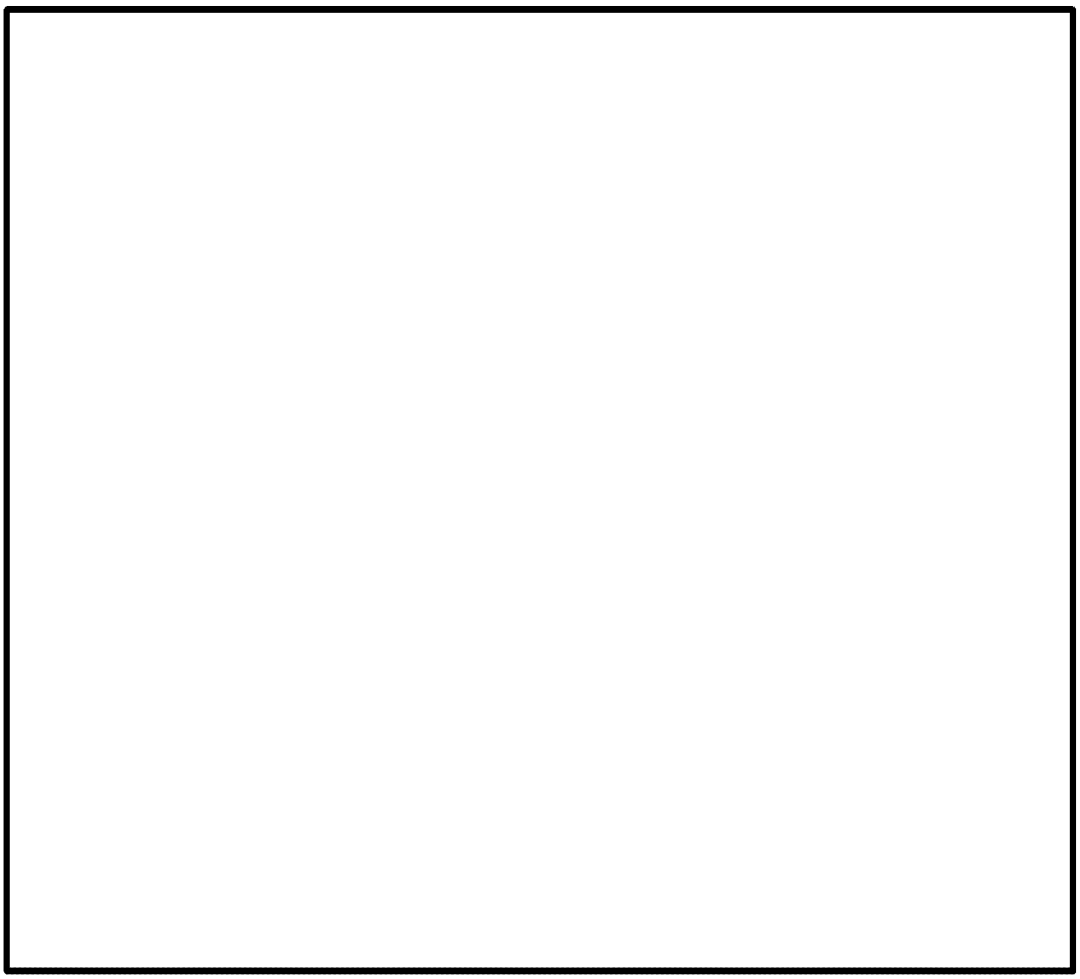

Going Forward

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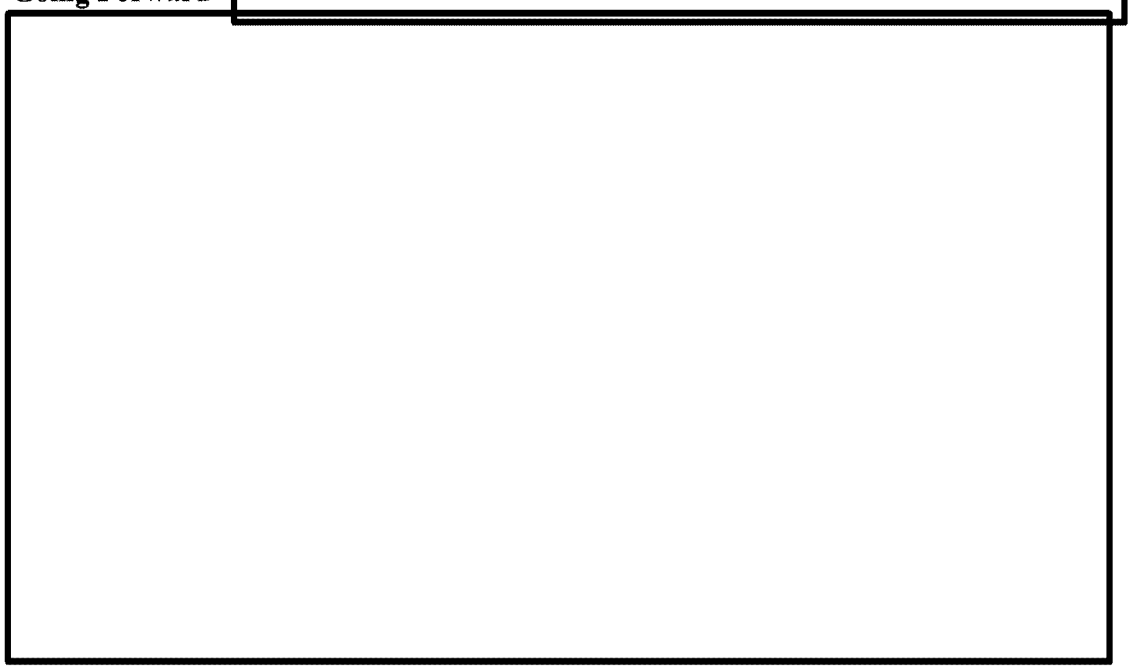

(b)(4)

Our conclusions are founded in market-based data that are current as of the date of this report. Our recommendations recognize Mountain Air Country Club's established market position and success and a significantly competitive environment, and assume a consistent and professional marketing program coupled with a relatively stable economic environment.

This study was completed in November 2012.

EXHIBITS

Residential Project Data
Resale Project Data
Club Membership Data

Private Golf Community Survey
Re: Carolina Mountain Region

(b)(4)

Source: Ralph Stewart Bowden, Inc. Real Estate Counselors

Private Golf Community Survey
Re: Carolina Mountain Region

Sales Activity

(b)(4)

Source: Ralph Stewart Bowden, Inc. Real Estate Counselors

Golf Community Building Lot Product Survey

Re: Carolina Mountain Region

(b)(4)

Source: Ralph Stewart Bowden, Inc. Real Estate Counselors

Built-for-Sale Product Survey

(b)(4) Re: Carolina Mountain Region

Source: Ralph Stewart Bowden, Inc. Real Estate Counselors

Built-for-Sale Product Survey

Re: Carolina Mountain Region

(b)(4)

Source: Ralph Stewart Bowden, Inc. Real Estate Counselors

(b)(4)

Private Golf Communities - Resale Activity

Source: Ralph Stewart Bowden, Inc. Real Estate Counselors

Private Golf Communities - Resale Activity

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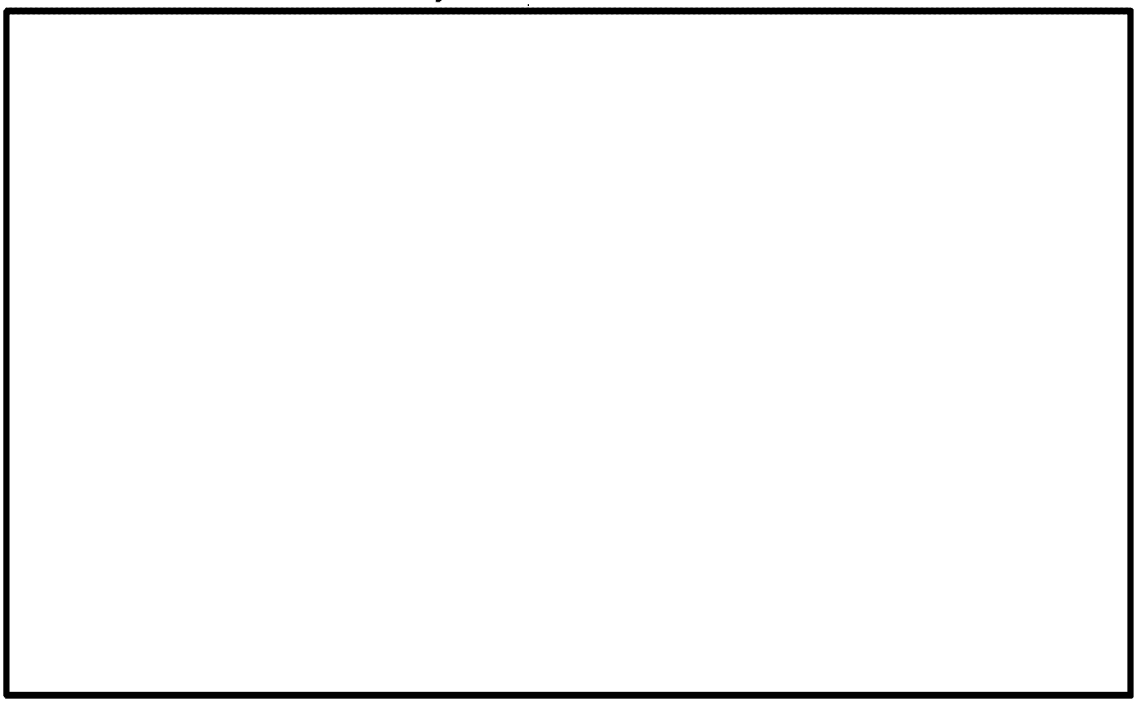

Source: Ralph Stewart Bowden, Inc. Real Estate Counselors

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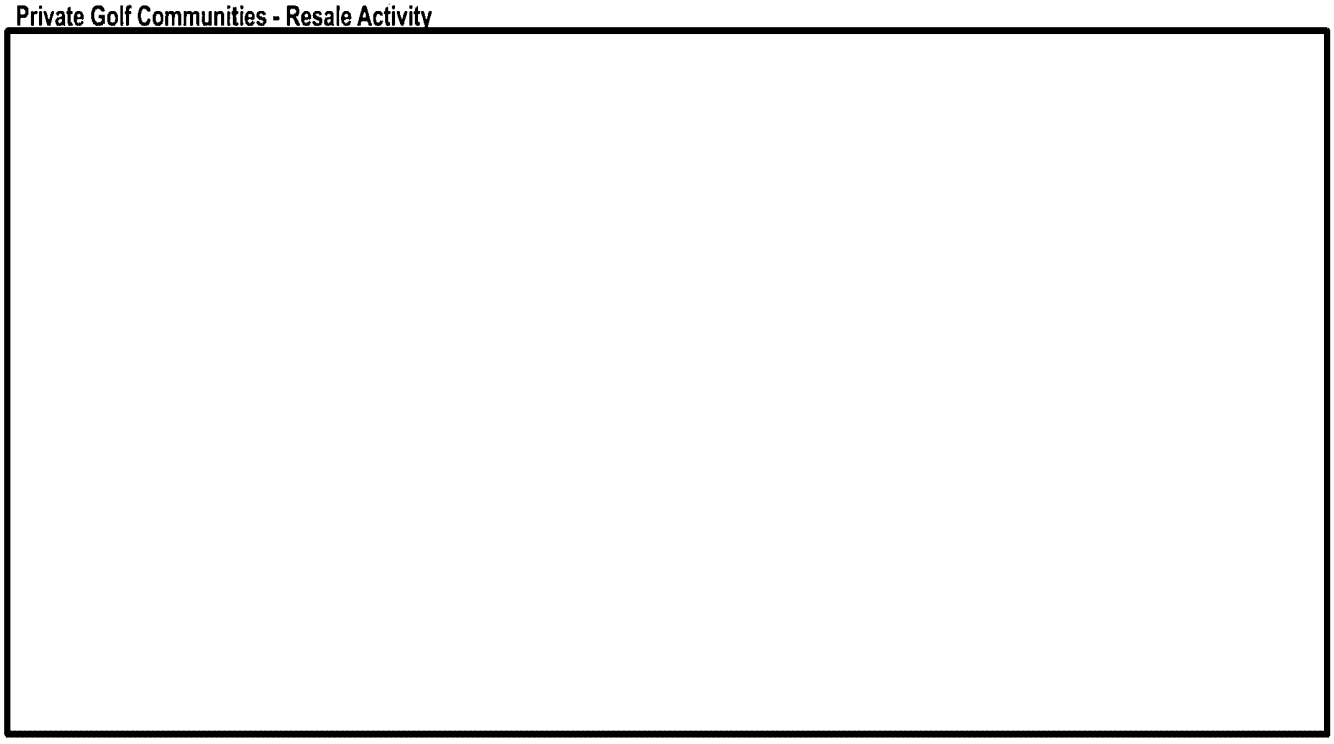
Private Golf Communities - Resale Activity



Source: Ralph Stewart Bowden, Inc. Real Estate Counselors

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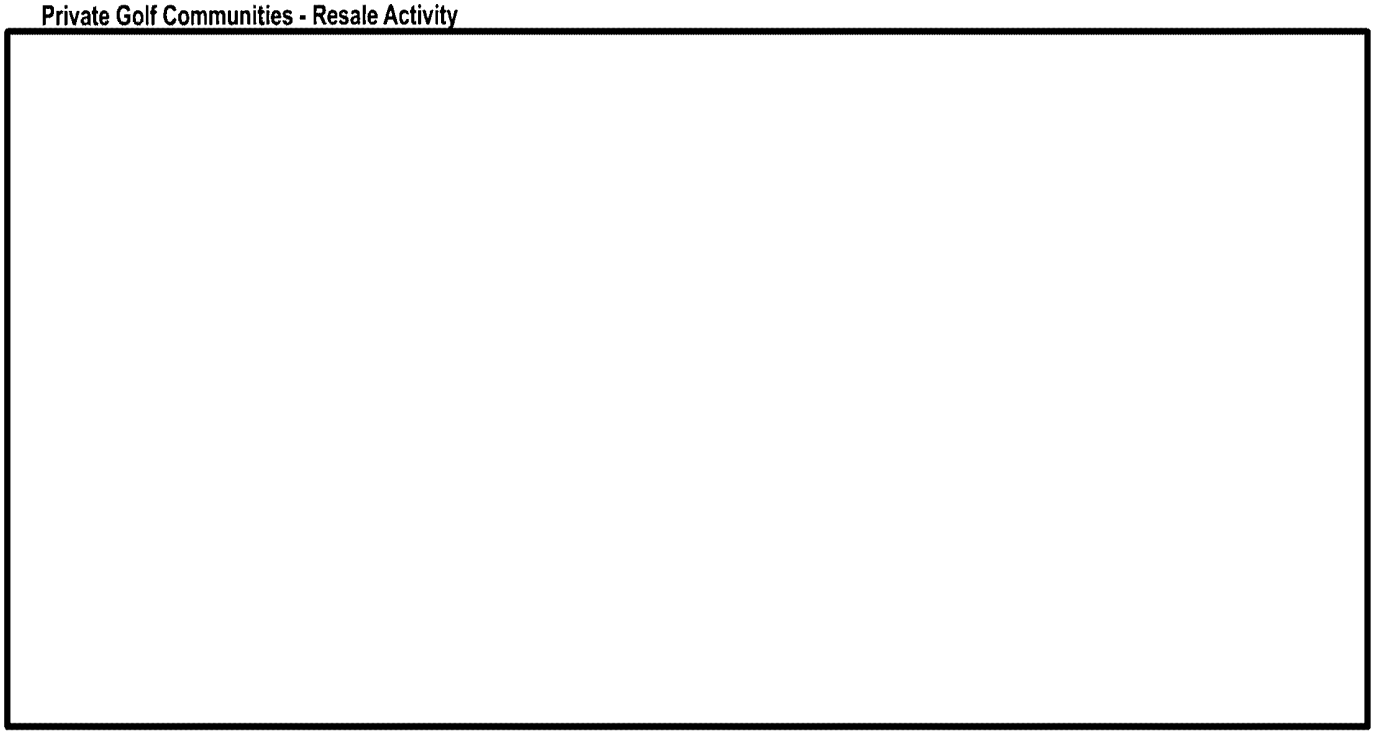
Private Golf Communities - Resale Activity



Source: Ralph Stewart Bowden, Inc. Real Estate Counselors

Private Club Survey

Re: Mountain Air CC

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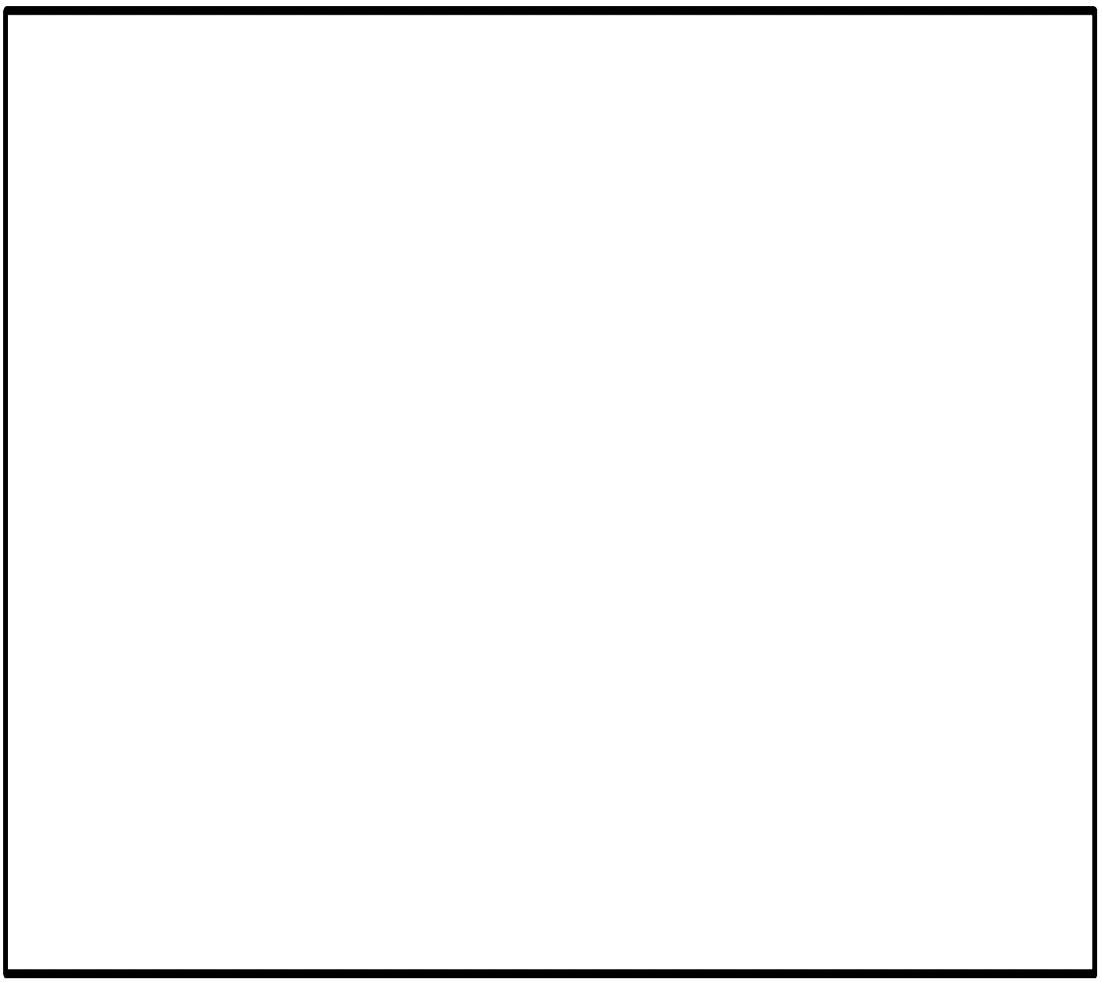
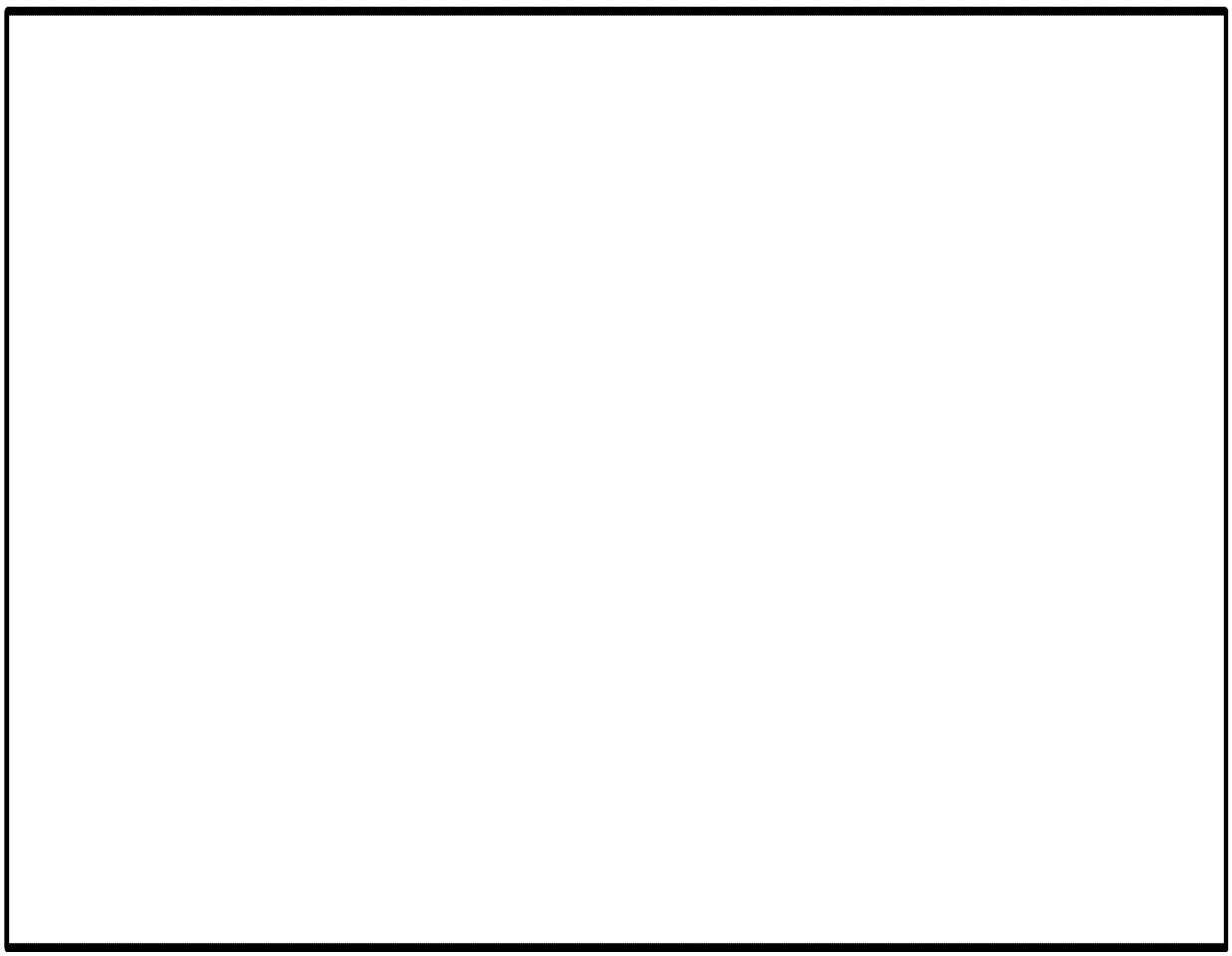


Source: Ralph Stewart Bowden, Inc. Real Estate Counselors

Private Club Survey

(b)(4) Re: Mountain Air CC



Source: Ralph Stewart Bowden, Inc. Real Estate Counselors

RALPH STEWART BOWDEN, INC.
REAL ESTATE COUNSELORS
626 ELK RUN LANE
EARLYSVILLE, VIRGINIA 22936
(434) 974-7611 fax (434) 974-7612
e-mail: rsbclub@msn.com
www.bowdensmarketbarometer.com

PROFESSIONAL QUALIFICATIONS

MARKET ANALYSIS and STRATEGIC PLANNING

for

MASTER PLANNED COMMUNITIES
RESORT COMMUNITIES
GOLF and COUNTRY CLUBS
CLUB MEMBERSHIP

INTRODUCTION

Ralph Stewart Bowden, Inc., Real Estate Counselors, was established in 1987 to provide market analysis and strategic planning services to the community development, resort development and recreational development industries. The philosophy behind the business is to provide consulting services at a level of principal involvement that is atypical of larger, more institutionalized consulting firms. We normally serve only a small number of clients at any one time, providing for undistracted attention to our assignments and the ability to provide answers promptly. Having focused on these areas of the real estate development business for over twenty years, we also have access to a network of specialists in other disciplines such as land planning, operations management, golf course design, clubhouse and residential architecture, marketing, legal and finance.

SERVICES

The company specializes in providing preliminary and ongoing strategic planning services, based upon market research and analysis, to large and small scale master planned, recreationally oriented developments, particularly Country Club communities, Resorts with a residential or club component, and Recreational development.

Historically, our efforts have focused on issues such as **Demand Analyses, Market Position, Product Profiles and Selection, Scope of Amenities, Marketing Strategies, Residential and Membership Pricing and Absorption, Due Diligence and Fiscal Impact Analyses, and Disposition Plans for Major Amenities**, particularly country clubs.

Typically, we represent an integral part of the planning process, participating as a member of the development or management team, along with land planners, attorneys and accountants, architects and operations managers. By complementing the talents represented by the development team, we can provide specialized insights into capital intensive, market sensitive areas of project development, and decision-making oriented perspective with respect to both opportunities and potential problems in the post-planning period of a development's life.

PROFILE OF EXPERIENCE

Ralph Stewart Bowden has been involved in real estate market research and analysis since 1972. Beginning the journeyman process in Florida, under the guidance of Hunter Moss, CRE, a noted expert in mortgage underwriting and financing, Bowden later gained broad based appraisal experience in New England. Bowden rejoined Hunter Moss & Company, which soon merged with a noted hospitality oriented accounting firm, and directed the firm's real estate and club community advisory services activities.

Ralph Stewart Bowden, Inc., Real Estate Counselors, was established in 1987. Bowden is a member of ULI- The Urban Land Institute, and has served on ULI's Residential, Recreational and Environmental Councils, as well as its Research Committee and the Recreational Development Handbook Committee. Bowden is also a member of the National Golf Foundation.

Judith A. She', Associate Market Analyst with Ralph Stewart Bowden, Inc. since 1987, has been involved in real estate related activities since 1978. Prior to joining Bowden at Hunter Moss & Company in 1983, Ms. She' gained experience in residential and commercial market analysis with Engle Homes Corporation and Servico (Hotel) Management Corp. Subsequent to Hunter Moss and Company's merger with Pannell Kerr Forster (PKF) Ms. She' was promoted to Senior Consultant, concentrating her efforts in the areas of residential real estate and private club development and operations. Upon leaving PKF in 1987, She' re-associated with Bowden, providing comprehensive market research and analysis.

In 1991, Ms. She' developed *Bowden's Market Barometer*, a bi-monthly newsletter designed as a positive vehicle for the reporting of real estate, resort and golf industry trends. (**www.bowdensmarketbarometer.com**) In addition to her responsibilities as Managing Editor, Ms. She' researches and writes feature articles.

The following is a list of developments for which Bowden has provided consulting services since 1972, while a principal with Hunter Moss & Company, a principal with Pannell Kerr Forster, and since 1987, as president of Ralph Stewart Bowden, Inc.

Alabama	BlackWater
	Blount Springs
	Daniel Corporation, Fair Hope
	Russell Land Company, Lake Martin
Arizona	Arrowhead Country Club
	Desert Mountain
	Gainey Ranch
	Quintero Golf & Country Club
	Terravita (Del Webb)
	Centex Destination Properties
Arkansas	The University Golf Club, University of Arkansas (CCA)
	Forest Lake, Hot Springs
California	Indian Springs Country Club
	Mountainview CC at PGA West
	Norman Estates at PGA West
	Pacific Golf Club
	PGA West (KSL)
	Pension Trust Fund for the Operating Engineers Union
	Riviera Golf & Country Club
	San Juan Hills Country Club
Colorado	Brightwater Club
	Chenoa
Connecticut	Byron Brook Country Club
	Bulls Bridge Golf Club
	Yale Farm Golf Club
Florida	Aberdeen Country Club
	Amelia Island Plantation
	The Bear's Club
	Black Diamond Ranch
	Boca Pointe Golf & Racquet Club
	Broken Sound
	Coral Creek Club
	Coral Ridge Country Club
	Fallschase Lofts
	Grand Cypress Golf Resort
	Hammock Dunes
	Harmony (Equestrian)
	Hawk's Nest
	Heathrow
	Indian River Country Club
	Members of the Island Club (Jupiter Island)
	Moorings at Carrabelle
	John's Island
	Kings Bay Yacht & Country Club
	Lake Nona
	Mariner Sands
	Martin Downs
	Medalist Golf Club
	Mizner Country Club
	Monarch Country Club
	Naples Lakes Country Club

Florida(cont'd)	Oakbrook Country Club
	Old Marsh Golf Club
	Orchid Island Golf & Beach Club
	Palm-Aire, Sarasota and Pompano
	Palm Beach Polo & Country Club
	Palm Harbor Marina & Yacht Center
	Sandestin, Burnt Pine Golf Club
	Sawgrass Country Club
	Seaside
	Shalimar Ponte
	Spencer / Rybovitch Boatyards
	The Reserve
	White Oak Plantation
	Williams Island Club
	Willoughby Golf Club
	Woodfield Country Club
	Woodmont Country Club
	Wyndemere Country Club
Georgia	Barnsley Gardens
	Currahee Club
	The Georgia Club
	Lake Lanier Islands
	The Landings on Skidaway Island
	Hutchinson Island, Savannah
	Little Tybee Island
	Osprey Cove
	Birch River Golf Club
	Savannah Sheraton Resort & Country Club
	Sea Island, Starwood Capital
	Sea Palms
Hawaii	Aina L'ea
	Waikiki Condominium Market
Idaho	Silver Horn
Illinois	Hawthorne Woods Country Club
	Stonebridge
Indiana	Victoria National Golf Club
Kansas	Lions Gate Golf Club
Maine	Sprague Corporation
Maryland	Mulberry Grove
	The Chesapeake Sporting Club
	Stage Coach, Somerset Homes
	Summerfields at Snow Hill
Massachusetts	Cobb's Pond on the Bay
	The Down Island Golf Club
	Goodale Farms Golf Club
Michigan	Northville Golf Club
	Great Northern Golf Club
Missouri	Old Kinderhook Golf & Country Club
New Hampshire	Mount Washington Resort / Celebration Associates
New Jersey	Stone Harbor Golf Club
New Mexico	Campbell Farming
	High Desert
New York	Casperkill Country Club
	Colonial Springs Golf Club
	Hudson National Golf Club
Nevada	Silver Canyon Partnership

North Carolina	Altapass Club (proposed)
	Appalachia Lake
	Bald Head Island
	Brier Creek Country Club
	Broyhill-Blowing Rock
	Catatoga
	Cullasaja
	Ecusta Redevelopment
	Elk River Club
	The Ellington
	The Fitzgerald
	Firefly Cove
	Grove Park Inn
	Hiawassee River Club
	Longleaf Golf & Country Club
	High Hemlock
	Maggie Valley Club
	Mountain Air Country Club
	Olde Beau Country Club
	Rock Barn Golf & Spa
	Rumbling Bald Resort and Country Club
	Santeetlah Lakeside
	Seven Falls
	Treyburn
	Trillium
	Uwharrie Point / Old North State Club
	Wolf Laurel Preserve
Pennsylvania	Diamond Run
	Hartefeld National Golf Club
	Heidleberg Country Club
	Hidden Valley
	Seven Springs
	Spring Ridge Club
	Treesdale Country Club
South Carolina	Allora Homes
	Catawba Ridge
	Colleton River Plantation
	Country Club of Hilton Head
	Dataw Island
	Daufuskie Island
	DeBordieu Club
	Haig Point Club
	Oyster Reef
	The Reserve Golf Club at Litchfield
	Rosehill Plantation
	Wachesaw Plantation
	Webb Tract, Daufuskie Island
	Woodside Plantation (Phase III)
Tennessee	Wellsley Park, Knoxville Luxury Condominium Market
	Redtail Mountain Club
Texas	Boot Ranch / Lehman Borthers
	City of Bryan / Traditions Golf and Country Club at University Ranch
	Comanche Trace Ranch and Golf Club

Texas (cont'd)	The Dominion
	Falcon Point
	Ingleside Golf and Yacht Club (Corpus Christi)
	Onion Creek Country Club
	Spanish Oaks
Virginia	Bayville Farms Golf Club
	Belmont Country Club
	Brambleton
	Clevenger's Village- Centex
	Dominion Valley Country Club, Toll Brothers
	Homestead Preserve
	Keswick Estate and Club, Orient-Express Hotels
	Landsdowne, Xerox Corporation
	Links at Lake Anna
	Longlea
	Salt Ponds on the Bay
	Snyder Hunt – Proposed developments
	The River Club, Somerset Homes
	The Virginian Golf Club
	Tides Inn
West Virginia	Charles Pointe
	Overlook Sporting Club
	The Pete Dye Golf Club
Caribbean / Bahamas / Mexico/and Central America	Bahia Beach Resort and Club, Puerto Rico
	Carambola, St. Croix, Virgin Islands
	Casa de Campo, Dominican Republic
	Clifton Cay, New Providence, Bahamas
	Cinnamon Hill Club, Rose Hall, Jamaica
	Costa Isabela, Puerto Rico
	Costa Careyes, Careyes, Mexico
	El Conquistador (LXR)
	The Embassy Club, Panama
	Emerald Bay, Great Exuma, Bahamas
	Iberostar Hotels-Cancun, MX and Bavaro, DR
	La Solana, Punta Mita, Puerto Vallarta, Mexico
	Las Catalinas, Guanacaste, Costa Rica
	Palmas del Mar, Puerto Rico
	Peninsula de Papagayo, Guanacaste, Costa Rica
	Piramides del Rey, Cancun, Mexico
	Punta Cana Resort & Club, Dominican Republic
	Punta Mita, Puerto Vallarta, Mexico
	Ritz-Carlton, San Juan
	Royal Westmoreland Golf & Country Club, Barbados, BWI
	Spa Resort Site Search, Nicaragua
	Treasure Cay, Abaco, Bahamas
	Xcatic, Riviera Maya

MOUNTAIN AIR COUNTRY CLUB
RESIDENTIAL MARKET ANALYSIS
BURNSVILLE, NORTH CAROLINA

June 2008

Prepared by:

RALPH STEWART BOWDEN, Inc.
Real Estate Counselors

Mountain Air Country Club
Residential Market Analysis
Burnsville, NC

June 2008

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Residential Market Analysis

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Ralph Stewart Bowden, Inc., Real Estate Counselors (RSB) has been commissioned to analyze current market conditions as they relate to the development of Mountain Air County Club's (MAAC) final development phase comprising 495 residential units. MACC is an established, 1,300 acre private club community located in Burnsville (Yancey County) North Carolina. Our study has concluded the following:

General - The market area continues to present a positive long term development environment. While the disruption in the mortgage market has effectively stalled primary, predominantly entry level, home sales, the top of the market appears comparatively sound.

- The region enjoys the benefit of abundant and convenient international airport facilities located in Asheville and Charlotte, NC, Knoxville and Chattanooga, TN, Atlanta, GA and Greensboro /Spartanburg, SC which support increasing tourism and second home development.
- The primary market area (Yancey County) boasts quality healthcare and hospital-supported fitness facilities, education, a thriving art community and excellent shopping opportunities.
- Yancey County has seen notable housing growth in recent years adding nearly 3,000 units between 2000 and 2006 for a growth rate of 39.6%.
- In 2000, the population per household ratio was 2.38; by 2006 it had decreased to 1.77 reflecting the significance of second home construction in the local marketplace.

The Characteristics of Demand - Based on National Association of Realtors (NAR) data, second home demand appears alive and well and would be expected to continue to thrive as the number of upper income households maintains its growth pattern.

- The NAR advises that eight in ten second home buyers consider it a good time to buy and invest in real estate with approximately one-half likely to purchase

another property within two years. Twenty-eight percent of vacation home buyers paid cash for their property in 2007 as did 35 percent of investment buyers.

- Due to its relative affordability, western North Carolina is among the top places for such investment.

- The area's feeder markets include a variety of North Carolina, South Carolina, Florida, Virginia and Georgia metropolitan areas. The continuance of this trend is supported by state tourism statistics that cite these states among the top producers for visitor origination.

- These tourism-based feeder markets are augmented by pockets of interest in the northeast, the Midwest, and the southwest for which the North Carolina market represents a comparatively affordable, high quality mountain residential experience.

- The prime home buying period typically begins at around 35 years of age and has traditionally topped out at about 65. However, as the Baby Boomer generation ages, the top end of the age range continues to escalate, providing the deepest market segment.

Based on our analysis of the five feeder states, the following conditions are inherent in MACC's target audience.

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-
-
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(b)(4)

These factors speak to the benefits and appeal of maintenance-free and service-oriented housing which is reflected in MACC's development plan and inventory.

The Characteristics of Supply - The top of the Carolina Mountain Region second home marketplace is well served by an established cohort of golf-centric communities. In this regard, competition is significant. On the basis of community composition and market position, Mountain Air Country Club (MACC) compares to the Master Market Sample as follows:

(b)(4)

Community Characteristic	Market Standard	MACC

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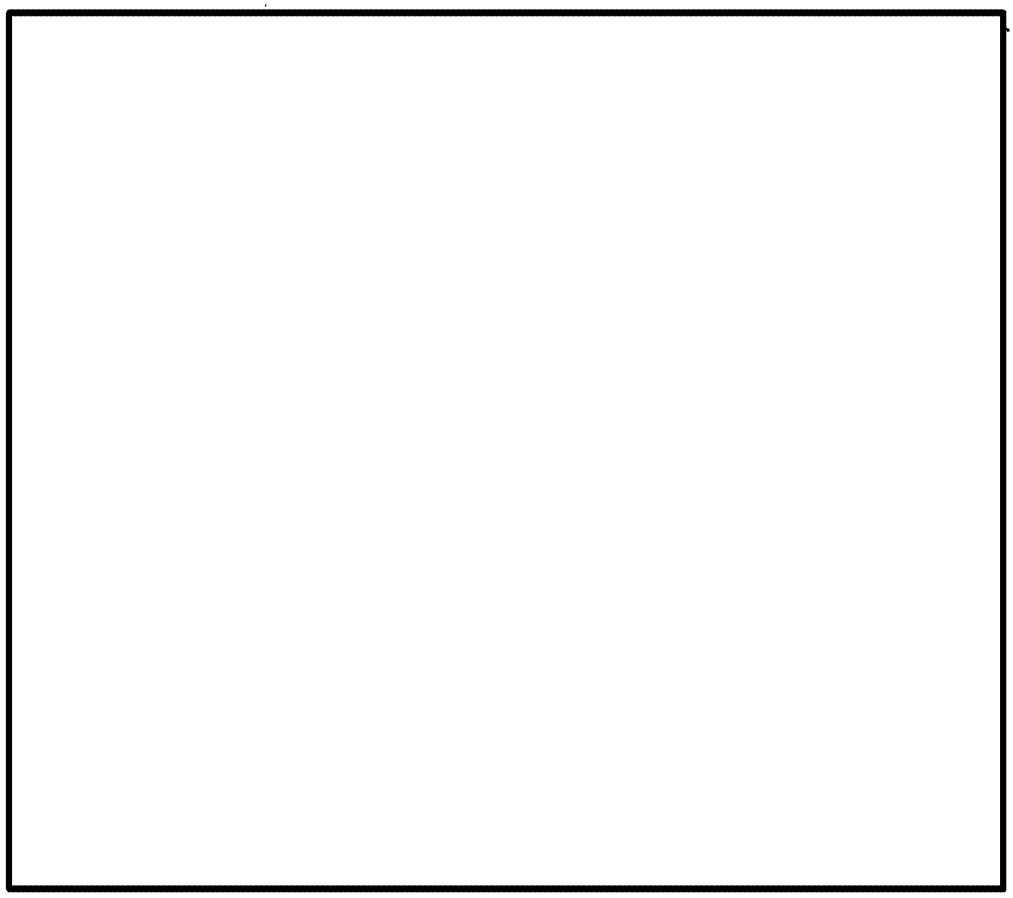

The table on the following page compares the various residential market standards to MACC's residential inventory characteristics.

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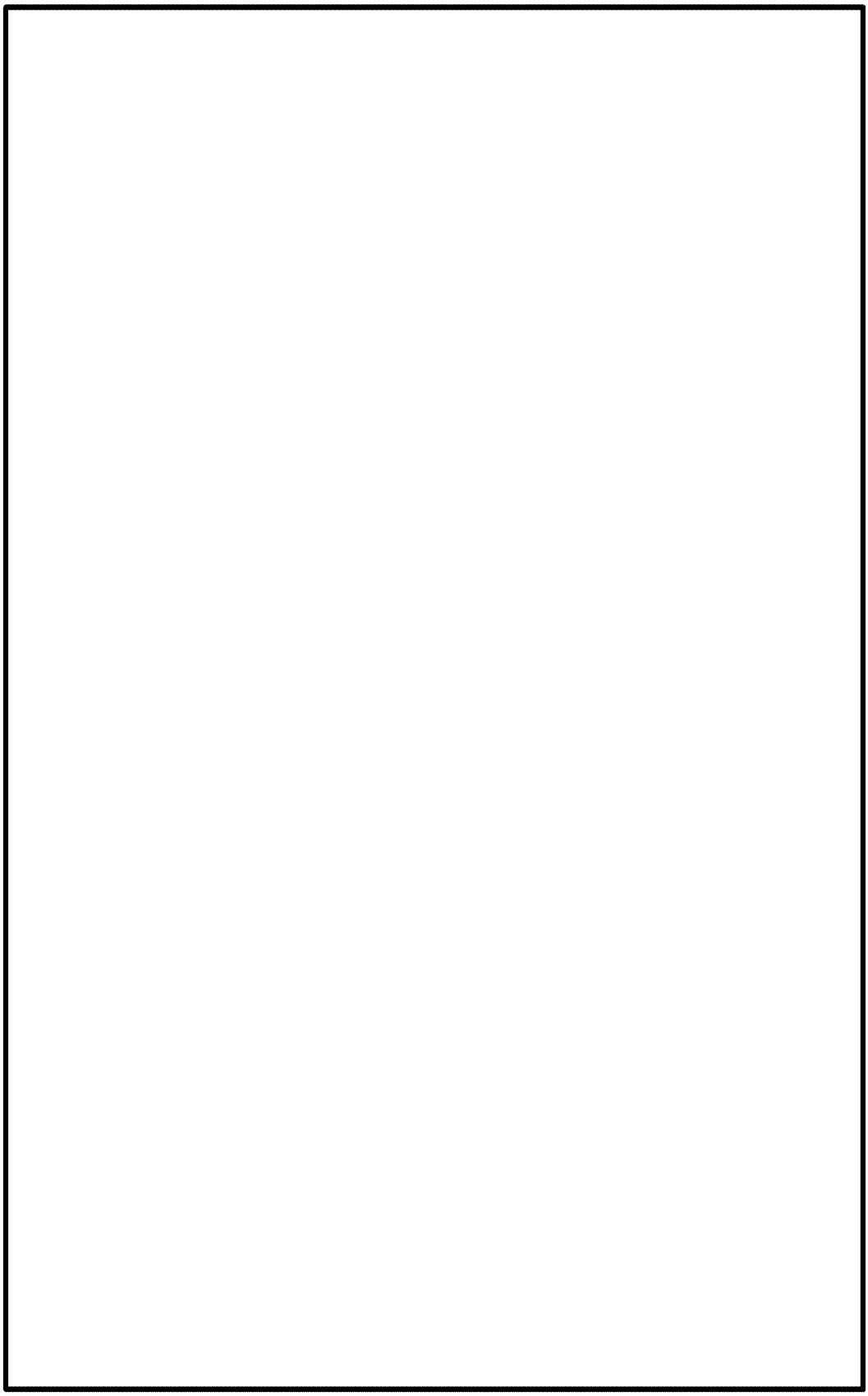

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Marketing – It is our opinion that MACC needs to be visible in its main feeder markets during this period of market turbulence and recovery so that these markets will be aware of MACC as they reinvigorate. We believe that this visibility is best obtained and maintained through a purposeful Public Relations campaign.

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Absorption – Currently, sales have been sluggish across the nation. However, western North Carolina appears to have weathered the storm better than other markets.

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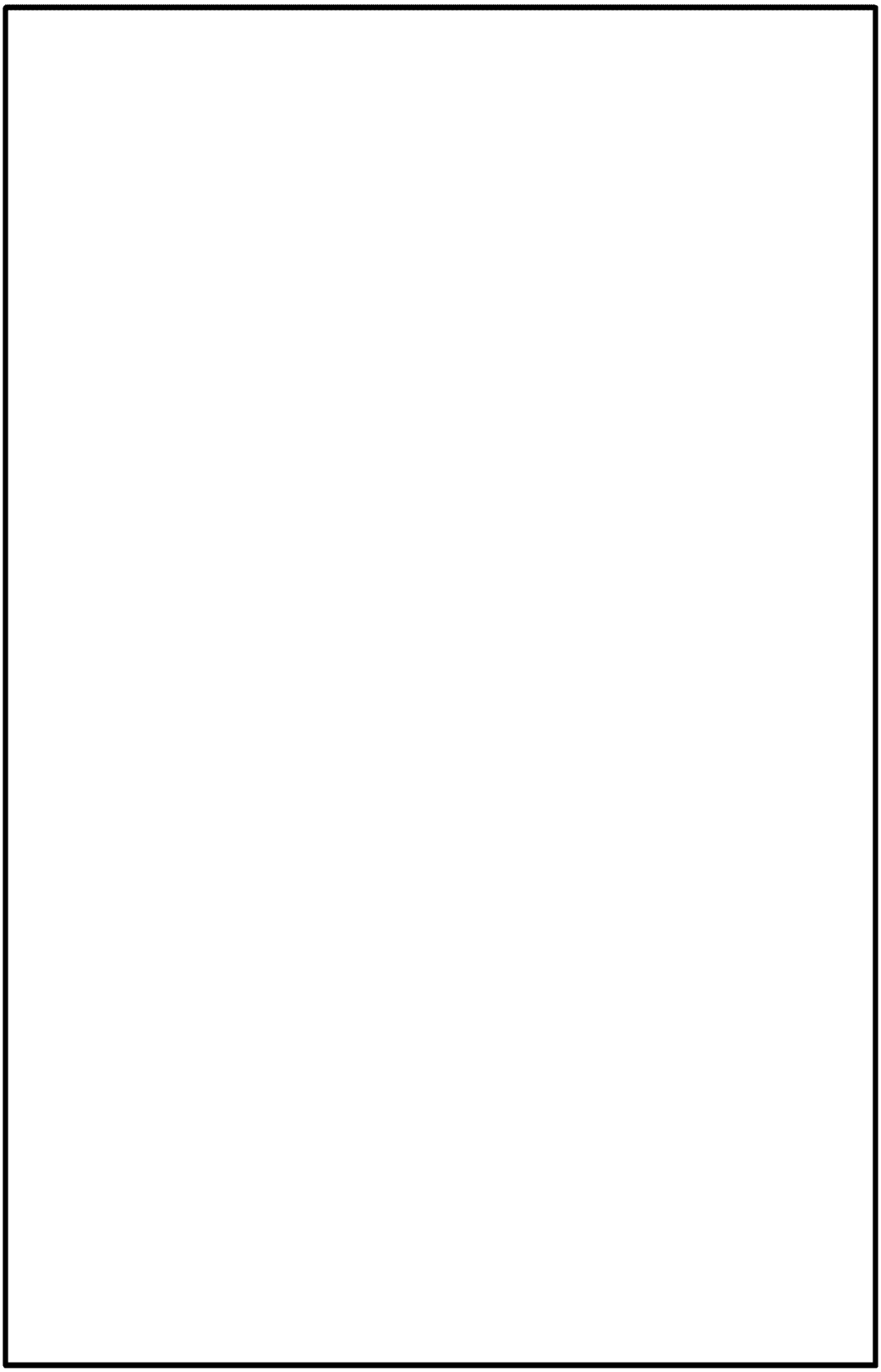

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Membership - Mountain Air's membership characteristics compare to the competitive market sample as follows:

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Characteristic	Market Standard	MACC

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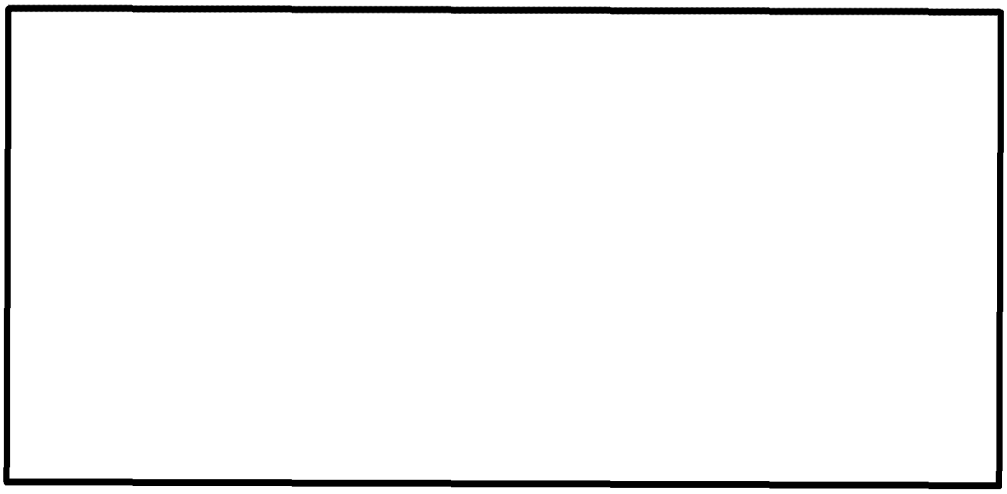

Our conclusions are founded in market-based data that are current as of the date of this report. Our recommendations recognize Mountain Air Country Club's established market position and success, and a significantly competitive environment, and assume a consistent and professional marketing program and a relatively stable economic environment.

SECTION I

PURPOSE AND SCOPE OF ANALYSIS

Section I. PURPOSE AND SCOPE OF ANALYSIS

Ralph Stewart Bowden, Inc., Real Estate Counselors (RSB) has been commissioned to analyze current market conditions as they relate to the development of Mountain Air County Club's (MAAC) final development phase comprising 495 residential units. MACC is an established, 1,300 acre private club community located in Burnsville (Yancey County) North Carolina.

The Market Analysis focuses on the supply and demand dynamics that characterize the Western North Carolina (WNC) real estate market and how they bear on the development of the subject property. The nature of the market is multi-dimensional in that it continues to attract second, investment and retirement home buyers from outside of the region. The results of the market analysis serve as the foundation for benchmarks associated with residential product segmentation and strategically driven pricing as they relate to the remaining inventory and the final development phase.

The Competitive Market Profile of private country club communities located throughout the WNC region generally considers the following key characteristics:

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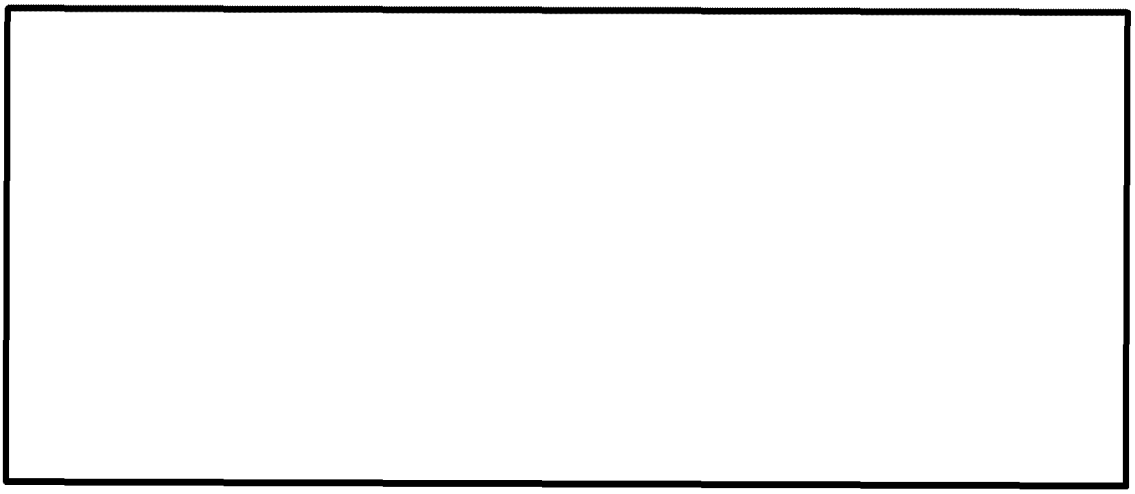

The geographic scope of the market survey encompassed the mountain regions of North Carolina, South Carolina, and northern Georgia. Our survey focused on the residential products currently offered.

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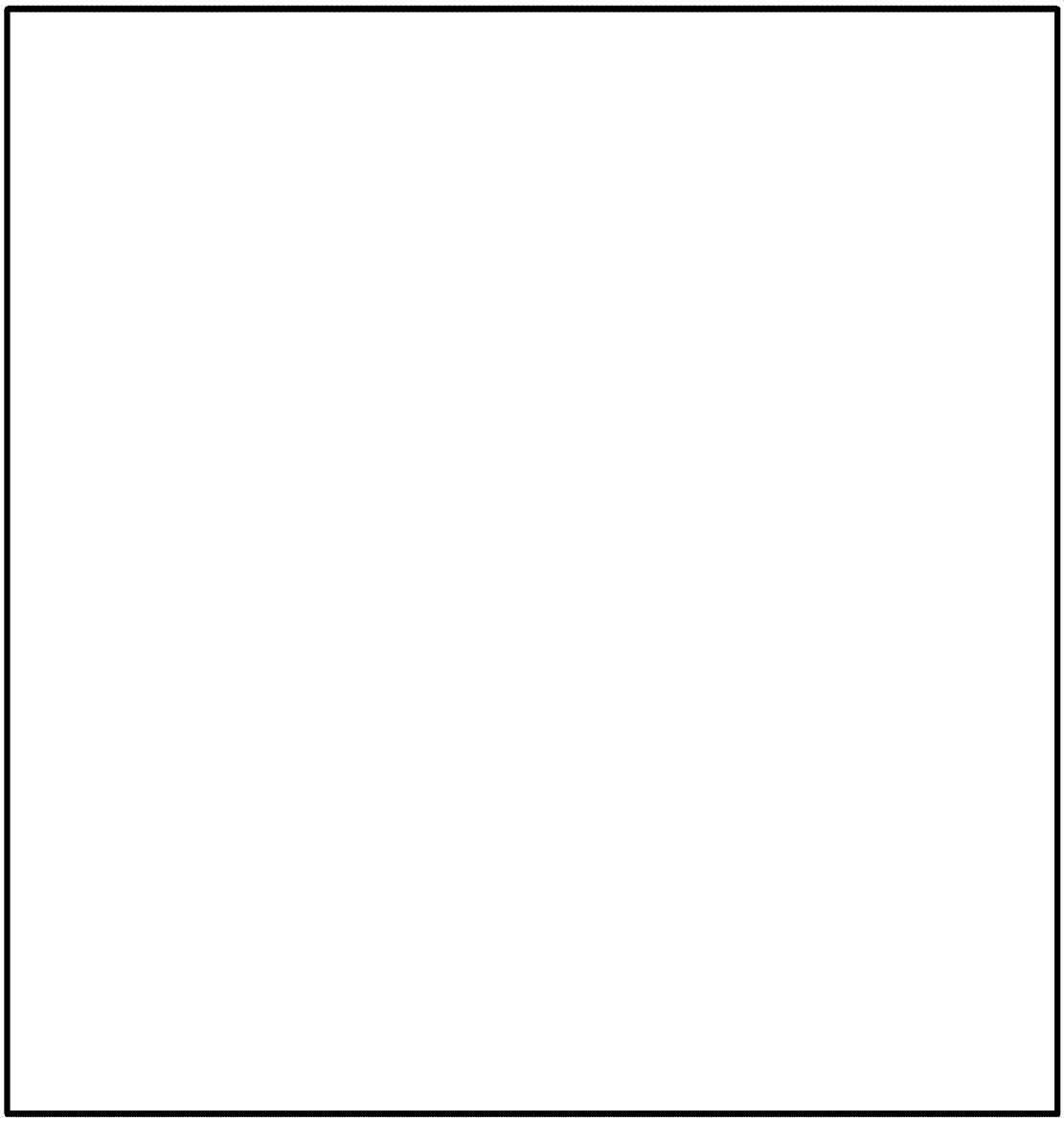


Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible as of the date the primary research was collected. This study is based on estimates, assumptions, and other information developed by Ralph Stewart Bowden, Inc., Real Estate Counselors from its independent research effort and general knowledge of the industry. No responsibility is

assumed for inaccuracies in reporting by any other data source used in the preparation of this study. No warranty or representation is made that any of the projected values or results contained in this study will be achieved.

This study was completed in June 2008.

SECTION II

PROJECT DESCRIPTION

Section II. PROJECT DESCRIPTION

Mountain Air Country Club comprises approximately 1,300 acres of land atop Slickrock Mountain in Burnsville, (Yancey County) North Carolina. The private golf community is planned for a total of 1,120 residential units, 27 holes of golf and a comprehensive variety of recreational and social amenities. As of year-end 2007, 625 units had been sold. Another 495 residential units are ready for market or planned for development and are the subject of this report.

Of the 625 units sold, distribution was as follows:

Product Type	# Sold	% of Total
Single Family Homesites		
Single Family Detached		
Condominiums		

(b)(4)

Average sales prices for the last three years have fallen within the following ranges:

Product Type	Avg. Sales Price Range 2005 – 2007
Single Family Homesites	
Single Family Detached	
Condominiums	

(b)(4)

Based on projections provided by MACC, the 495 residential units remaining for sale are

The inventory is distributed as follows:

(b)(4)

Type/Location	# Dus	Estimated Price Range
Single Family Homesites		
Single Family Homes		
Condominium Units		
Suites		
Total		

Amenities - MACC is a high-quality private golf community with a unique mountaintop airstrip and an abundant amenity package. The 18-hole, Scott Pool-designed golf course is in the process of a nine-hole expansion, bringing the number of golf holes to 27. Ancillary golf amenities include a full complement of practice facilities, an award winning golf learning center, a 14,000 square foot clubhouse with dining and lounge facilities. The $10 million Slickrock Village Green, designed by Cottle Graybeal Yaw of Aspen, Colorado, includes a five-star-quality guest lodge, village market, outfitter's shop, post office, community library, and a putting green. The Chautaqua Activity and Fitness Center includes separate teen game room and young children's activity center, a movie theater, spa treatment rooms, gym facilities for fitness and aerobics, a heated outdoor swimming pool and an outdoor whirlpool. Executive meeting facilities and a business center are available at the clubhouse and an Interpretive Center is planned as the centerpiece of a 100-acre conservation park.

Development plans call for additional recreational amenities at Lost Chimneys, a 49.5 acre site located in the central-west portion of the community. Lost Chimneys Sports Village is planned to include a tennis and swim complex with four clay tennis courts, two swimming pools and ancillary enclosed function space, a climbing wall, a trail system and picnic/park areas. Golf amenities currently include a short game practice area a driving range and heated hitting bays.

Membership - Membership to the Mountain Air Country Club is limited to 550 Full Golf memberships or 367 memberships per 18 holes of golf. The Full Golf membership fee is currently $60,000 and may be included in the purchase of real estate. Annual dues for the Full Golf category are approximately $7,700 per year for a family. An Associate/Sports membership is also offered at $35,000 with annual dues of $5,500. The category currently has a 150 member cap and golf access is restricted to six times per year. A third category, Social, is currently capped at 150 and offers the ability to play golf three times per year for greens fees. Membership privileges include unrestricted access to the community's dining, tennis and swim facilities.

SECTION III

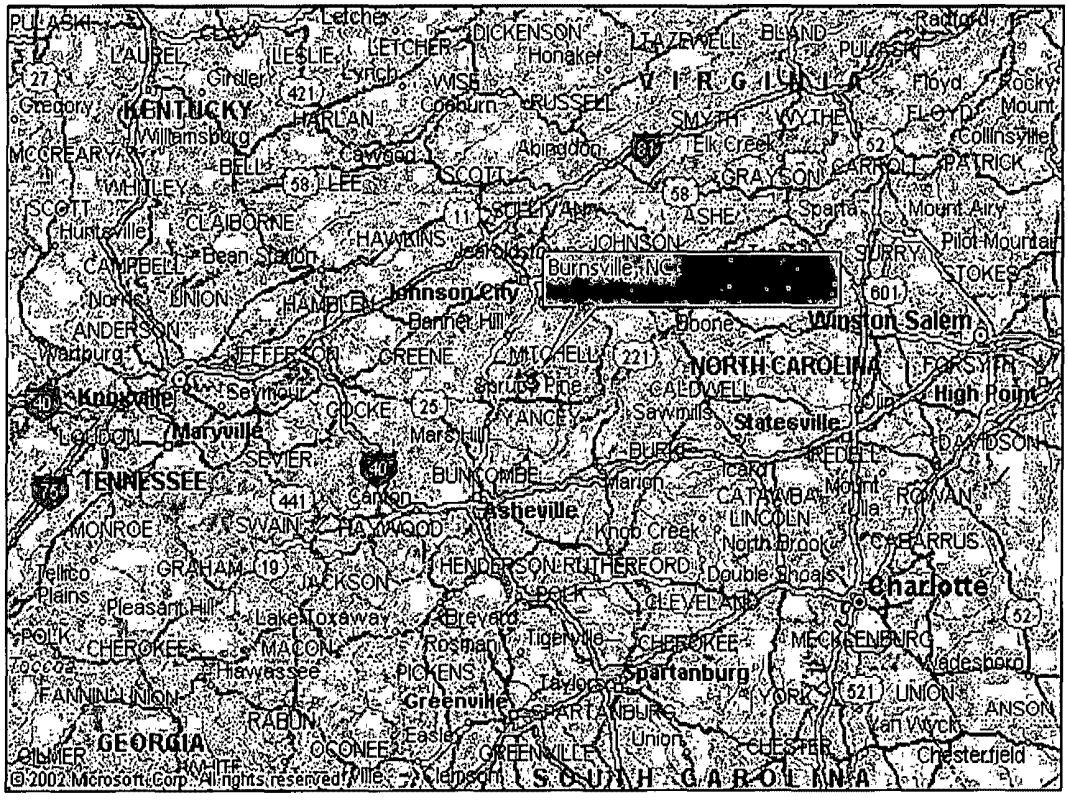
MARKET AREA OVERVIEW

Section III. MARKET AREA OVERVIEW

Regional Market Area Abstract

The market area continues to present a positive development environment. The following provides a synopsis of our regional findings. The map below provides regional perspective.

The Western Carolina Mountain Region



Location and Accessibility - Western North Carolina (WNC) is located within a 700-mile radius of more than 150 million people including 70 of the nation's top 100 metropolitan areas; more than 70 percent of the country's industrial base; and over 50 percent of U.S. retail sales.

- The Interstate and Intrastate highway systems (Interstates 26, 40 and 85) provide excellent accessibility to a variety of major metro areas including Asheville, Atlanta, Charleston, Charlotte, Raleigh, and Wilmington.

- The completion of Interstate 26 from Tennessee should serve to open the western North Carolina region to travelers from both Kentucky and Tennessee.

- Accessibility, combined with a moderate climate and relatively affordable housing continue to provide a perception of WNC as a haven for second home owners, retirees, and vacationers.

Growth – In recent years, North Carolina's rural counties have grown commensurately with the state's more urban markets. Nearly all Western North Carolina counties experienced growth ranging from fifteen (15%) to thirty (30%) percent between 1990 and 2000.

- While North Carolina's population growth slowed somewhat between 2000 and 2003 with several eastern counties actually losing population, Western Region counties enjoyed growth of nearly three (3%) percent, on average. This growth rate is understated as second home owners are not categorized as permanent residents.

- Aging Baby Boomers and an influx of retirees are changing the age distribution of western North Carolina. According to state estimates, about half of North Carolina's in-migrants over the age of 60 have moved to the western mountain region. This trend is expected to continue through the current decade.

- North Carolina has maintained its position in the top tier of national second-home markets; the southern region accounted for 40 percent of all vacation and investment home sales in 2007.

Tourism - Rich in history and American culture, North Carolina has long been one of the nation's strongest tourist destinations and in recent years, has continuously expanded. Domestic tourism directly supported more than 187,000 jobs in North Carolina in 2006 and traveler spending grew 8.3 percent over 2005 to $15.4 billion on the heels of similar increases for the 2004 / 2005 period. Approximately 65 million visitors traveled to North Carolina, ranking the state sixth in trip volume for 2006. North Carolina's top states of overnight visitor origin include North Carolina, South Carolina, Virginia, Georgia and

Florida. According to the Travel Industry Association of America, segments of increasing traveler activity which are particularly applicable to North Carolina are projected to include the following:

Increasing Traveler Activity Segments

- Baby Boomers
- Mature Households
- Biking Vacations
- Adventure Travelers
- Golf and Tennis Vacations
- National/State Park Travel
- Weekend Travel

Market Area Characteristics

The Regional market area comprises the greater portion of western North Carolina, bordered by Tennessee, Georgia and South Carolina. Yancey County is considered the local or primary market area.

- Located an approximate 30 minute drive from the subject property, the historic town of Asheville is perhaps the best known city in the western North Carolina mountain region.
- Area attractions include the Appalachian Trail, Mount Mitchell, Grandfather Mountain, the Blue Ridge Parkway, and seemingly endless acres of National Forest and miles of wild rivers.
- Skiing, golf, fishing, hunting, horseback riding, mountain biking, hiking, swimming, fishing, canoeing, kayaking and white water rafting can be enjoyed year-round throughout the region.
- The region enjoys the benefit of abundant and convenient international airport facilities located in Asheville and Charlotte, NC, Knoxville and Chattanooga, TN, Atlanta, GA and Greensboro/Spartanburg, SC.
- The primary market area (Yancey County) boasts quality healthcare and hospital-supported fitness facilities, education, a thriving art community and excellent shopping opportunities.
- Yancey County is accessible via U.S. Highway #19 which is approximately 14 miles from Interstate 26 and 35 miles from Interstate 40. US Highway 19 between Burnsville and Interstate 26 will be expanded to four lanes between 2008 and 2010.

Demographic Characteristics –Yancey County had an estimated permanent population basis of 18,421 full-time residents in 2006, up approximately four (4%) percent since 2000 reflecting the addition of more than 3,000 people since 1990 and representing population growth of approximately 20 percent. Current estimates call for growth of approximately one (1%) percent per year through this decade suggesting a population of more than 19,000 by 2010.

- Yancey County has seen notable housing growth in recent years adding nearly 3,000 units between 2000 and 2006 for a growth rate of 39.6%. In 2000, the population per household ratio was 2.38; by 2006 it had decreased to 1.77 reflecting the significance of second home construction in the local marketplace.

- Yancey County exhibits a somewhat older age demographic in comparison to the state of North Carolina and the U.S. with a median age of 42 years compared to 36 years for the state and the nation. Further to this issue, Yancey County's 65+ age group represents 18.2% of the full-time population base compared to approximately 12% for the state and the nation.

- This age difference is reflected in the area's household income characteristics. Yancey County exhibits an estimated median household income of approximately $30,000 compared to $42,000 and $47,000 for the state and the U.S.

SECTION IV
DEMAND ANALYSIS

Section IV. DEMAND ANALYSIS

The Second Home Market Segment

The most recent National Association of Realtors® (NAR) Investment and Vacation Home Buyers Survey revealed that vacation home sales accounted for 33 percent of all existing and new home sales in 2007. While slightly lower than 2006, this share of market is close to historic norms. Investment property purchases continued to dominate the sales pattern, representing 21 percent. This level of activity reflects a one percent decrease from 2006 while vacation home sales decreased two points from 14 percent to 12 percent. While these figures suggest a cautionary outlook for the future, it should be noted that vacation home sales rose to a new record in 2006 due to pent up demand fueled by limited supplies in preceding years. Vacation home sales rose 4.7 percent in 2006 to a record 1.07 million, while investment home sales fell 28.9 percent to 1.65 million as speculators abandoned the market. Yet, In spite of an expanding stock market, investment properties continued to account for nearly one-quarter of all homes purchased in 2006.

The definitions associated with the two buyer segments are semantic in nature. A recent *Wall Street Journal* article focused on the growth of retirement home sales being fueled by relatively young buyers still decades away from retirement. While theoretically perceived as an investment, these purchases provide a present day retreat. This trend toward the purchase of "gateway" homes tends to muddy the specific definitions associated with non-primary residence purchases. This thesis plays out with respect to the age issue. According to NAR, the typical vacation home buyer was 46 years old in 2007, down significantly from 52 years in 2005, suggesting an increasing universe of buyers entering their peak earning years often primed with disposable income from an inheritance or a stock market windfall.

Those without deep pockets are also finding ways to afford a second home in spite of limited investment capital. This is evident in the surge of condominium hotel and fractional ownership development. Younger buyers do not necessarily see these purchases as investments but do recognize that real estate has intrinsic portfolio value and that their retirement dollars are at work.

The extent of the market that defines the second home as an investment or a retreat is subjective in nature as the reasons/motivations for purchase are relatively similar. Interestingly, both segments have interest in the purchase as a potential source of income, to diversify investment portfolios, as a vacation retreat/family gathering space and/or as a future primary residence/gateway home. While 51 percent of investment property buyers cited rental income as a priority and 39 percent were focused on diversifying their investment portfolios, 41 percent of vacation home buyers cited rental income and tax benefits as integral to their decision.

While the disruption in the mortgage market has effectively stalled primary, predominantly entry level home sales, the top of the market appears comparatively sound. NAR advises that eight in ten second home buyers consider it a good time to invest in real estate with approximately one half likely to purchase another property within two years. Twenty-eight percent of vacation home buyers paid cash for their property in 2007 as did 35 percent of investment buyers.

Qualified Home Buyer Profile – Macro Perspective

Median household incomes have climbed throughout all demographic segments over the last decade but the share of affluent households has exhibited unprecedented growth. In 2007, an estimated 18 percent of households had an annual income of $100,000 or more, compared to four (4%) percent little more than a decade ago.

However, the demographic balance of individual income groups has remained relatively stable, a condition that is not expected to change in the foreseeable future. For instance, the share of households headed by a person under the age of 25 earning more than $100,000 is about the same today as it was a decade prior while nearly six in ten households with six figure incomes or higher are headed by a person between the ages of 35 and 54, roughly the same as it was in 1990.

Looking forward, the number of households headed by an individual within the prime

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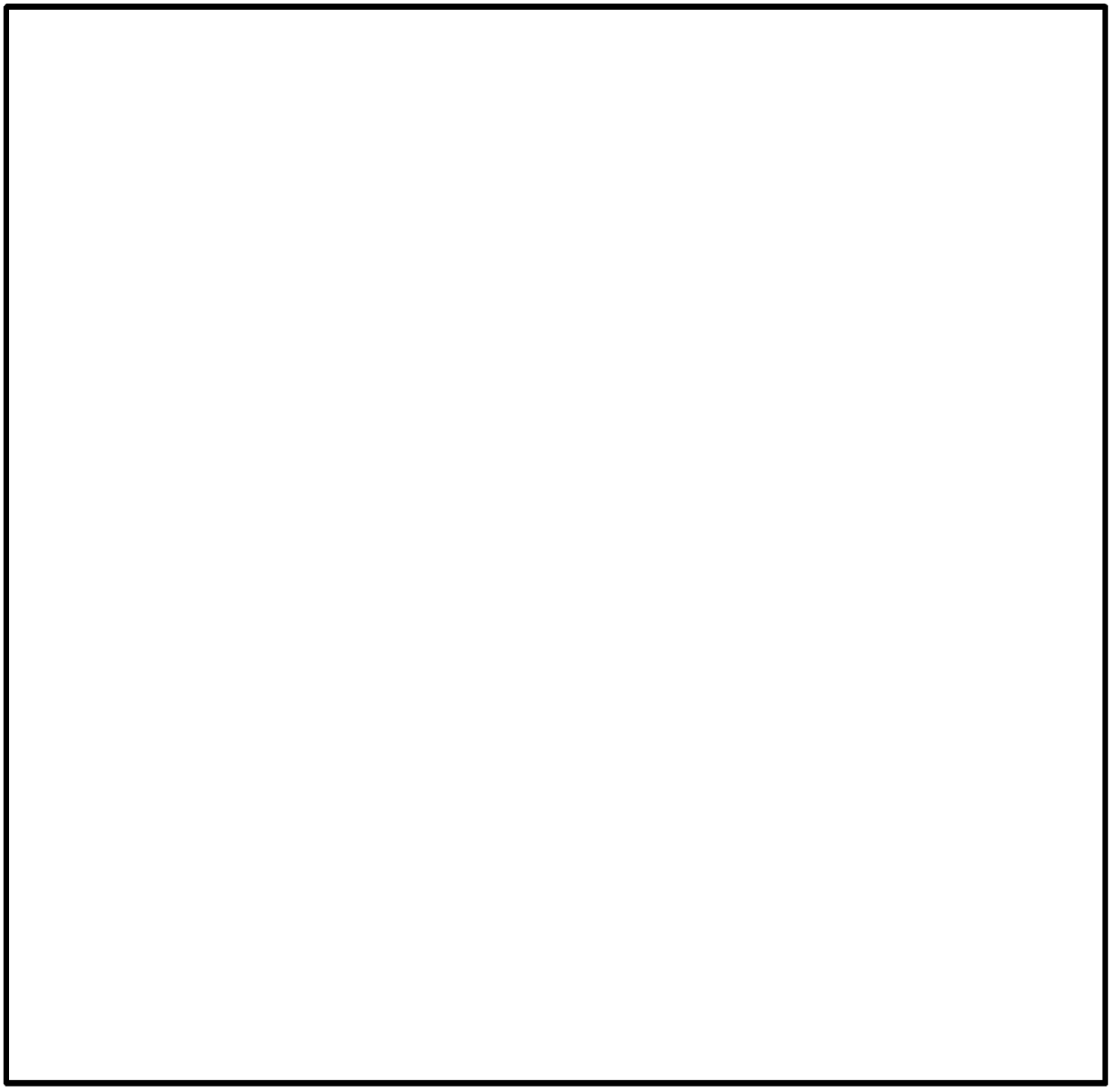

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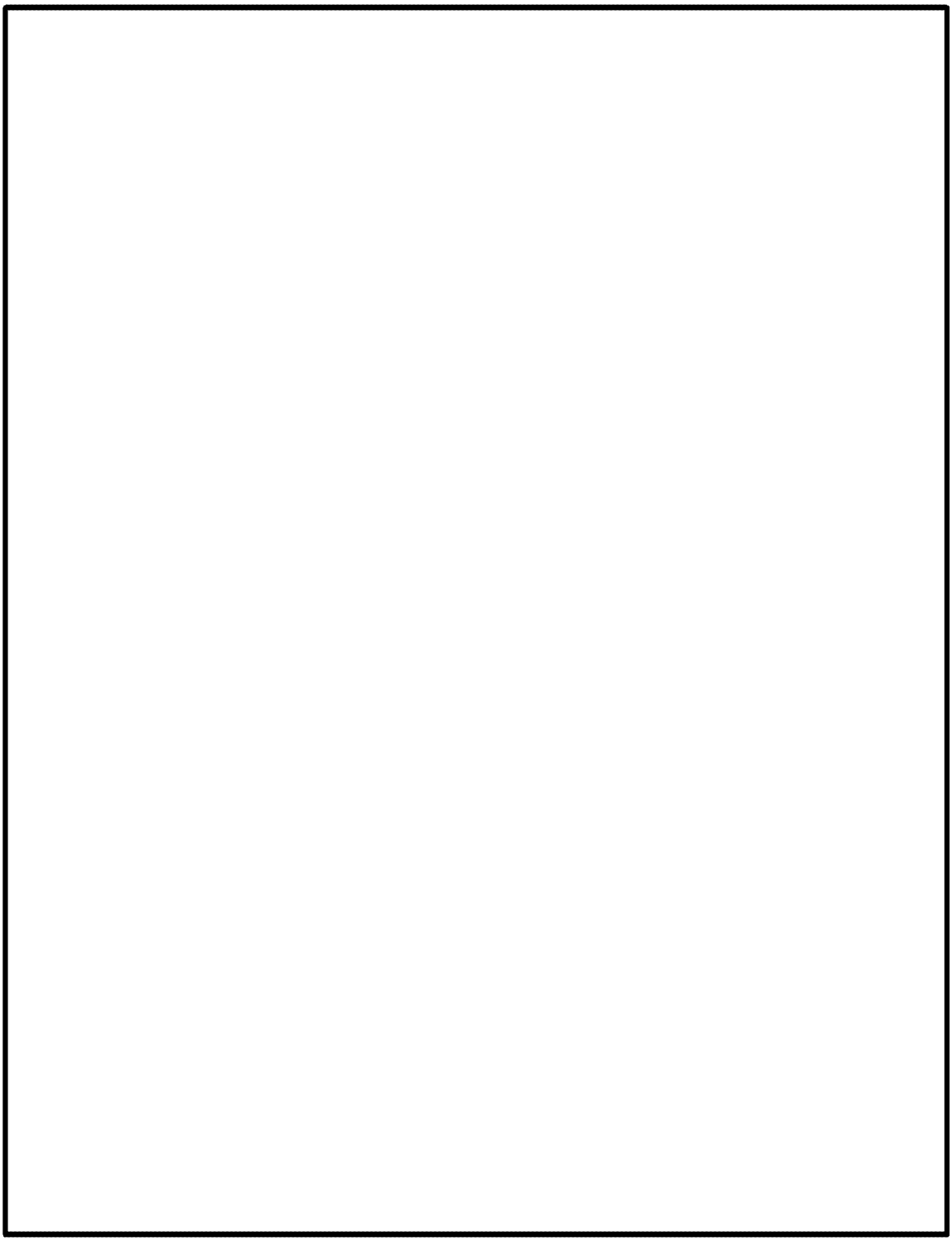
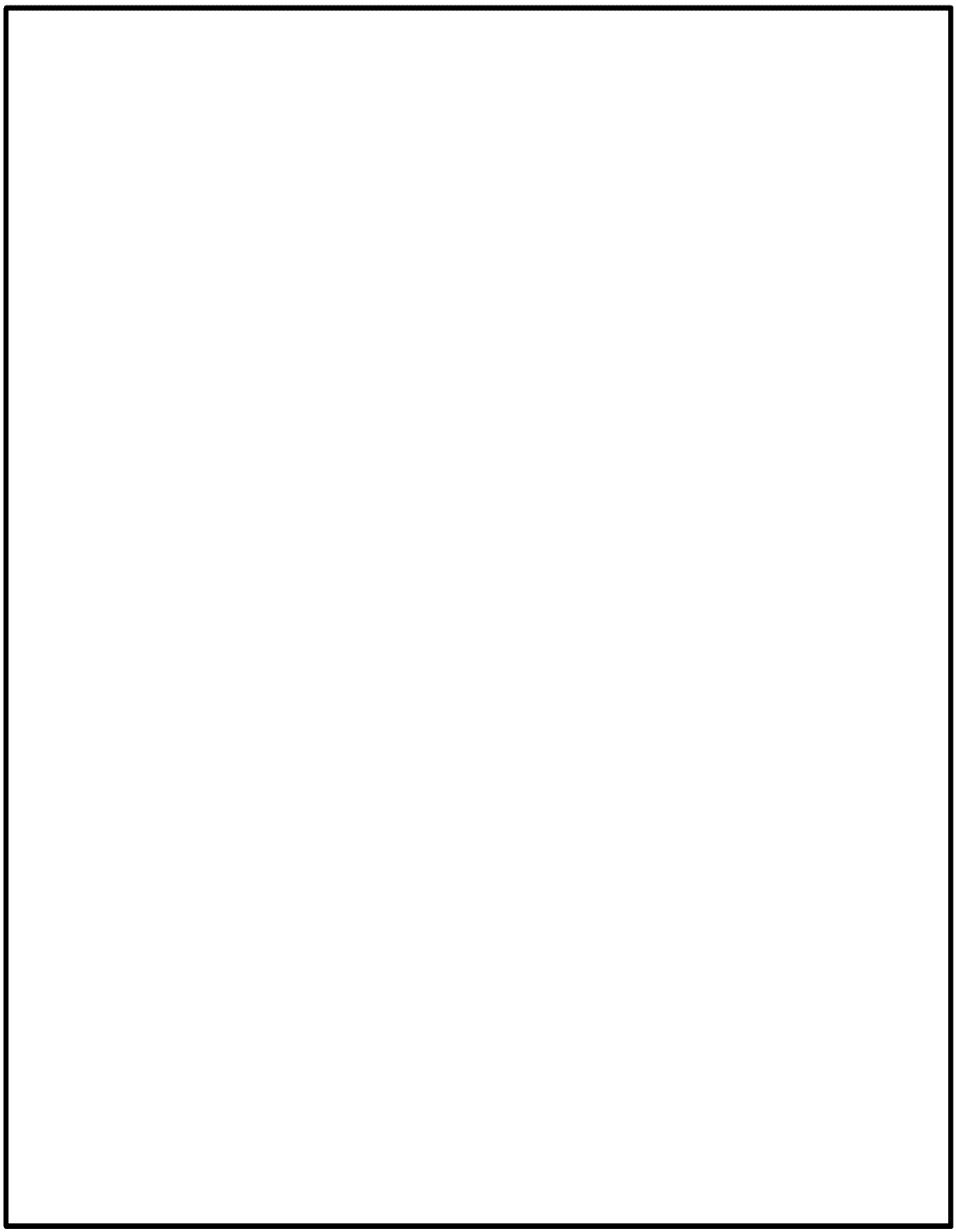


(b)(4) Qualified Buyer Growth Segments Within the Five Feeder States



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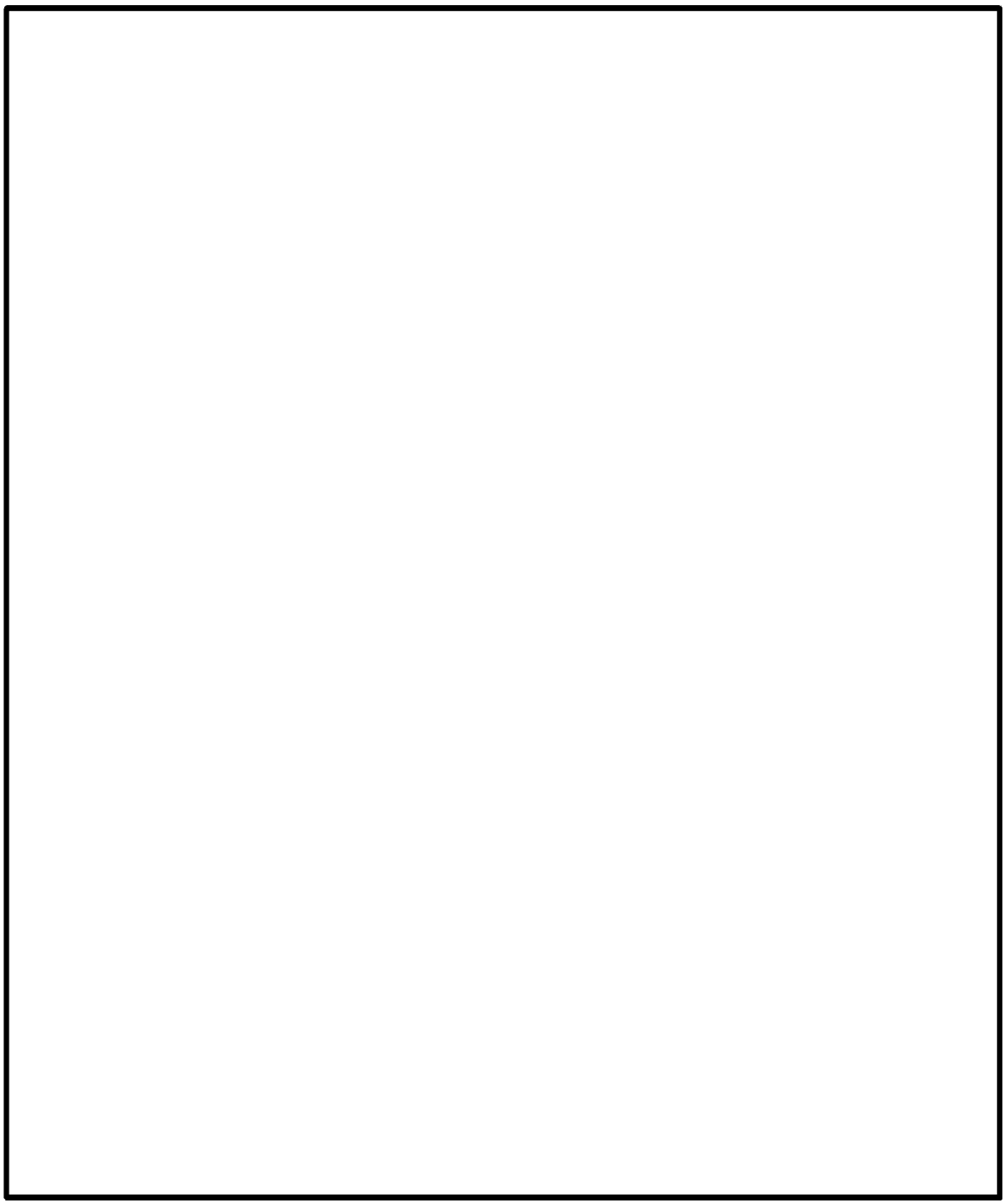

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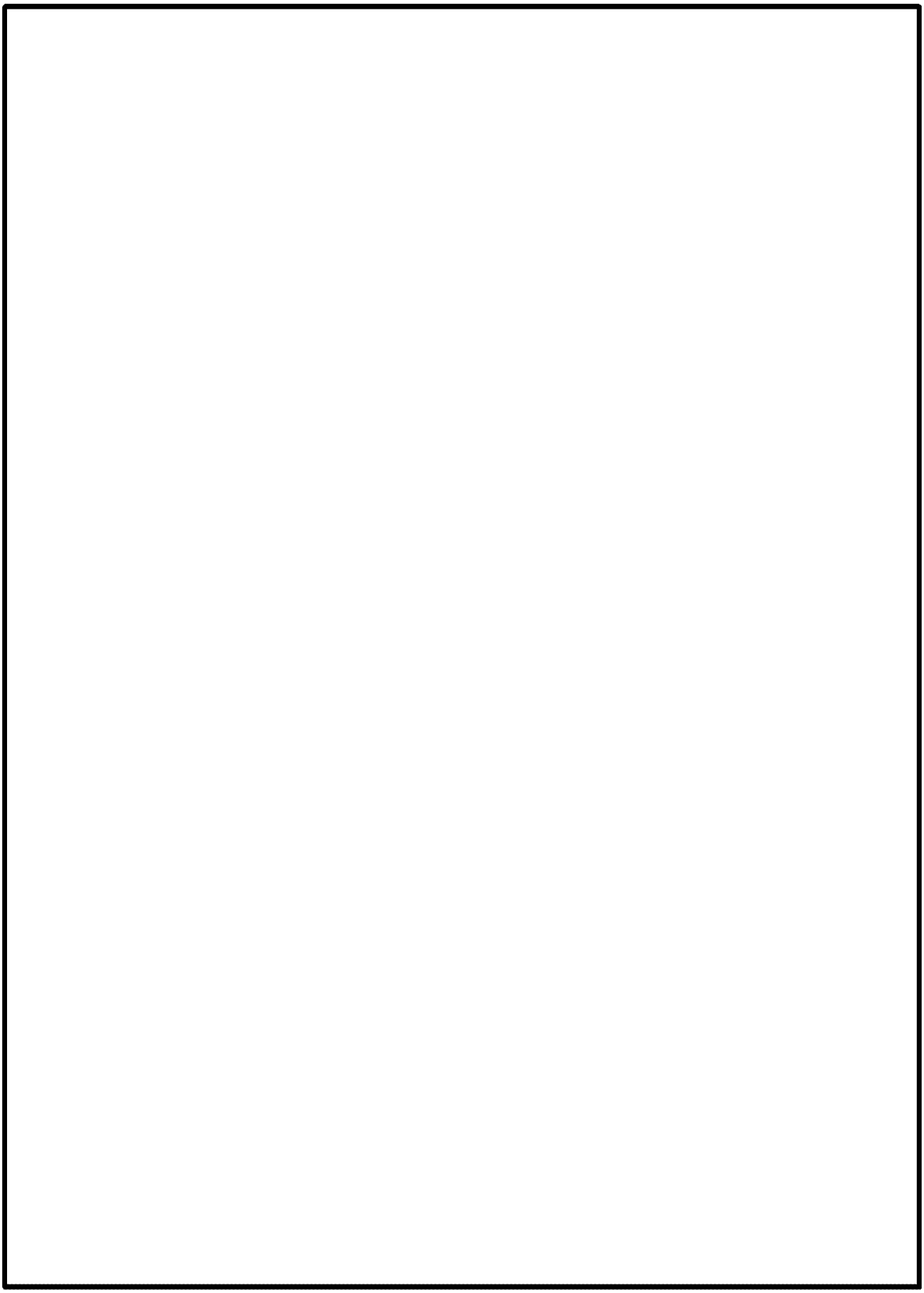

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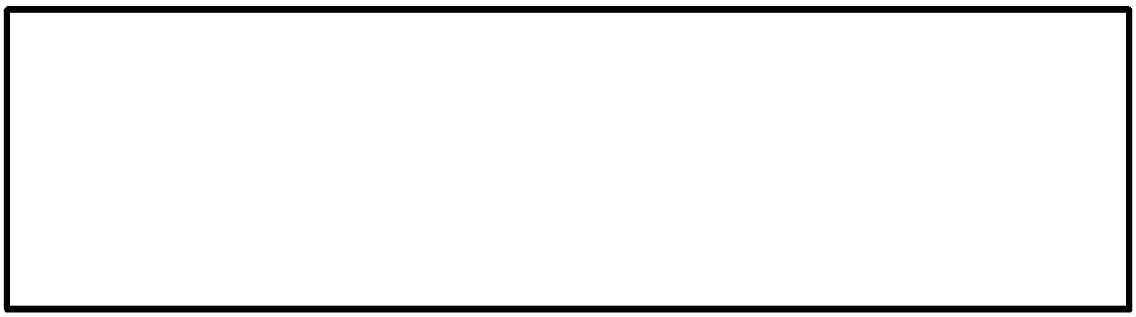

SECTION V

MARKET SURVEY AND ANALYSIS

Section V. MARKET SURVEY AND ANALYSIS

RSB has conducted a regional market survey comprising 20 private golf communities located throughout the Western North Carolina region. The communities are contemporary examples of upscale development that are considered competitive to Mountain Air Country Club. The 20 communities, their respective locations, dates of market entry and average residential values are as follows:

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Community	Location	Began	AARV*

Market Position - The average aggregate residential value (AARV) of a given community is an estimate of that community's current "typical" residential value for the purpose of defining its market position. (b)(4)

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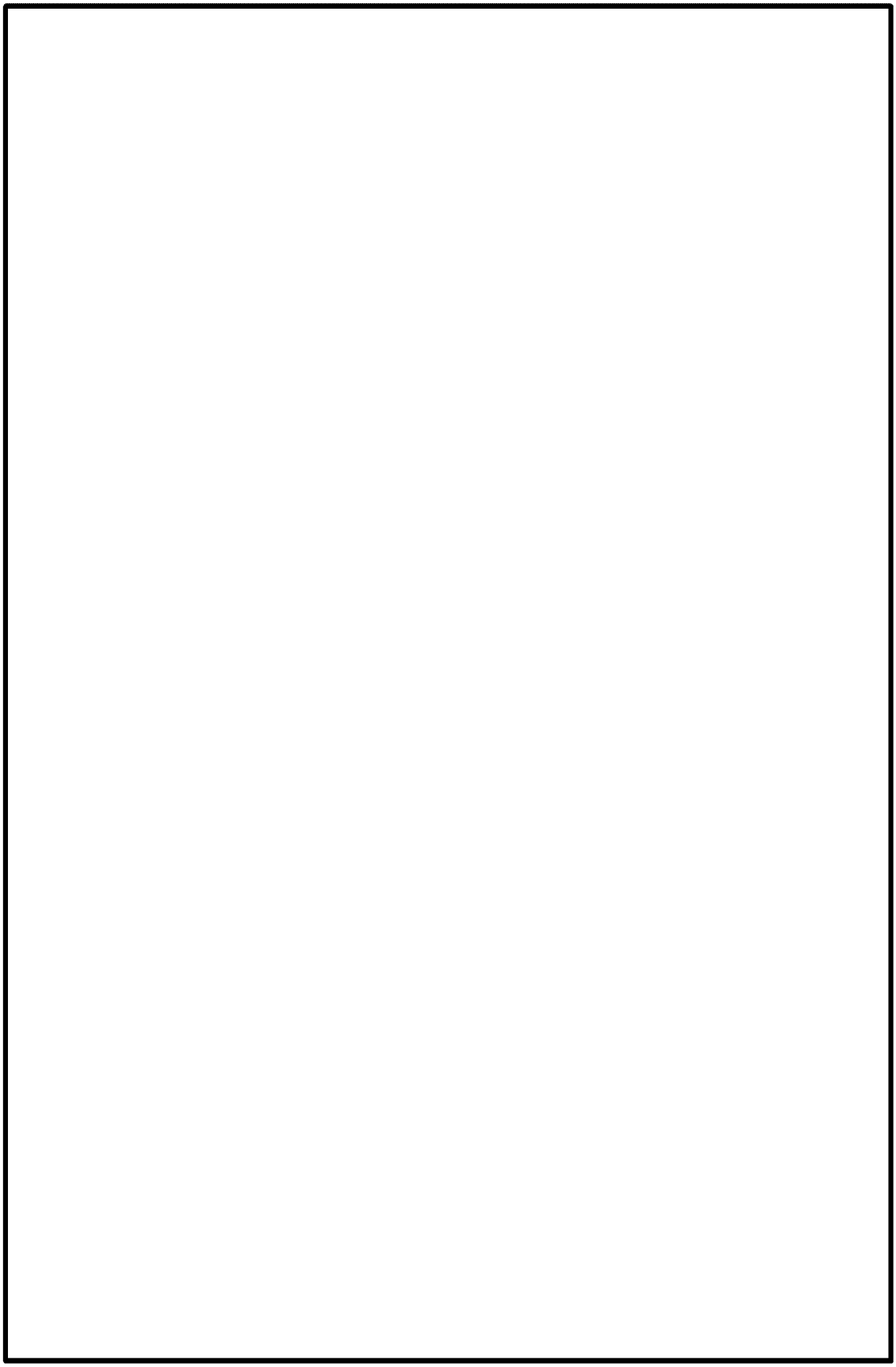

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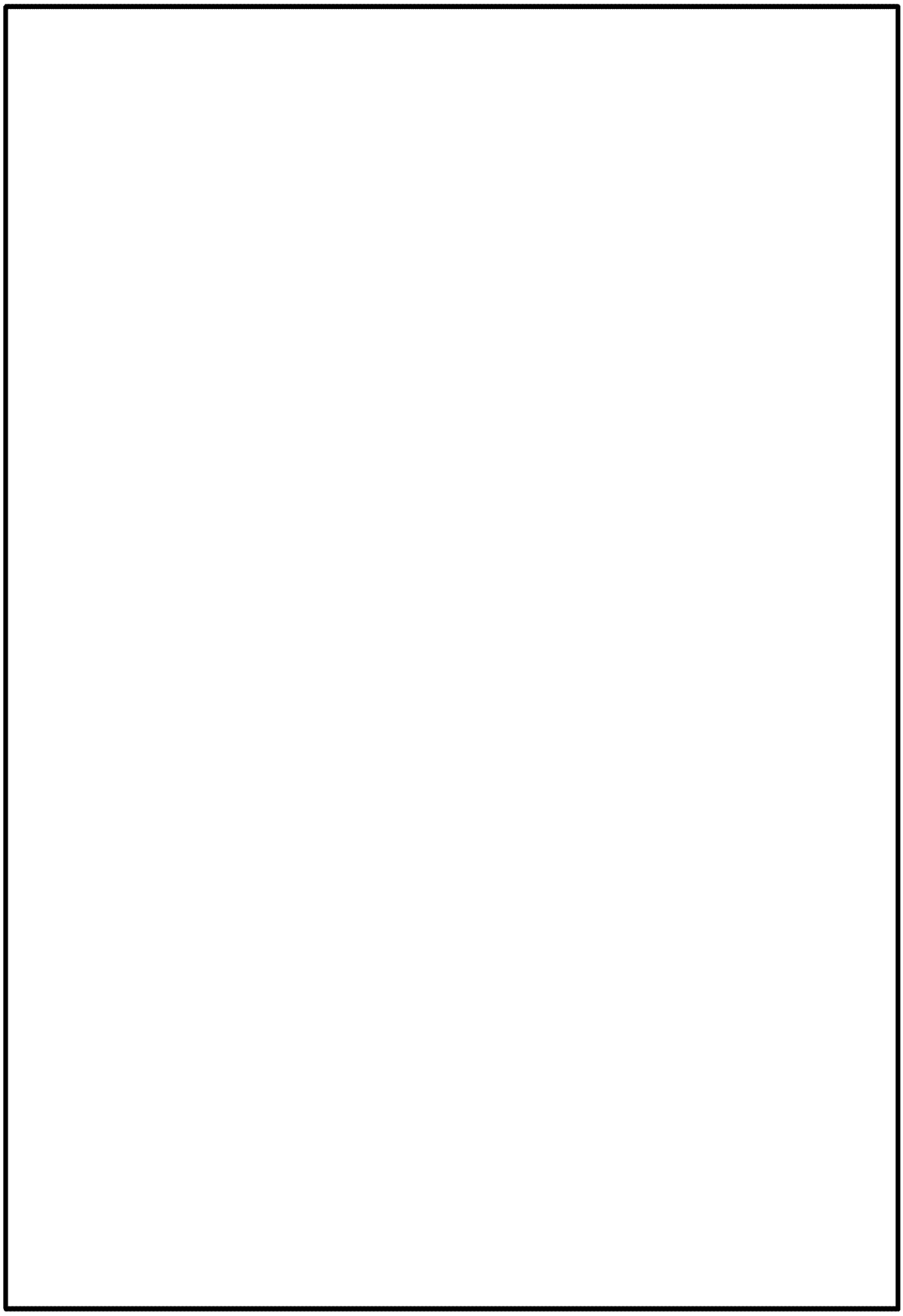

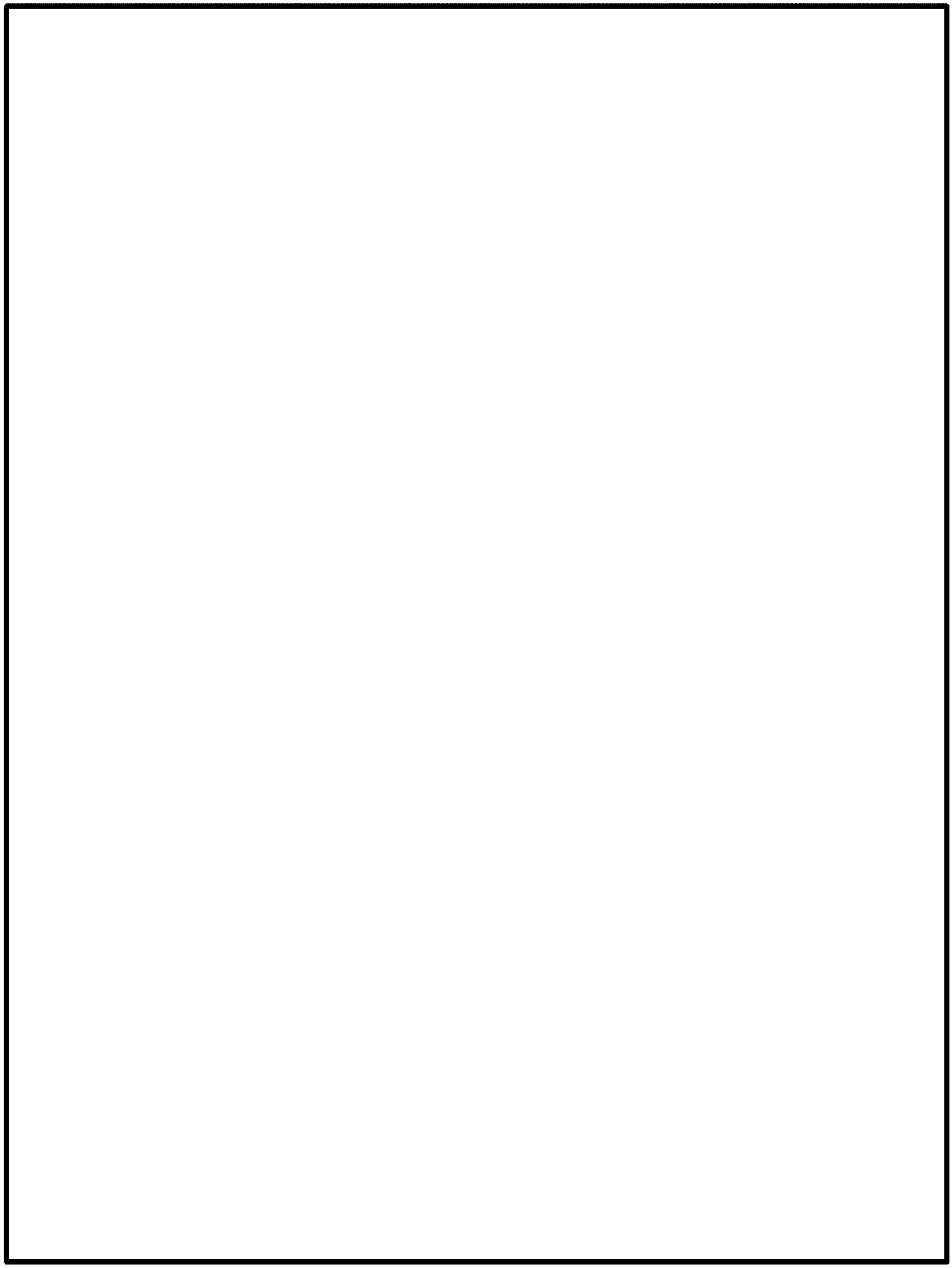

Community Composition - The sample exhibits the following key characteristics with respect to community composition.

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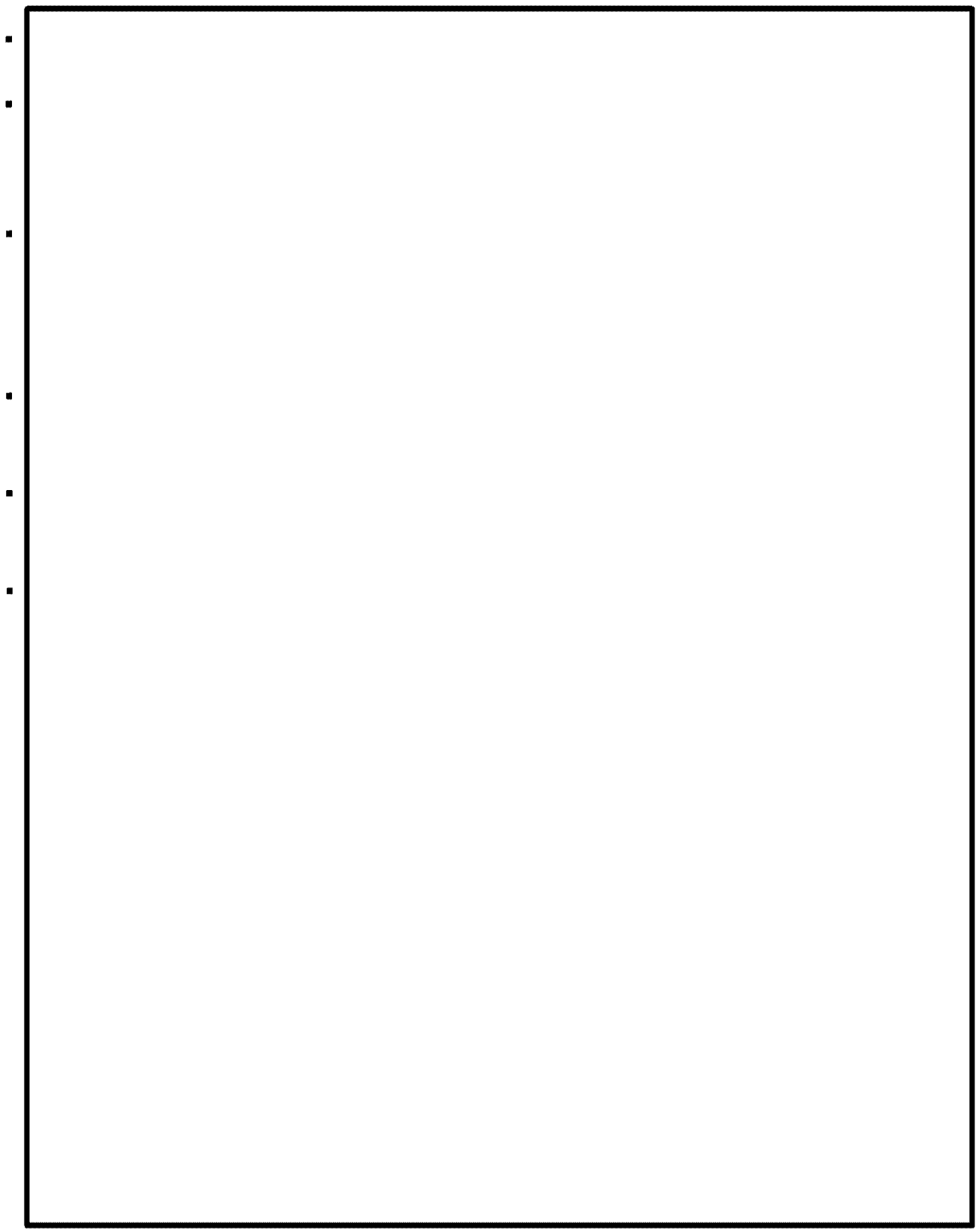

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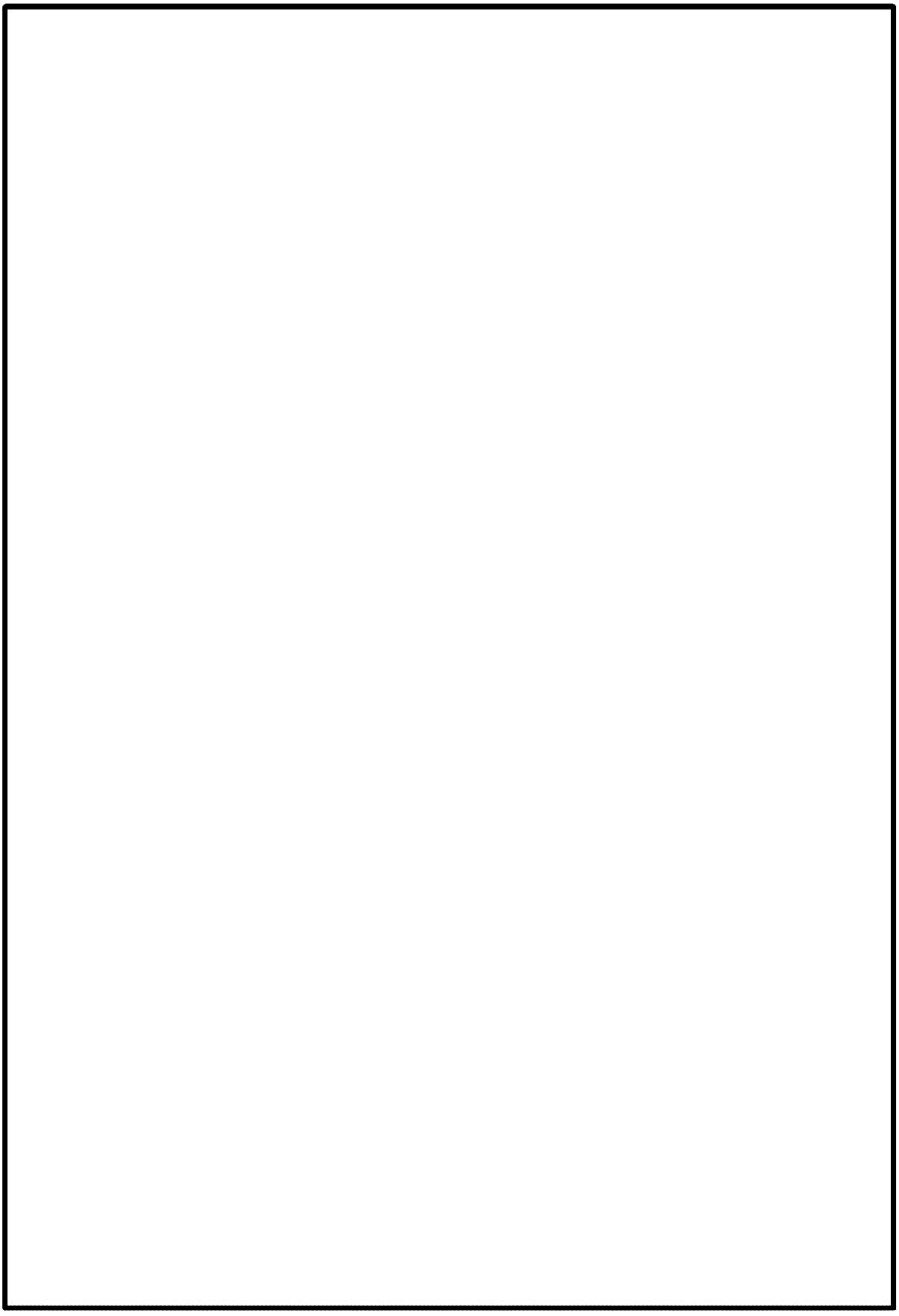
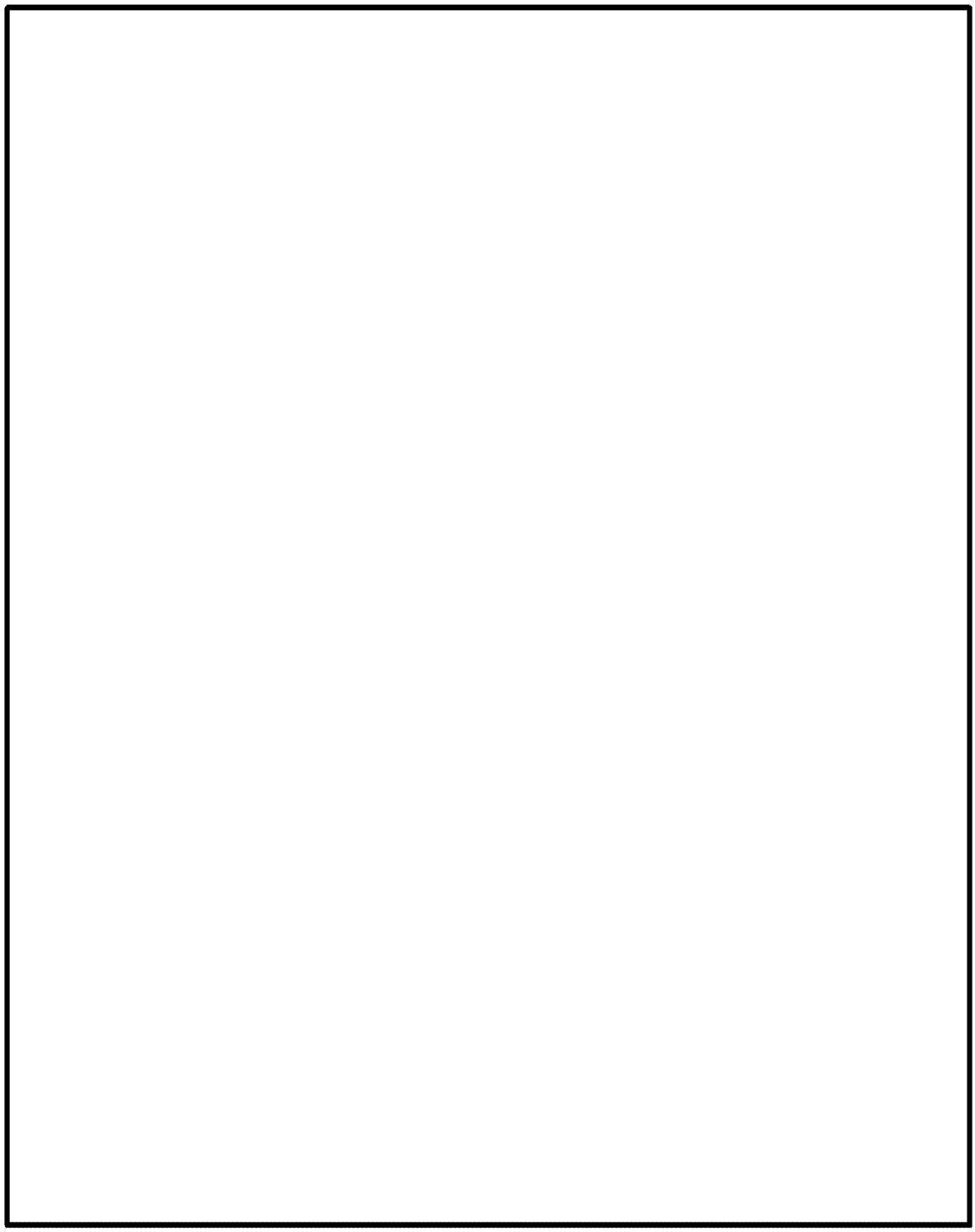
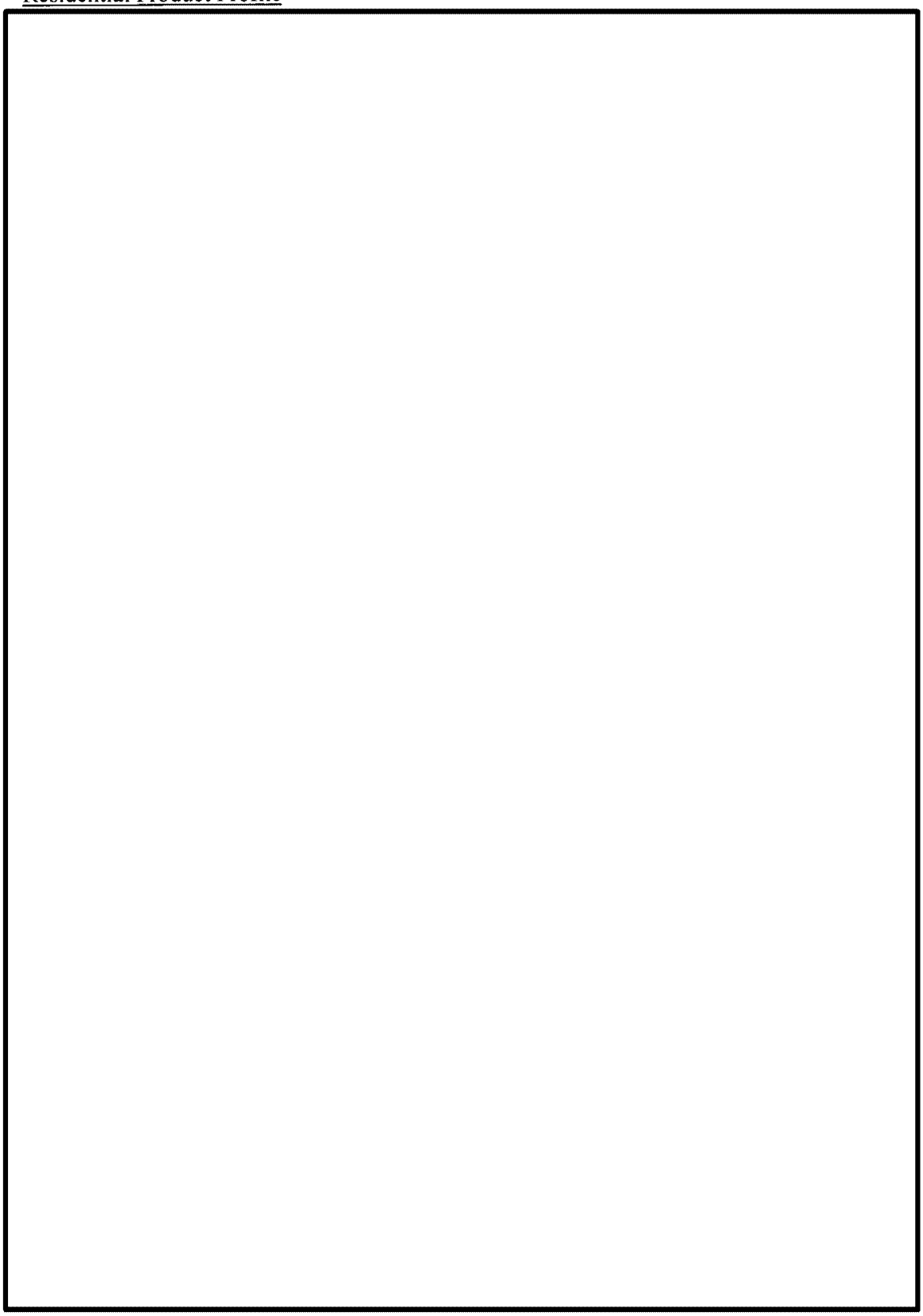




(b)(4) Residential Product Profile



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Detailed custom home lot size and price data for each of the communities is presented as Exhibit B to this report.

Built-for-Sale Products

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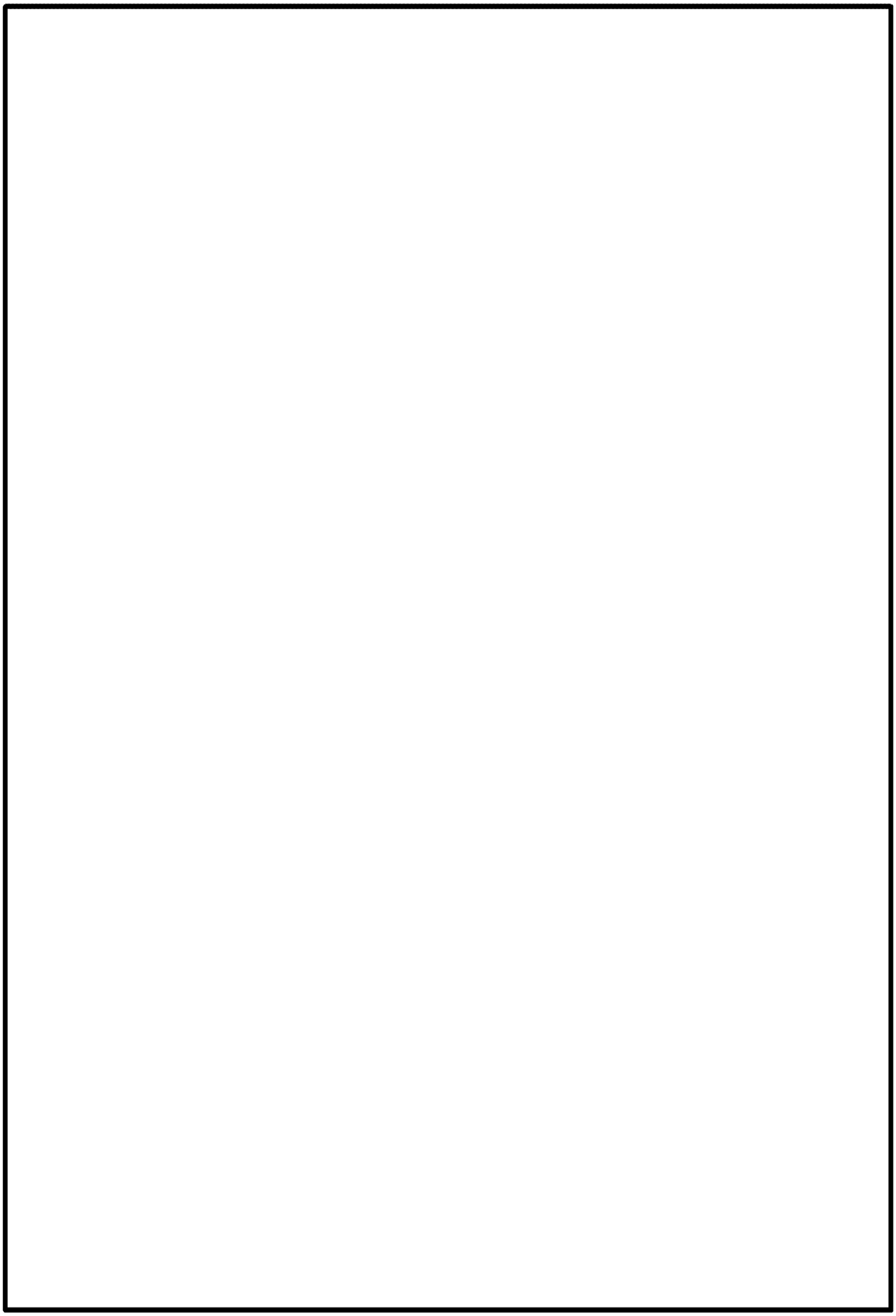

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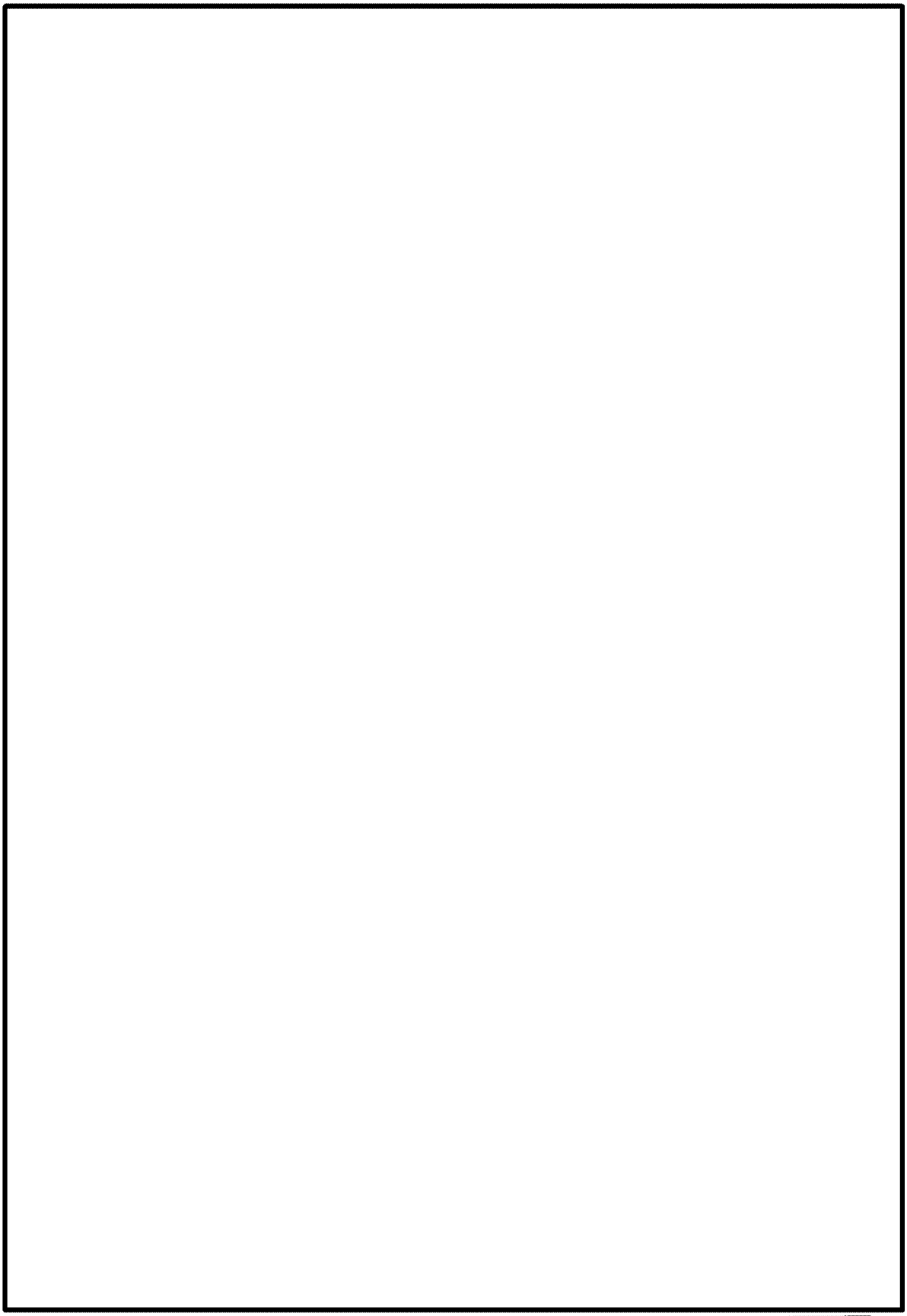

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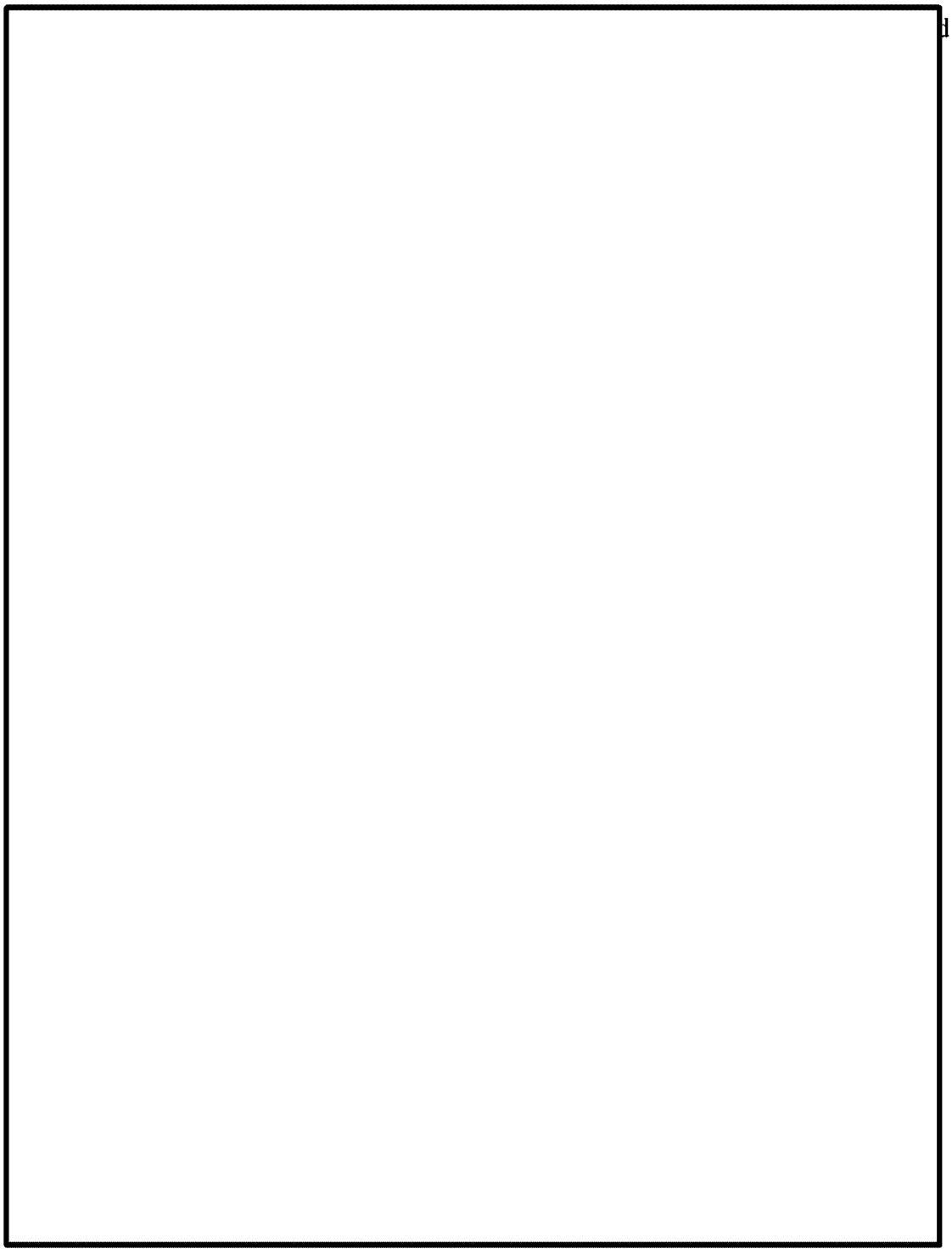

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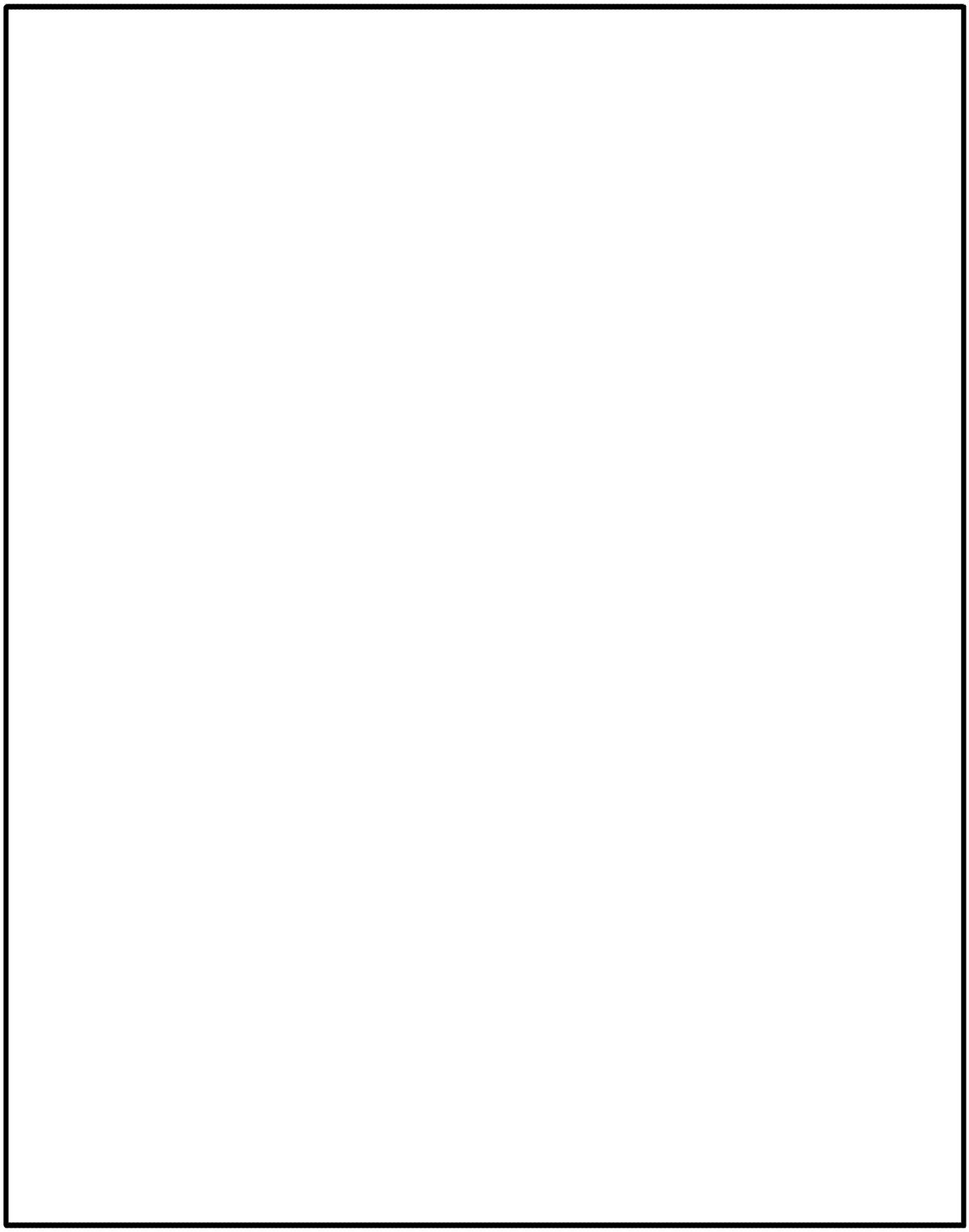

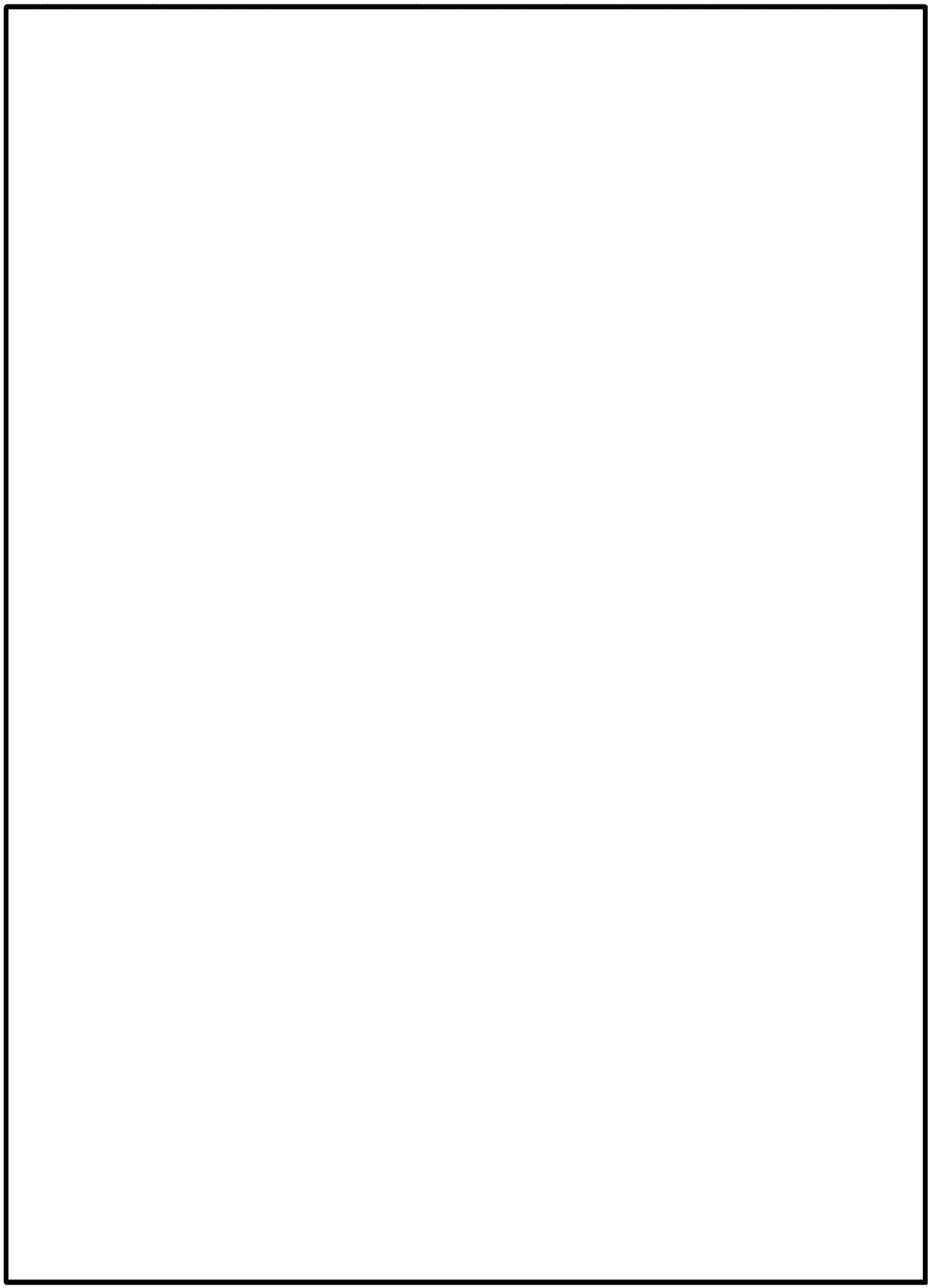

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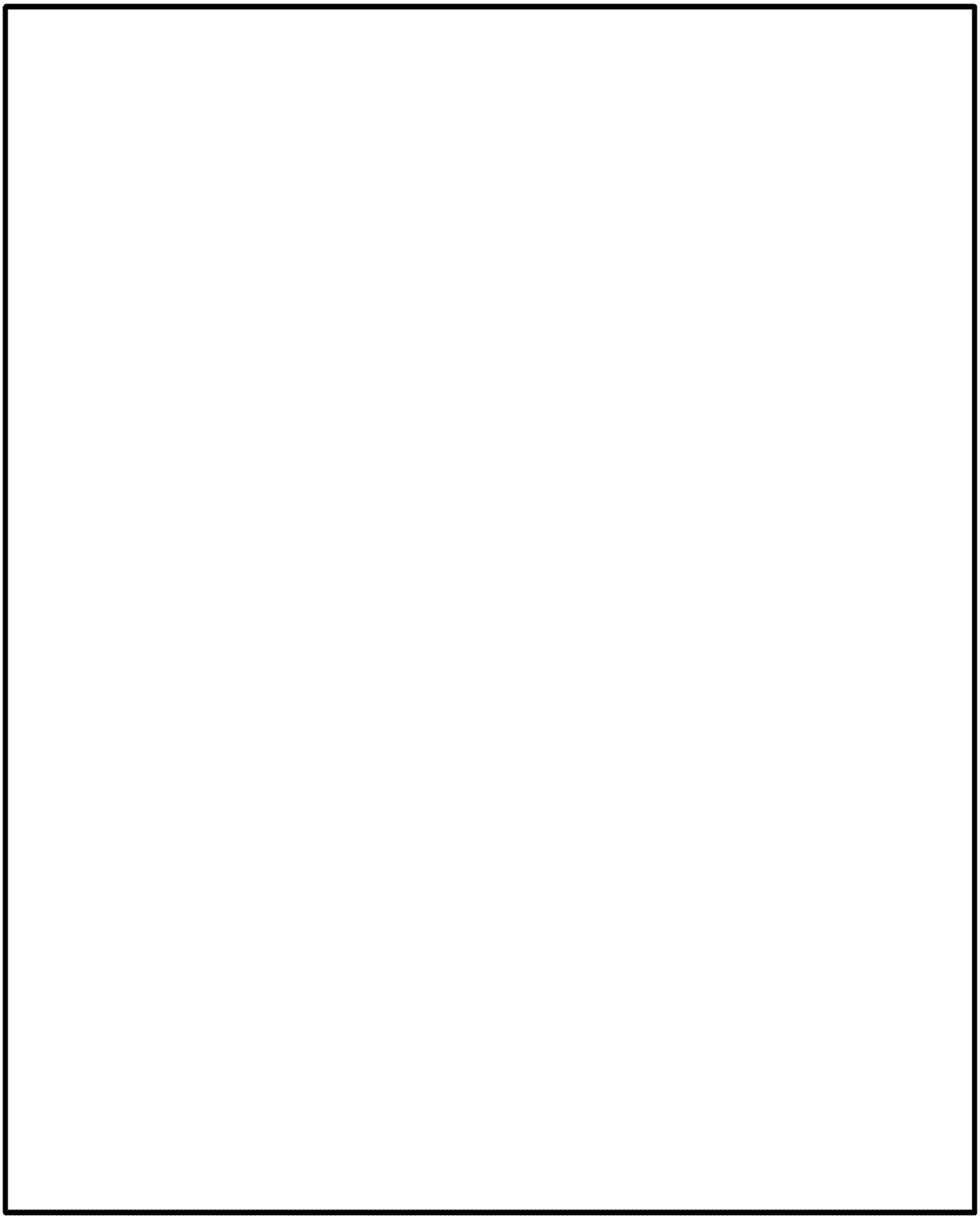

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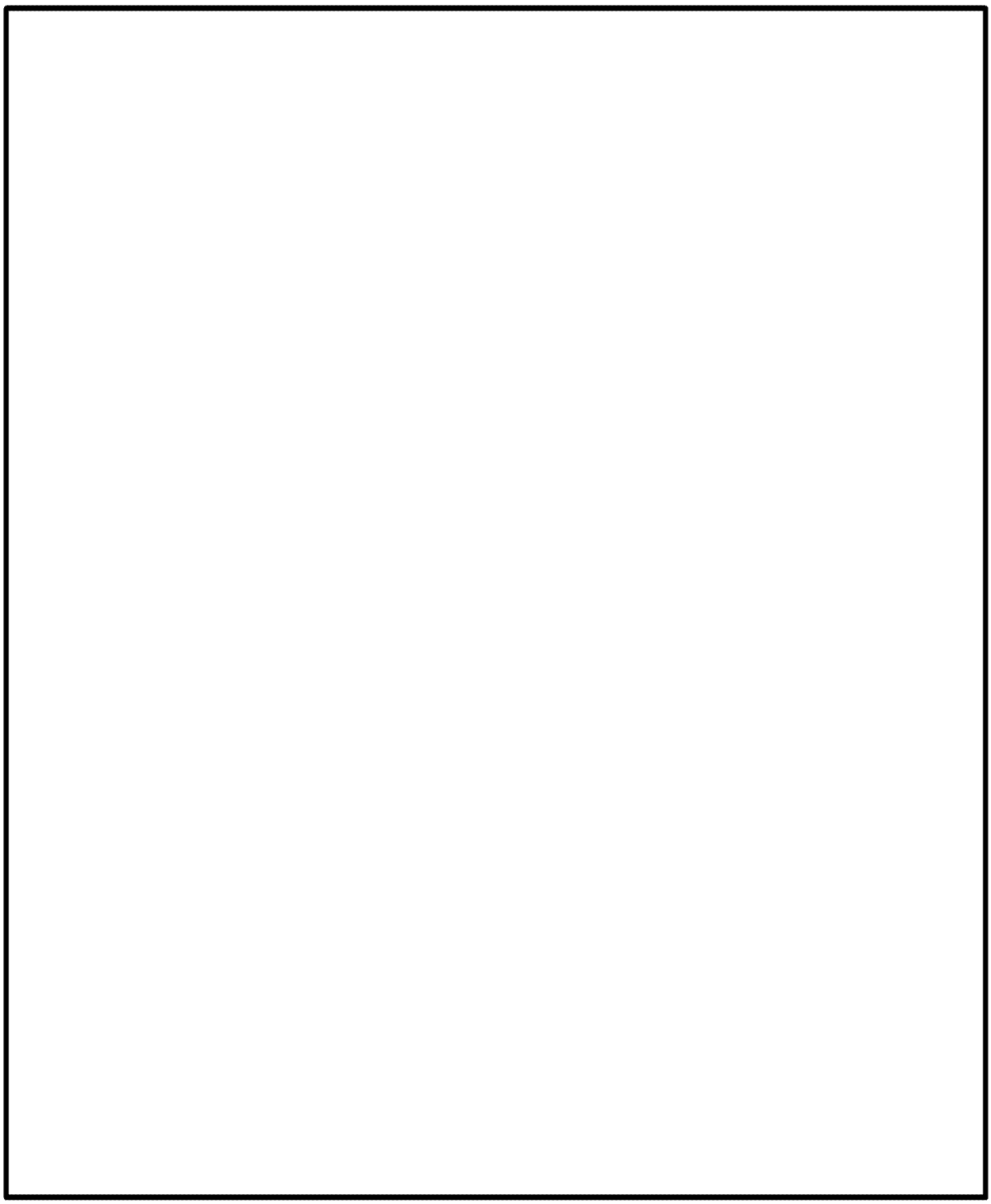

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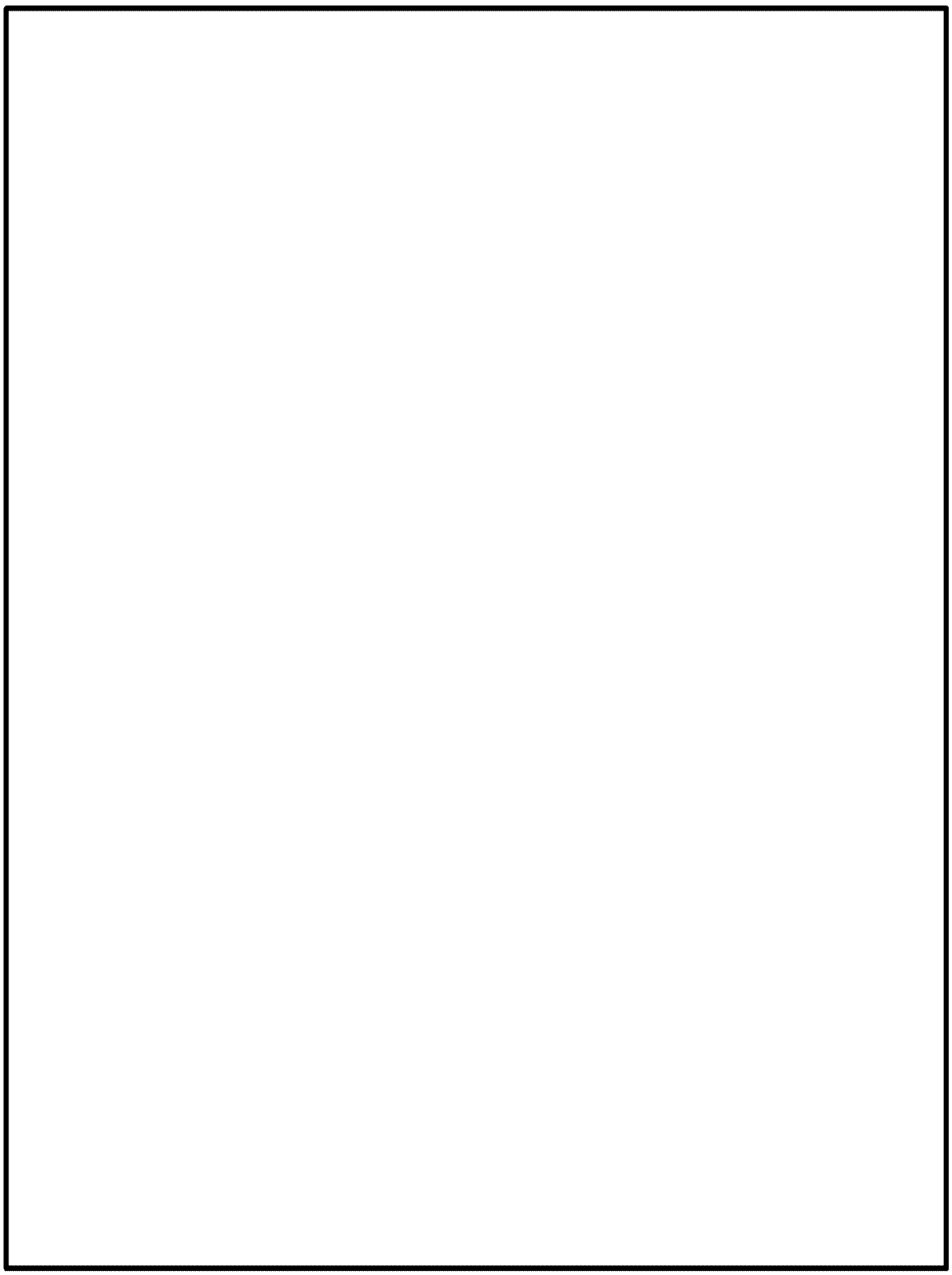
MARKET SURVEY AND ANALYSIS (Continued)



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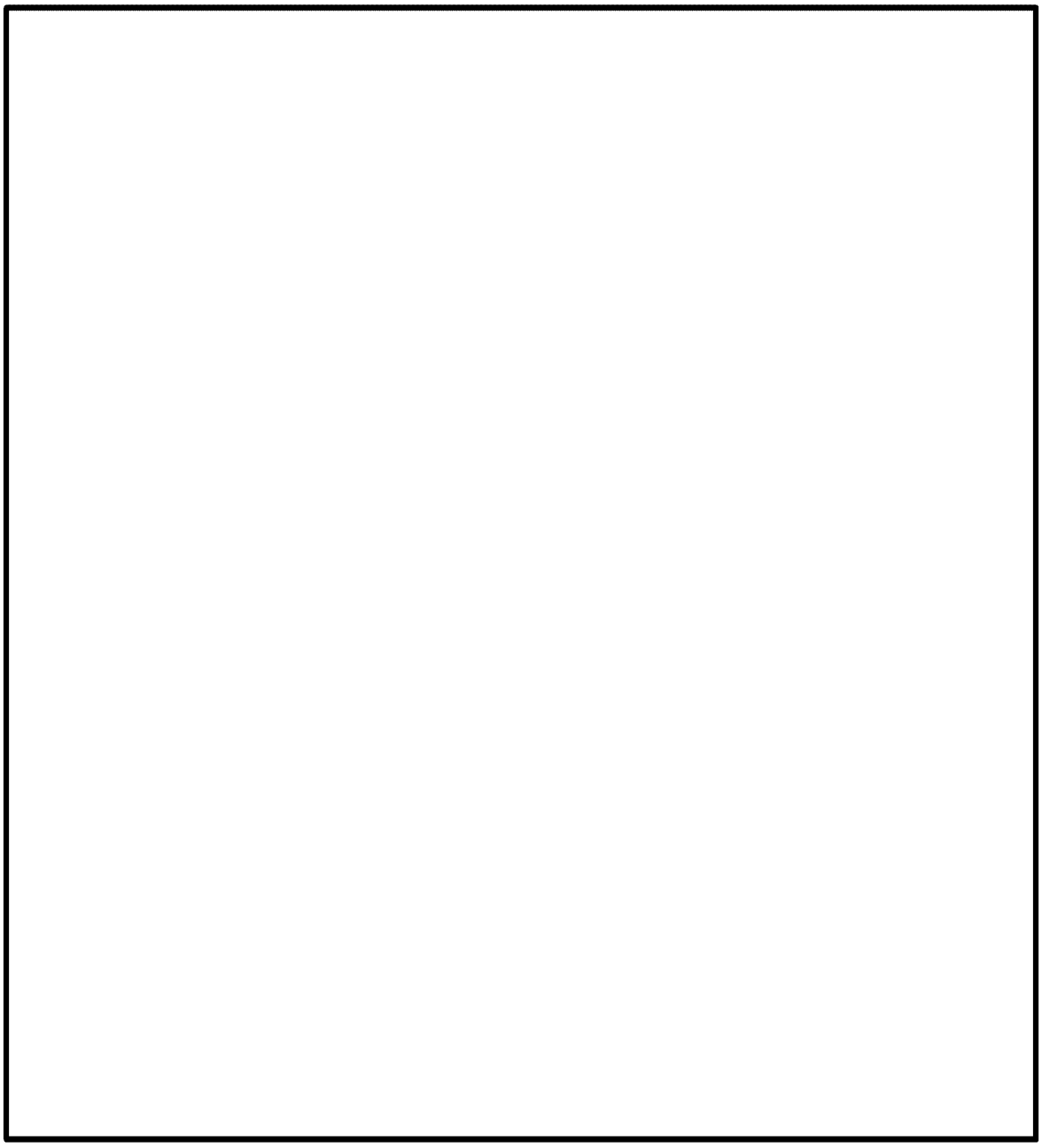
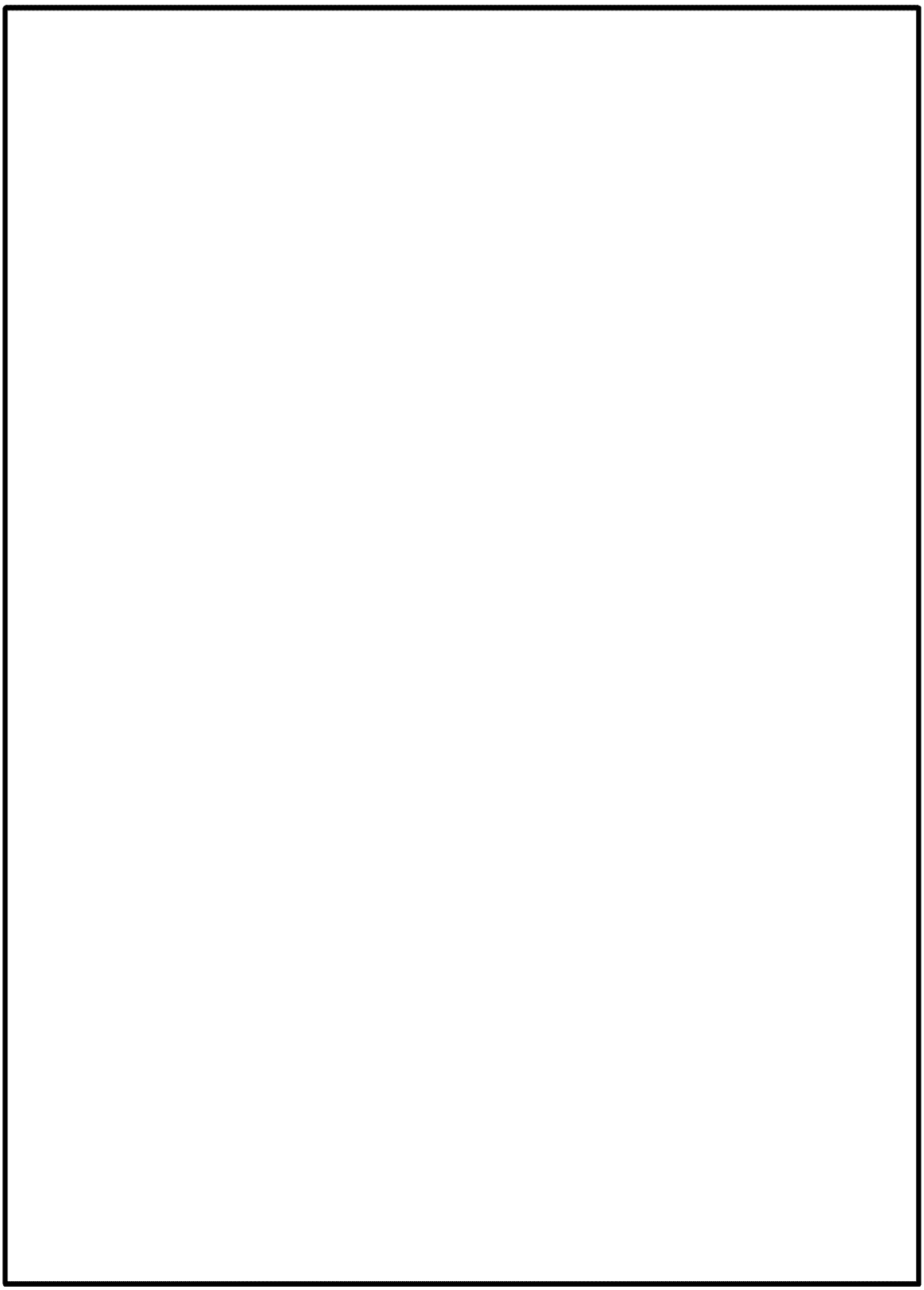


SECTION VI

CONCLUSIONS AND RECOMMENDATIONS

(b)(4) **Section VI. CONCLUSIONS AND RECOMMENDATIONS**



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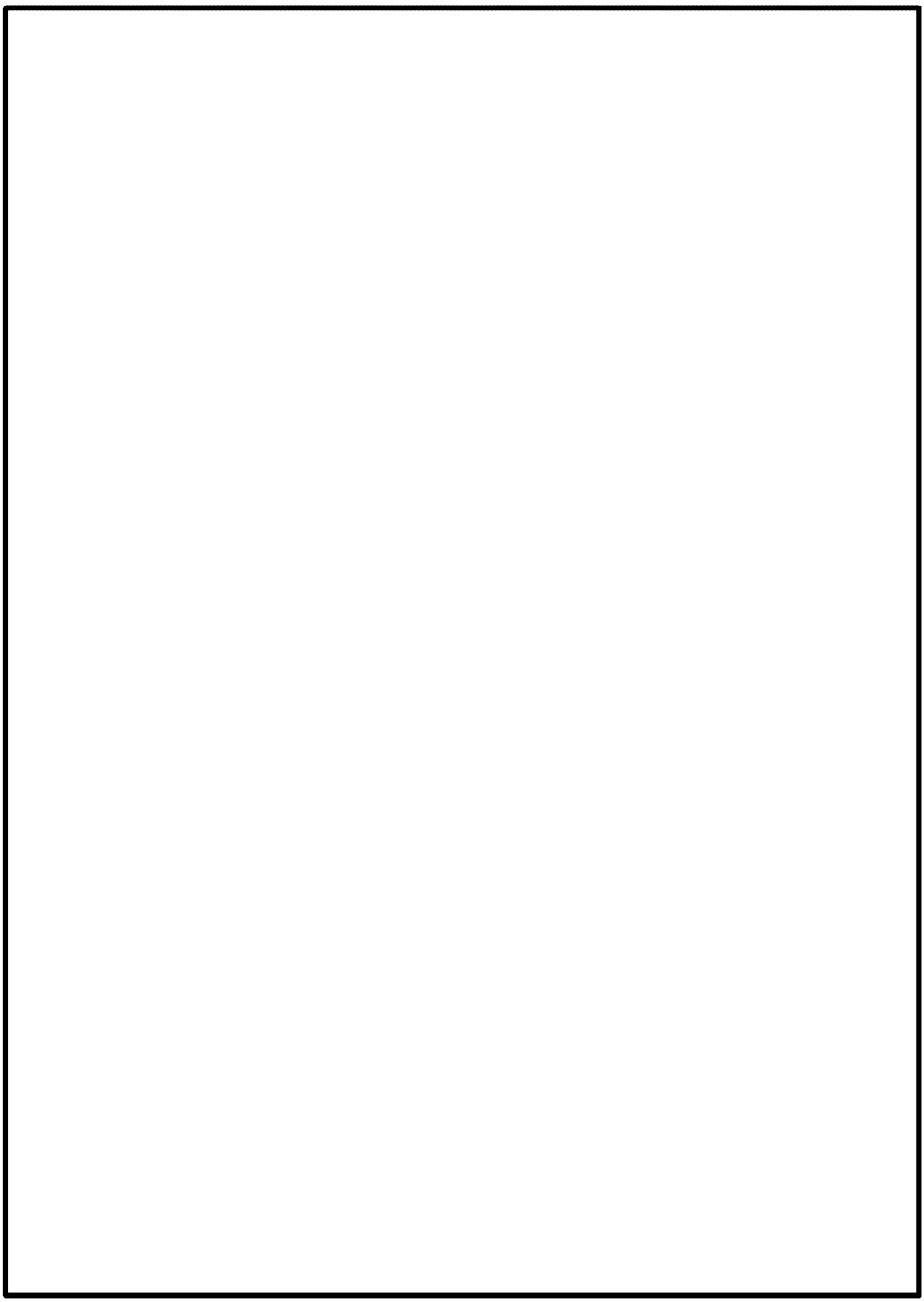

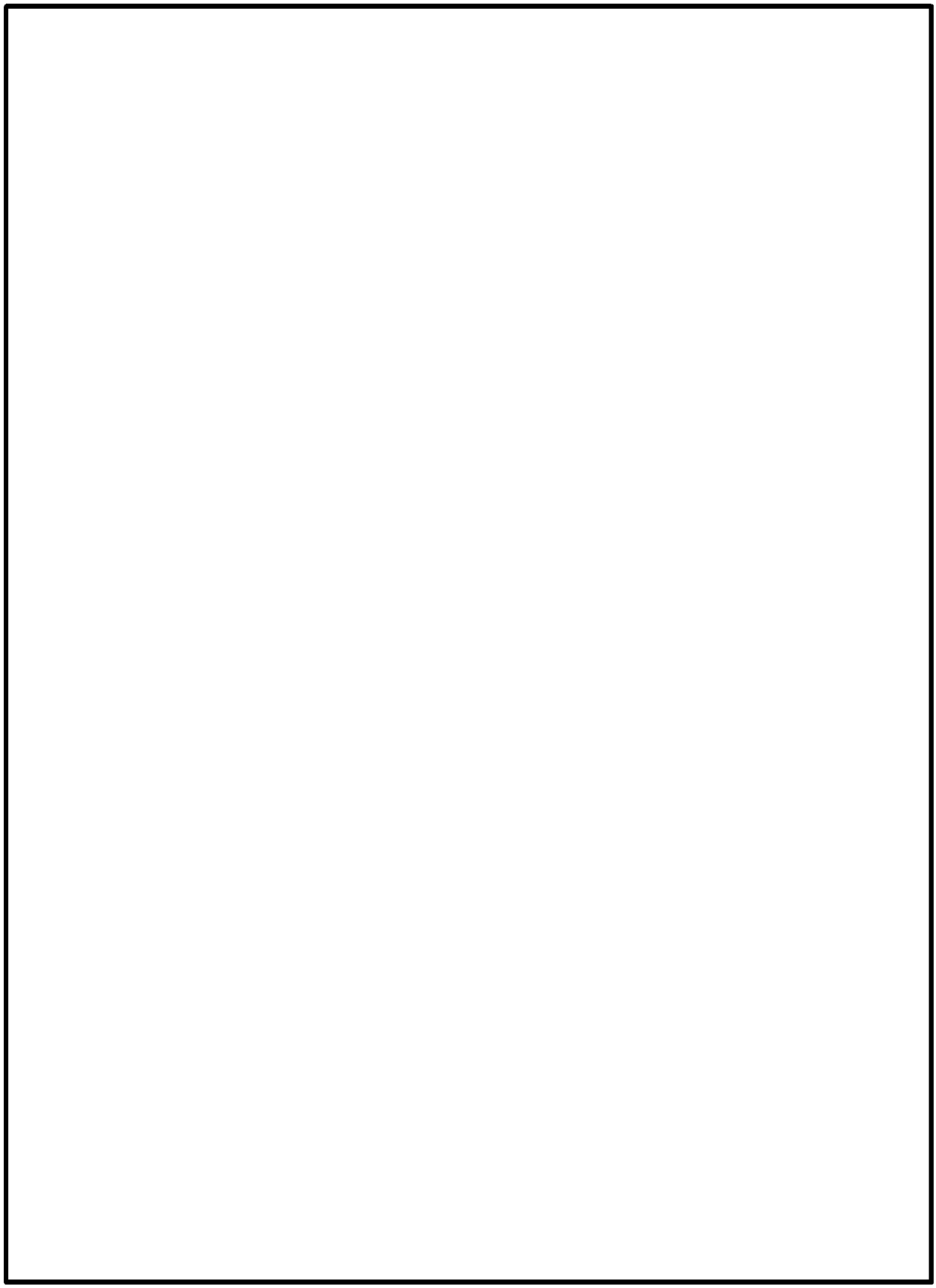

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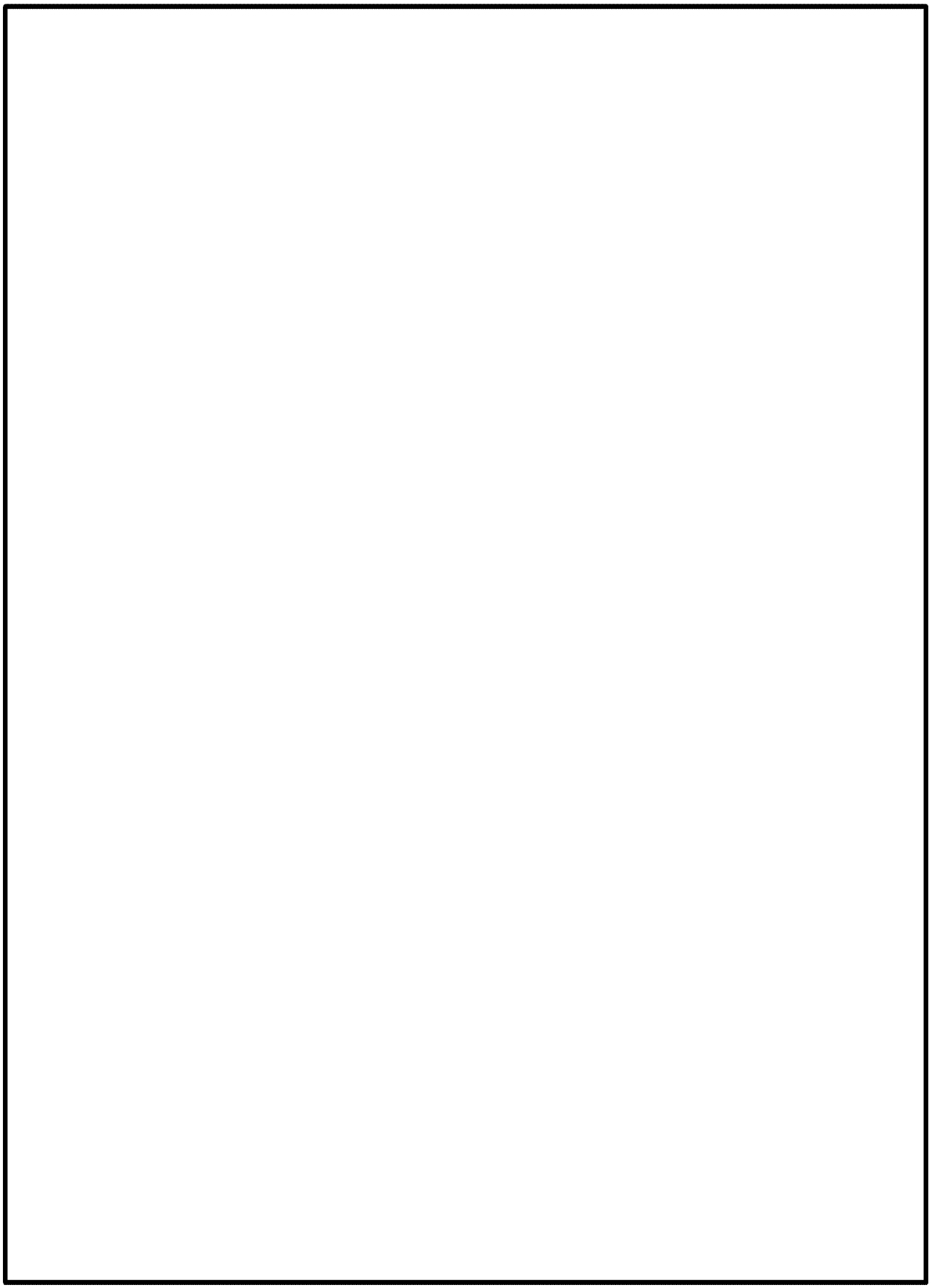

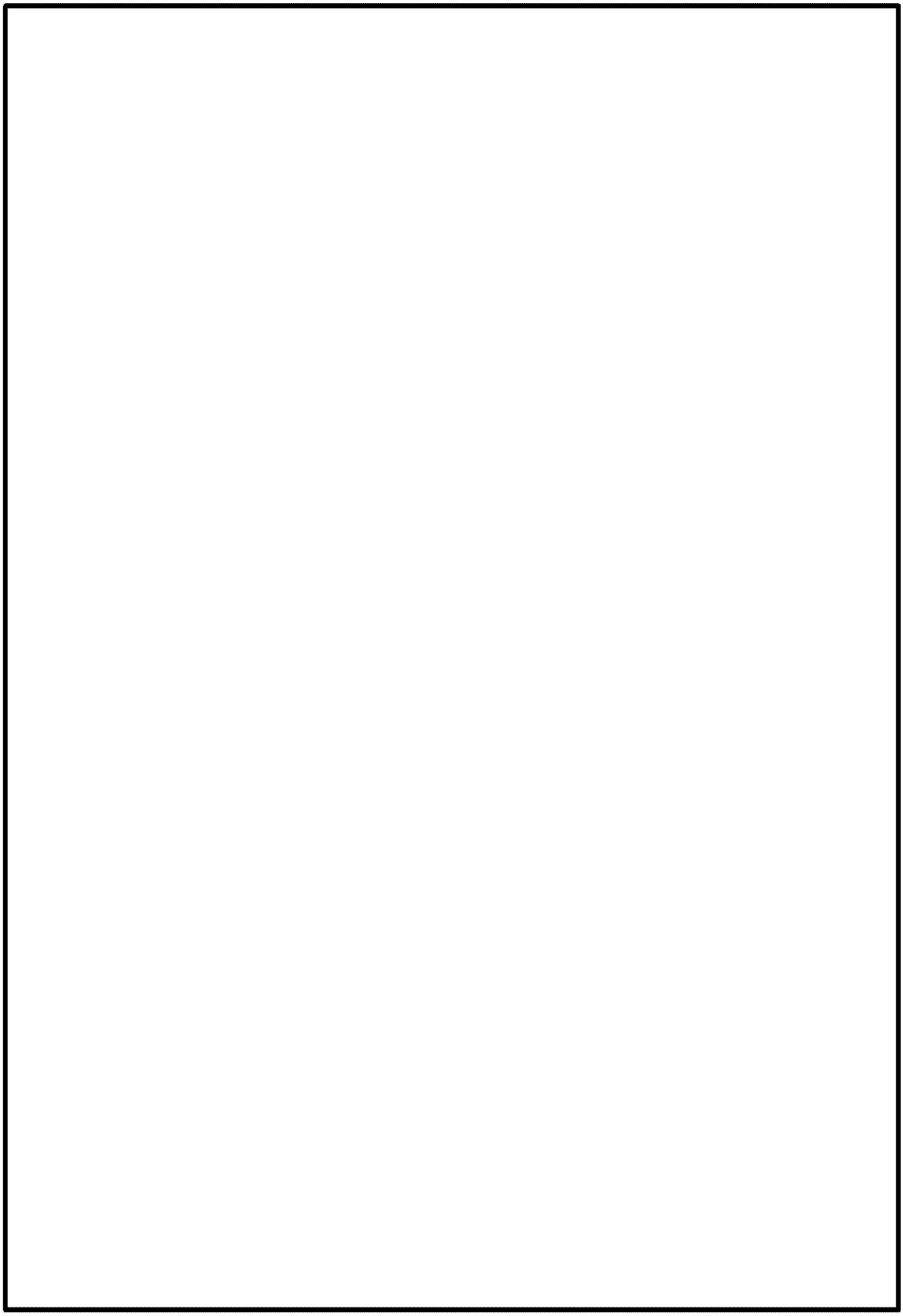

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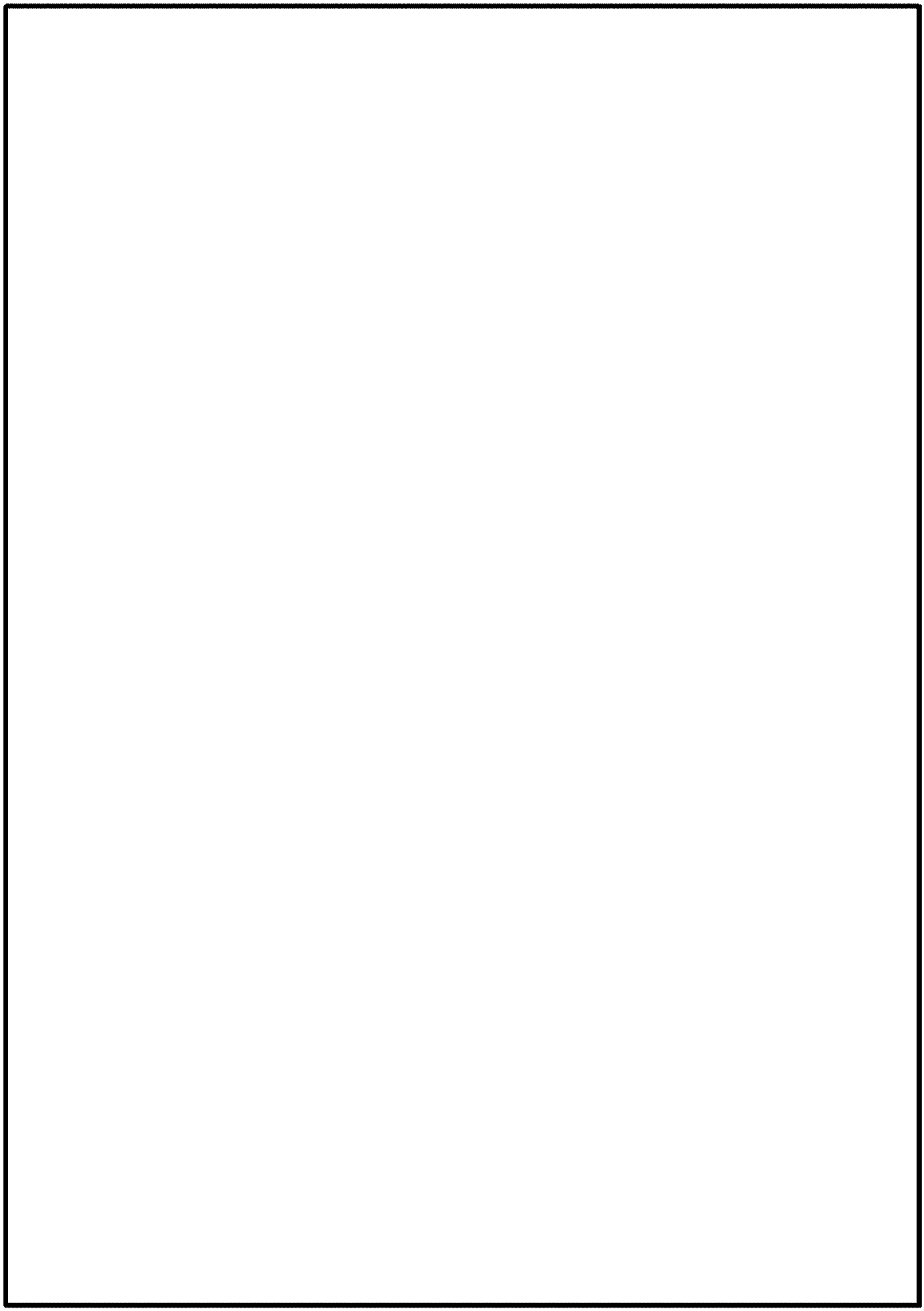

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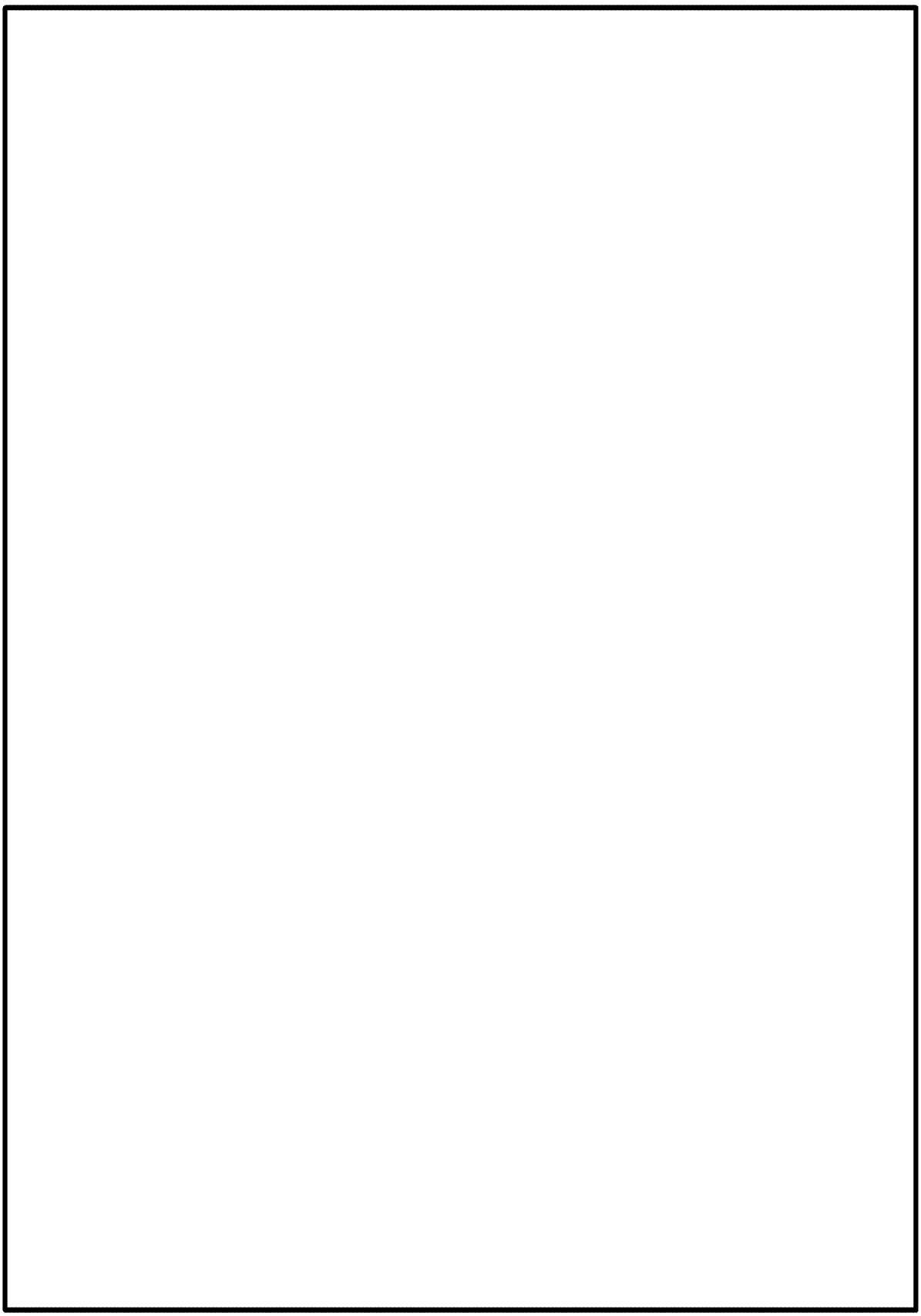

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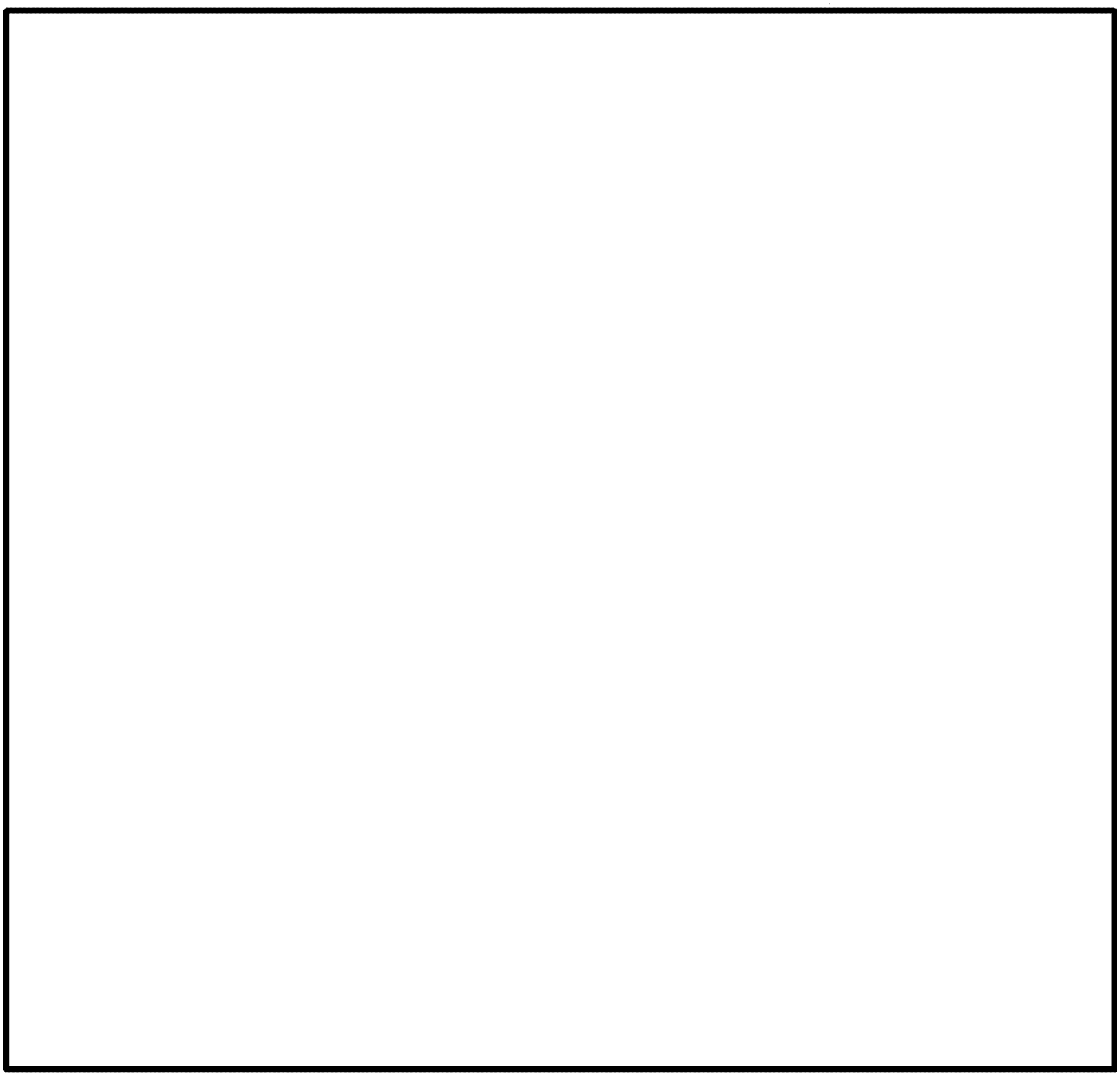


Our conclusions are founded in market-based data that are current as of the date of this report. Our recommendations recognize Mountain Air Country Club's established market position and success, and a significantly competitive environment, and assume a consistent and professional marketing program and a relatively stable economic environment.

EXHIBIT A

Golf Community Survey

Golf Community Survey
Re: Carolina Mountain Region

(b)(4)

Community	Location	Began	AARV*

Source: RalphStewart Bowden, Inc., Real Estate Counselors, 0408

(b)(4)

Community Composition

Community	# Units	# Acres	Gross Density	# Ac/ Unit	# Golf Holes	# Res. Unit Per 18 Holes
[redacted]						

Golf Community Survey
Re: Carolina Mountain Region

(b)(4)

Unit Mix

Community	Custom Home Lots	Detached Built-For-Sale	Attached Built-For-Sale
[redacted]			

Golf Community Survey
Re: Carolina Mountain Region

Sales Activity

(b)(4)

Community	% Sold	Est. # Sold	Inventory	EAAAR*
[redacted]				

Golf Community Survey
Re: Carolina Mountain Region

Buyer Profile

(b)(4)

Community	Age Group	Predominant Origination

EXHIBIT B

Custom Home Building Lots

Golf Community Building Lot Product Survey

Re: North Carolina Mountain Region

(b)(4) **Building Lots**

Community	Lot Orientation	Lot Size (Avg.) Standard	Estate	Patio

Source: RSBInc / 0408

Building Lot Product Survey

Re: North Carolina Mountain Region

Building Lot Pricing

(b)(4)

Community	Current Lot Price Range Low	High	Average Lot Price	Typical Custom Value	Average Price as % Home Value

EXHIBIT C

Detached Built-for-Sale Products

Built-for-Sale Product Survey
Re: Carolina Mountain Region

(b)(4) **Detached BFS Products**

Community	Location/ Orientation	# Units	EAMAR*

Built-for-Sale Product Survey
Re: Carolina Mountain Region

(b)(4)

Detached Products

Community	Building Config.	Unit Configuration	Lot Size

Built-for-Sale Product Survey
Re: Carolina Mountain Region

(b)(4)

Detached Products

Community	Unit Sizes Low	Unit Sizes High	Base Unit Prices Low	Base Unit Prices High	Prices Per Sq. Foot Low	Prices Per Sq. Foot High

EXHIBIT D

Attached Built-for-Sale Products

Built-for-Sale Product Survey
Re: Carolina Mountain Region

Attached Products

(b)(4)

Community	Unit Size Low	Unit Size High	Price Range Low	Price Range High	Prices Per Sq. Foot Low	Prices Per Sq. Foot High

EXHIBIT E

Private Club Profile

Private Club Survey

Re: Mountain Air CC

(b)(4)

Club	# Holes	# Dus	# Units/ 18 Holes	FG Cap	Cap:Units	Golfers/ 18 Holes	AARV

Source: RSB Inc., 0408

Private Club Survey

Re: Mountain Air CC

(b)(4)

Club	Initiation Fees		Annual Dues			Golf Fee:
	Full Golf	Ltd. Golf	Full Golf	Ltd. Golf	% Refund.	AARV

ADDENDUM

Statement of Professional Qualifications

RALPH STEWART BOWDEN, INC.
REAL ESTATE COUNSELORS
626 ELK RUN LANE
EARLYSVILLE, VIRGINIA 22936
(434) 974-7611 fax (434) 974-7612
e-mail: rsbclub@msn.com
www.bowdensmarketbarometer.com

PROFESSIONAL QUALIFICATIONS

MARKET ANALYSIS and STRATEGIC PLANNING

for

MASTER PLANNED COMMUNITIES
RESORT COMMUNITIES
GOLF and COUNTRY CLUBS
CLUB MEMBERSHIP

INTRODUCTION

Ralph Stewart Bowden, Inc., Real Estate Counselors, was established in 1987 to provide market analysis and strategic planning services to the community development, resort development and recreational development industries. The philosophy behind the business is to provide consulting services at a level of principal involvement that is atypical of larger, more institutionalized consulting firms. We normally serve only a small number of clients at any one time, providing for undistracted attention to our assignments and the ability to provide answers promptly. Having focused on these areas of the real estate development business for over fifteen years, we also have access to a network of specialists in other disciplines such as land planning, operations management, golf course design, clubhouse and residential architecture, marketing, legal and finance.

SERVICES

The company specializes in providing preliminary and ongoing strategic planning services, based upon market research and analysis, to large and small scale master planned, recreationally oriented developments, particularly Country Club communities, Resorts with a residential or club component, and Recreational development.

Historically, our efforts have focused on issues such as **Market Position, Scope of Amenities, Marketing Strategies, Demand Analyses, Product Profiles and Selection, Residential and Membership Pricing and Absorption, Due Diligence and Fiscal Impact Analyses, and Disposition Plans for Major Amenities**, particularly country clubs.

Typically, we represent an integral part of the planning process, participating as a member of the development or management team, along with land planners, attorneys and accountants, architects and operations managers. By complementing the talents represented by the development team, we can provide specialized insights into capital intensive, market sensitive areas of project development, and decision-making oriented perspective with respect to both opportunities and potential problems in the post-planning period of a development's life.

PROFILE OF EXPERIENCE

Ralph Stewart Bowden has been involved in real estate market research and analysis since 1972. Beginning the journeyman process in Florida, under the guidance of Hunter Moss, CRE, a noted expert in mortgage underwriting and financing, Bowden later gained broad based appraisal experience in New England. Bowden rejoined Hunter Moss & Company, which soon merged with a noted hospitality oriented accounting firm, and directed the firm's real estate and club community advisory services activities.

Ralph Stewart Bowden, Inc., Real Estate Counselors, was established in 1987. Bowden is a member of ULI- The Urban Land Institute, and has served on ULI's Residential, Recreational and Environmental Councils, as well as its Research Committee and the Recreational Development Handbook Committee. Bowden is also a member of the National Golf Foundation.

Judith A. She`, Associate Market Analyst with Ralph Stewart Bowden, Inc. since 1987, has been involved in real estate related activities since 1978. Prior to joining Bowden at Hunter Moss & Company in 1983, Ms. She` gained experience in residential and commercial market analysis with Engle Homes Corporation and Servico (Hotel) Management Corp. Subsequent to Hunter Moss and Company's merger with Pannell Kerr Forster (PKF) Ms. She` was promoted to Senior Consultant, concentrating her efforts in the areas of residential real estate and private club development and operations. Upon leaving PKF in 1987, She` re-associated with Bowden, providing comprehensive market research and analysis.

In 1991, Ms. She` developed *Bowden's Market Barometer*, a bi-monthly newsletter designed as a positive vehicle for the reporting of real estate, resort and golf industry trends. **(www.bowdensmarketbarometer.com)** In addition to her responsibilities as Managing Editor, Ms. She' researches and writes feature articles.

Since 1987, it has been our privilege to list the following among our clients.

Alcoa South Carolina
Arvida/JMB Corporation, FL
Centex Homes
Club Corporation of America
Colleton River Plantation, SC
Del Webb Corp., AZ
DKM Properties, NJ and DL
Elk River, NC
Guggenheim Brothers, FL
Grupo DINE, Punta Mita, Mexico
HMB Partners, TX
Indian Springs CC, CA
Isleworth Country Club, FL
Jupiter Island Club Members, FL
Lehman Brothers, NY
Medallist Golf Development
Old Marsh Partners, FL
Palm Harbor Yacht Center, FL
Quintero Golf & Country Club, AZ
Sandestin, FL
Snowshoe-Intrawest, WV
Stone Harbor Golf Club, NJ
Trillium, NC
Weyerhaeuser, NC
Amelia Island Plantation, FL
Casa de Campo, D. R.
Clifton Cay, Nassau
CMC Heartland Partners
Dataw Island Owners and Members
Desert Mountain Properties, AZ
Dominion Resources, VA and NC
GATX Capital Corp., FL
Gilman Paper Company, GA
Grupo Punta Cana, D. R.
Indian River G&CC, FL
International Paper Co., SC
J. E. Robert Company, FL
KSL Recreation Corp., CA
The Litchfield Company, SC
Mountain Air CC, NC
Orient Express, Keswick, VA
The Pete Dye Golf Club, WV
Royal Westmoreland GC, Barbados
Seven Springs, PA
Snyder Hunt, VA
Toll Brothers, (FL, NC, VA, CA)
The Virginian Golf Club, VA
Xerox Realty Corp., VA

The following is a list of developments for which Bowden has provided consulting services since 1972, while a principal with Hunter Moss & Company, a principal with Pannell Kerr Forster, and since 1987, as president of Ralph Stewart Bowden, Inc.

Alabama	BlackWater
	Blount Springs
	Daniel Corporation, Fair Hope
Arizona	Arrowhead Country Club
	Desert Mountain
	Gainey Ranch
	Quintero Golf & Country Club
	Terravita
	Centex Destination Properties
Arkansas	The University Golf Club, University of Arkansas (CCA)
California	Indian Springs Country Club
	Mountainview CC at PGA West
	Norman Estates at PGA West
	Pacific Golf Club
	PGA West
	Pension Trust Fund for the Operating Engineers Union
	Riviera Golf & Country Club
	San Juan Hills Country Club
Colorado	Chenoa
Connecticut	Byron Brook Country Club
	Bulls Bridge Golf Club
	Yale Farm Golf Club
Florida	Aberdeen Country Club
	Amelia Island Plantation

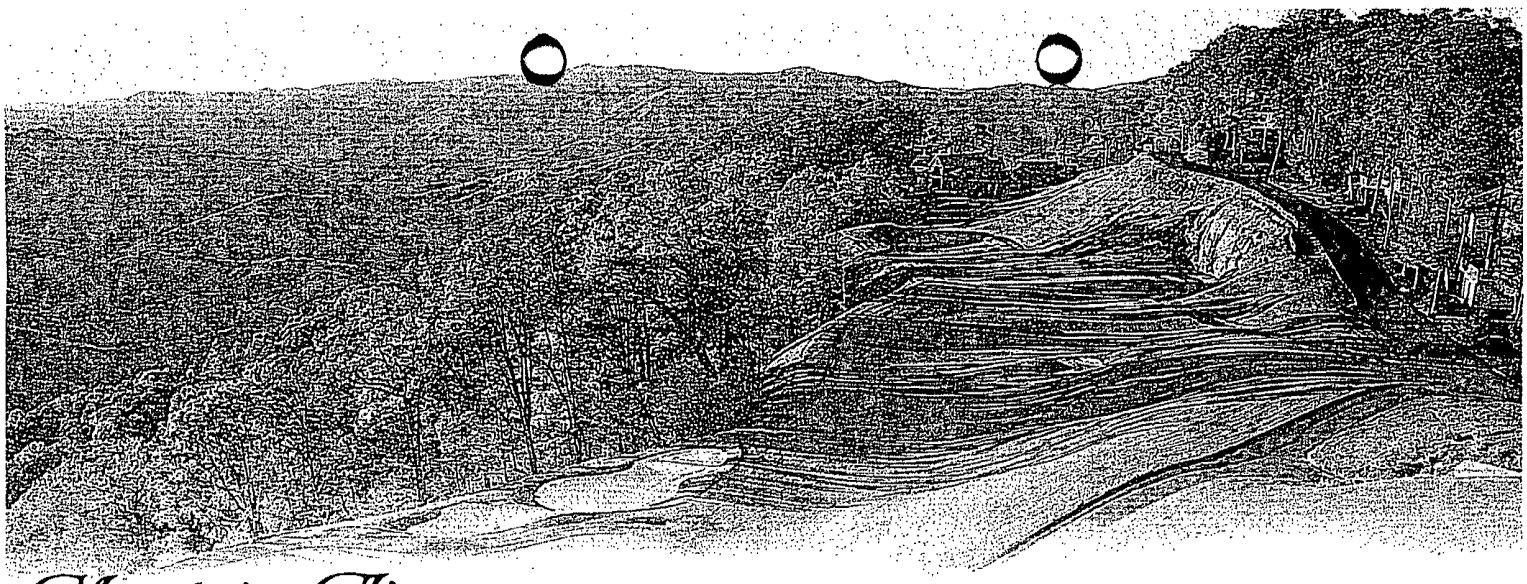
Florida(cont'd)	The Bear's Club
	Black Diamond Ranch
	Boca Pointe Golf & Racquet Club
	Broken Sound
	Coral Creek Club
	Coral Ridge Country Club
	Grand Cypress Golf Resort
	Hammock Dunes
	Harmony (Equestrian)
	Hawk's Nest
	Heathrow
	Indian River Country Club
	Members of the Island Club (Jupiter Island)
	Moorings at Carrabelle
	John's Island
	Kings Bay Yacht & Country Club
	Lake Nona
	Mariner Sands
	Martin Downs
	Medalist Golf Club
	Mizner Country Club
	Monarch Country Club
	Naples Lakes Country Club
	Oakbrook Country Club
	Old Marsh Golf Club
	Orchid Island Golf & Beach Club
	Palm-Aire, Sarasota and Pompano
	Palm Beach Polo & Country Club
	Palm Harbor Marina & Yacht Center
	Sandestin, Burnt Pine Golf Club
	Sawgrass Country Club
	Seaside
	Shalimar Ponte
	Spencer / Rybovitch Boatyards
	The Reserve
	White Oak Plantation
	Williams Island Club
	Willoughby Golf Club
	Woodfield Country Club
	Woodmont Country Club
	Wyndemere Country Club
Georgia	Barnsley Gardens
	Currahee Club
	The Landings on Skidaway Island
	Hutchinson Island, Savannah
	Little Tybee Island
	Osprey Cove
	Birch River Golf Club
	Savannah Sheraton Resort & Country Club
	Sea Palms
Illinois	Hawthorne Woods Country Club
	Stonebridge
Indiana	Victoria National Golf Club
Kansas	Lions Gate Golf Club
Maine	Sprague Corporation

Maryland	The Chesapeake Sporting Club
	Stage Coach, Somerset Homes
	Summerfields at Snow Hill
Massachusetts	Cobb's Pond on the Bay
	The Down Island Golf Club
	Goodale Farms Golf Club
Michigan	Northville Golf Club
	Great Northern Golf Club
Missouri	Old Kinderhook Golf & Country Club
Montana	Silver Bow Club
New Jersey	Stone Harbor Golf Club
New Mexico	Campbell Farming
	High Desert
New York	Casperkill Country Club
	Colonial Springs Golf Club
	Hudson National Golf Club
	Keane Stud
Nevada	Silver Canyon Partnership
North Carolina	Altapass Club (proposed)
	Bald Head Island
	Brier Creek Country Club
	Broyhill-Blowing Rock
	Cullasaja
	Elk River Club
	Grove Park Inn
	Hiawassee River Club
	Lake Toxaway Village
	Longleaf Golf & Country Club
	High Hemlock
	Maggie Valley Club
	Mountain Air Country Club
	Olde Beau Country Club
	Santeetlah Lakeside
	Treyburn
	Trillium
	Uwharrie Point / Old North State Club
	Wolf Laurel
Pennsylvania	Diamond Run
	Hartefeld National Golf Club
	Heidleberg Country Club
	Seven Springs
	Spring Ridge Club
	Treesdale Country Club
South Carolina	Colleton River Plantation
	Country Club of Hilton Head
	Dataw Island
	DeBordieu Club
	Haig Point Club
	Oyster Reef
	The Reserve Golf Club at Litchfield
	Rosehill Plantation
	Wachesaw Plantation
	Webb Tract, Daufuskie Island
	Woodside Plantation (Phase III)
Tennessee	Redtail Mountain Club

Texas	City of Bryan / Traditions Golf and Country Club at University Ranch
	Comanche Trace Ranch and Golf Club
	The Dominion
	Falcon Point
	Ingleside Golf and Yacht Club (Corpus Christi)
	Onion Creek Country Club
	Spanish Oaks
Virginia	Bayville Farms Golf Club
	Belmont Country Club
	Brambleton
	Clevenger's Village- Centex
	Dominion Valley Country Club, Toll Brothers
	Keswick Estate and Club, Orient-Express Hotels
	Landsdowne, Xerox Corporation
	Links at Lake Anna
	Longlea
	Salt Ponds on the Bay
	Snyder Hunt – Proposed developments
	The River Club, Somerset Homes
	The Virginian Golf Club
	Tides Inn
West Virginia	Charles Pointe
	Overlook Sporting Club
	The Pete Dye Golf Club
Caribbean / Bahamas / Mexico/ Central America	Bahia Beach Resort and Club, Puerto Rico
	Carambola, St. Croix, V. I.
	Casa de Campo, Dominican Republic
	Clifton Cay, New Providence, Bahamas
	Cinnamon Hill Club, Rose Hall, Jamaica
	Costa Isabela, Puerto Rico
	Costa Careyes, Careyes, Mexico
	El Conquistador (LXR)
	The Embassy Club, Panama
	Emerald Bay, Great Exuma, Bahamas
	La Solana, Punta Mita, P. V. Mexico
	Los Suenos Resort, Costa Rica
	Palmas del Mar, Puerto Rico
	Peninsula de Papagayo, Guanacaste, Costa Rica
	Piramides del Rey, Cancun, Mexico
	Punta Cana Resort & Club, Dominican Republic
	Punta Mita, Puerto Vallarta, Mexico
	Royal Westmoreland Golf & Country Club, Barbados, BWI
	Spa Resort Site Search, Nicaragua

Appendix III: Mountain Air EB-5 Project Direct Employment Detail

- Analysis of Employment Projections – Letter from Mr. Randy Banks, President and CEO, Mountain Air Development Corp.



Mountain Air

Redefining Mountain Living, Naturally

April 6, 2013

To Whom It May Concern:

This letter is intended to clarify our response to the October 11, 2012 RFE, which established that our staffing schedule is based on the prior Mountain Air operating model that was utilized to execute the earlier phases of development of the Mountain Air community. We have examined the historical staffing requirements for a four year period

(b)(4)

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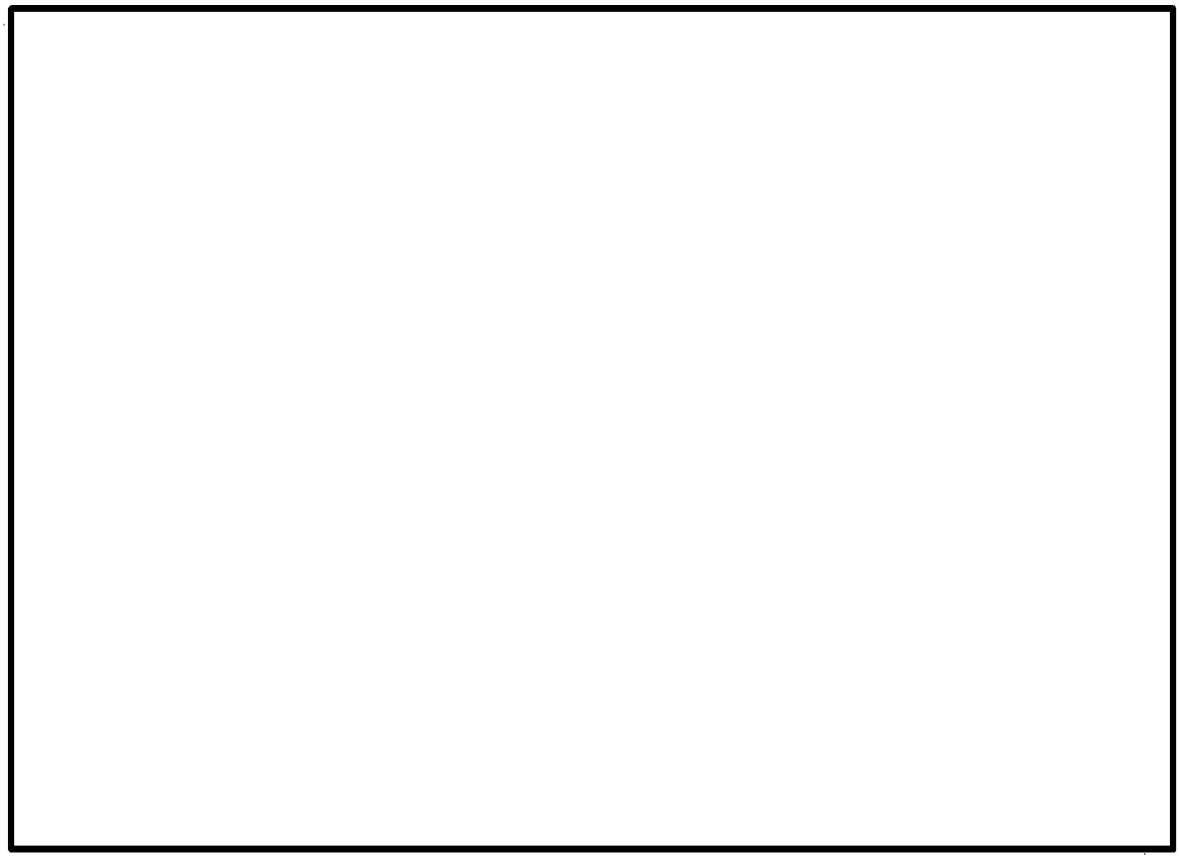


I trust that this provides the additional detail that is being requested.

Sincerely,

Randy Banks
President, CEO
Mountain Air Development Corporation

Mountain Air EB-5 Project Employment Forecast Support Tables

Benchmark Period Staffing Schedule Summary (Mountain Air Development Reference Departments)		
	Full Time Positions	Hrs/Wk
(b)(4)		

(b)(4)

Benchmark Period Staffing Schedule Summary

(Mountain Air Realty Reference Departments)

	Full Time Positions	Hrs/Wk

(b)(4)

Benchmark Period Staffing Schedule Summary

(Mountain Air Legacy Homes Reference Departments)

	Full Time Positions	Hrs/Wk

(b)(4)

Benchmark Period Staffing Schedule Summary (Mountain Air Maintenance Reference Departments)		
	Full Time Positions	Hrs/Wk

(b)(4)

Full Time Employee Forecast - Mountain Air EB-5 Project					
Department - Title	Year 1	Year 2	Year 3	Year 4	Year 5
Mountain Air Development					

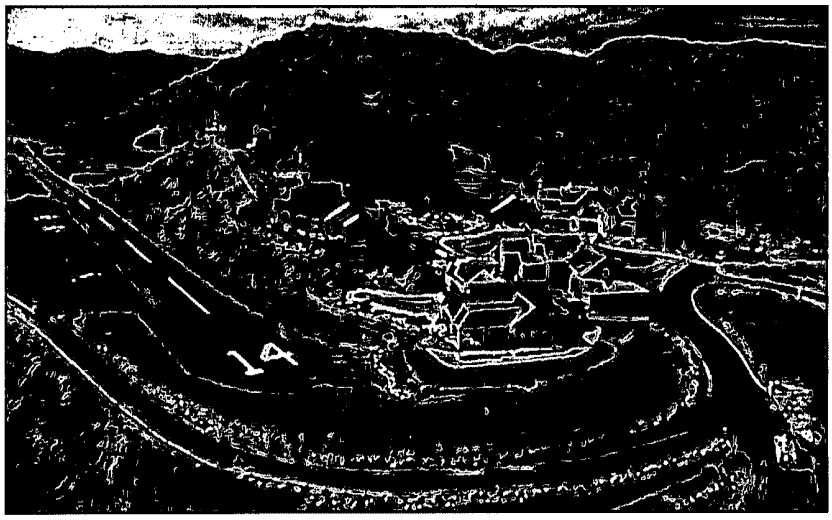
(b)(4)

Full Time Employee Forecast - Mountain Air EB-5 Project					
Department - Title	Year 1	Year 2	Year 3	Year 4	Year 5

Exhibit C

The Economic Impact of the Mountain Air EB-5 Project in the Prospective Appalachian EB-5 Regional Center

April 9, 2013 (Update)



Prepared by:

EPR Economic & Policy Resources, Inc.
Economists, Policy and Financial Analysts

400 Cornerstone Drive, Suite 310
Williston, VT 05495
800-765-1377
www.epreconomics.com

Letter of Transmittal

April 9, 2013

Mr. Andy Dover
Odlum Capital
1071 Terrace Ct
Zanesville, OH 43701

Dear Mr. Dover:

Attached with this letter is the economic impact analysis of the potential Mountain Air EB-5 project to be developed in Burnsville, North Carolina, which our firm prepared at your request. The report is intended to accompany an I-924 regional center designation application filed with the U.S. Citizenship and Immigration Service's EB-5 Immigrant Investor Program. In the report you will find an explanation of the findings and the methods used to estimate the project's prospective economic impacts.

We have prepared our analysis using assumptions and estimates developed from third party data sources, information you have provided, and research and knowledge of the industry and region from our many years of applied economic practice. Where we have used third party data and project information from you and your team, we have assumed that information to be correct. In completing our analysis, we have performed a number of tests and cross checks to verify the internal consistency of the results and find those results to be reasonable. However, changing events and circumstances may cause actual results in any one given year, and for the impacts in total, to be materially different than those reported here.

Thank you; we appreciated the opportunity to work with you and your professional team on this project.

Sincerely,

Jeffrey B. Carr
President and Economist
Economic & Policy Resources, Inc.

Table of Contents

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Overview of the Regional Economy: Appalachian EB-5 Regional Center 13
Economic Impact Analysis **33**
Methods of Analysis 33
Model Specifications 39
Model Output and Results **41**
Conclusions **45**
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Appendix 2: **49**
Appendix 3: **51**

Highlights and Findings

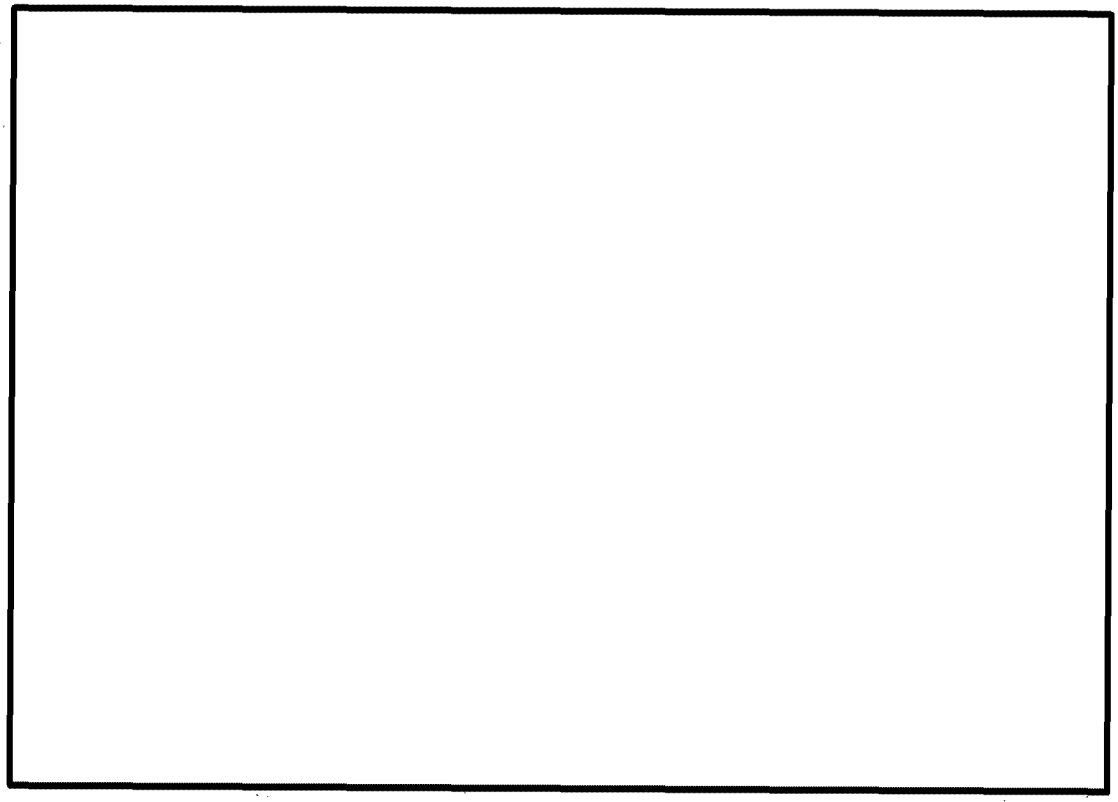
- The Appalachian EB-5, LLC seeks regional center designation approval of the proposed Appalachian EB-5 Regional Center from the U.S. Citizenship and Immigration Services (hereafter the "USCIS") EB-5 Immigrant Investor Program. This study was prepared as part of an application to the USCIS for designation of a 79-county regional center spanning the North Carolina-Tennessee border.

  - This study presents estimates of impacts which illustrate how the Mountain Air EB-5 project would increase economic growth and cause net new job creation in the prospective Appalachian EB-5 Regional Center (AEB-5 RC).

  - USCIS regulations allow applicants to submit an economic analysis of a proposed EB-5 project to demonstrate how a regional center designation will promote economic growth (e.g. through improved productivity, job creation and increased capital investment) within a region under 8 CFR 204.6(m)(3)(i).

  - This analysis is intended to be such a demonstration and show how the Mountain Air EB-5 project will contribute to regional economic growth, including job creation and increased capital investment, within the proposed AEB-5 RC if both the project and regional center are approved.

- (b)(4)



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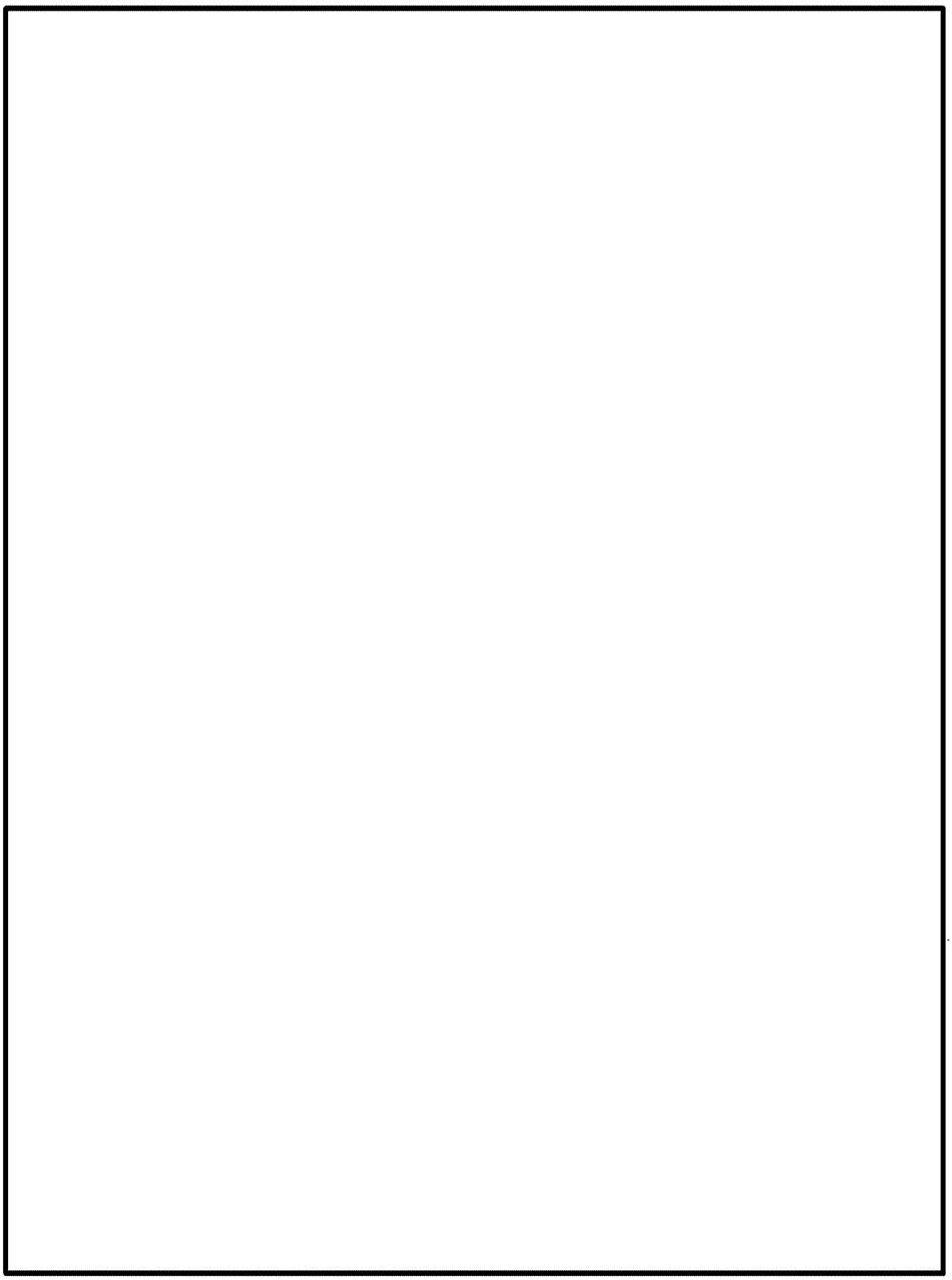

[1] NAICS refers to the North American Industrial Classification System.
[2] For a full description of the REDYN input-output model see Appendix 3 of this report.

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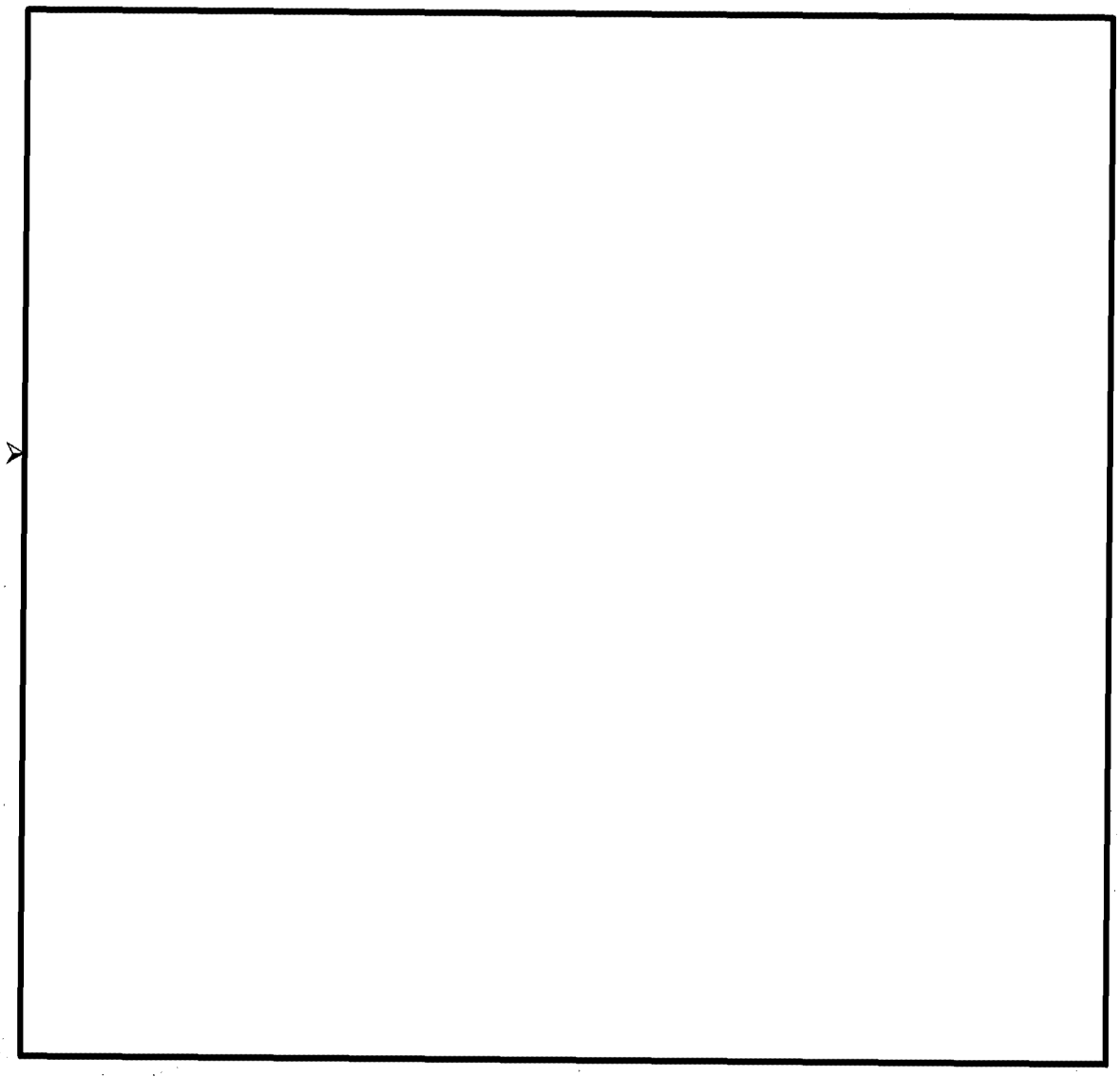

[3] Because the project is using a lending approach to the EB-5 capital investment, all the jobs created are indirect for EB-5 program purposes.

[4] These outside the regional center impacts are calculated as the difference between the cumulative U.S. totals for each variable less the estimated impacts within the Appalachian EB-5 Regional Center geography.

Table 2. Summary of Study Results–Mountain Air EB-5 Project

	Year 1	Year 2	Year 3	Year 4
Timeline	Construction			
	On-Going Operations			

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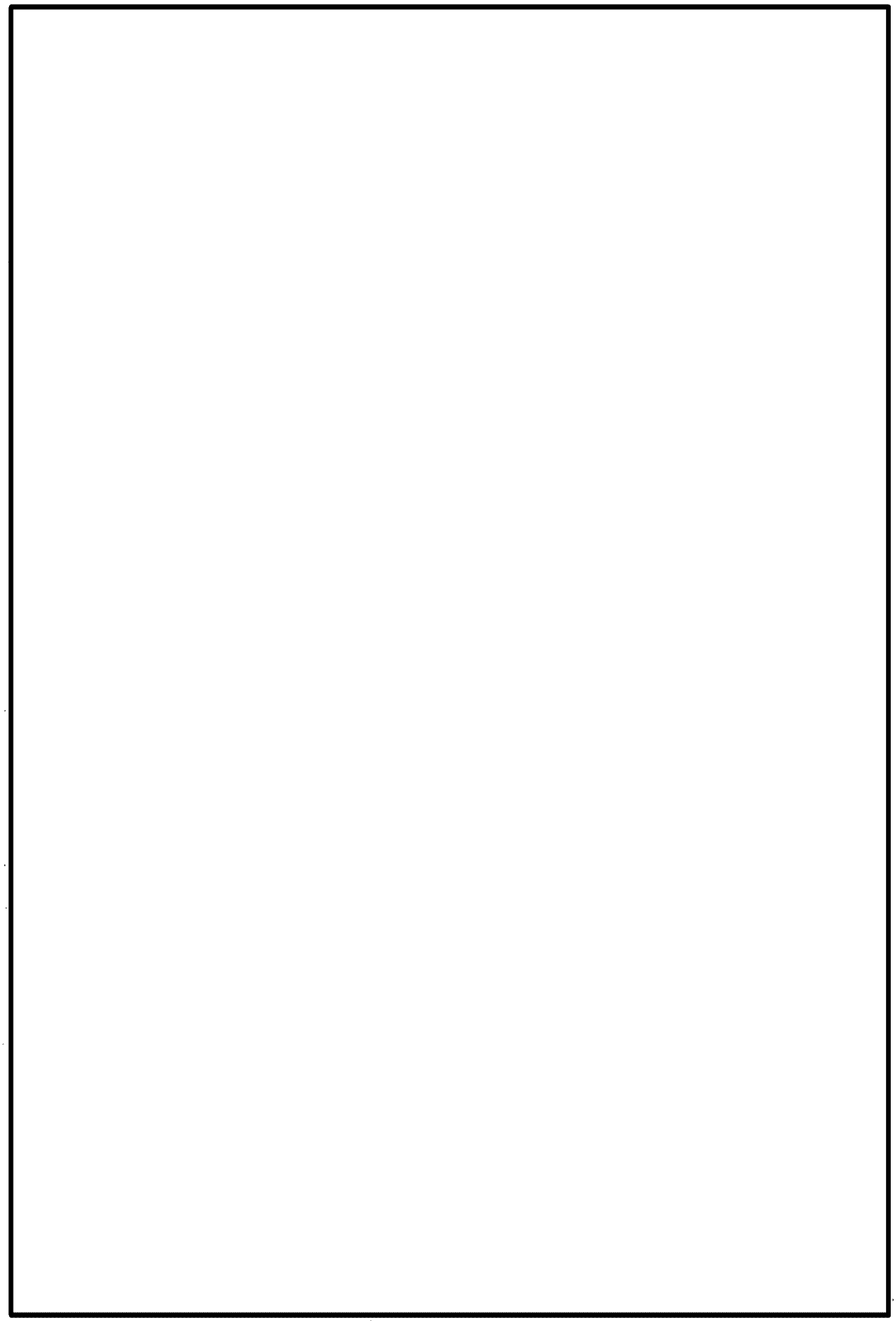

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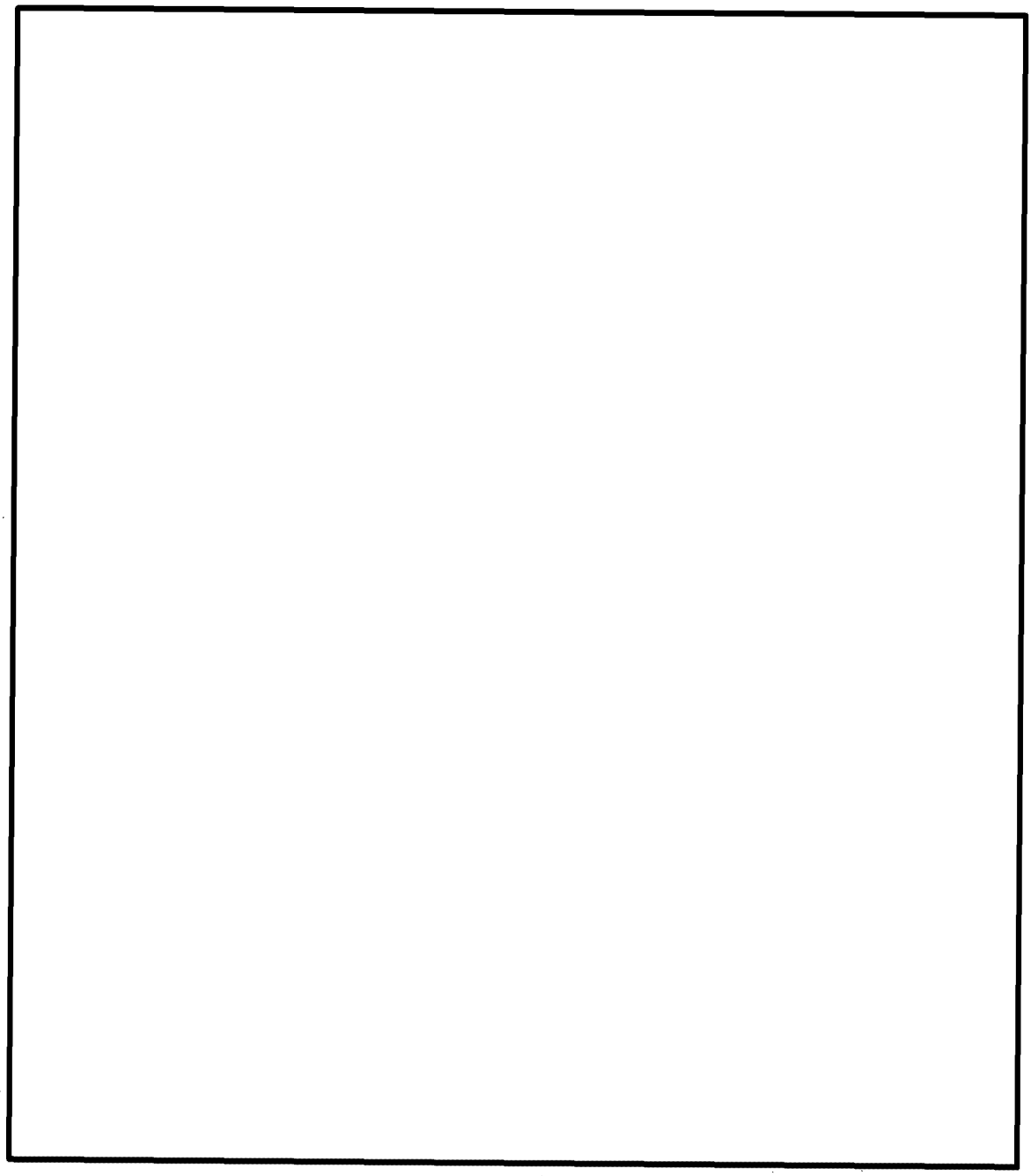


- The estimates of new economic activity and net new jobs presented in this economic and job impact assessment study demonstrate how the project will promote economic growth within the prospective regional center's geography in the industry sector activities that are expected to be included in the regional center application (NAICS 2213, NAICS 2361, NAICS 2362, NAICS 2373, NAICS 23711, NAICS 23799, NAICS 5312, NAICS 5313, NAICS 5411, and NAICS 5413. Please see Table 1 for this listing with NAICS titles).

  - USCIS approval of the proposed EB-5 project will result in significant and positive economic and job impacts for both the regional economy of the Appalachian EB-5 Regional Center and

the economy of the U.S. as a whole—consistent with the specific impacts detailed above.

- Lastly, it should be noted that the Mountain Air EB-5 project location in Yancey County, NC is not within a Metropolitan Statistical Area (MSA) as defined by the Office of Management and Budget.

  - It is in Burnsville, NC, which has a population of 1,693 according to the 2010 census, which is less than the 20,000 rural classification threshold.

  - Thus, it is considered a rural Targeted Employment Area (TEA) by EB-5 Immigrant Investor Program standards. Therefore, investors in the project qualify for the $500,000 EB-5 investor minimum.

Introduction

Purpose of the Study

This analysis is intended to assist the USCIS in their evaluation of the Mountain Air EB-5 Immigrant Investor regional center designation application. In compliance with USCIS guidance, this study sets forth the likely net economic and job creation impacts associated with the proposed EB-5 project in Burnsville, North Carolina. Changes in the number of jobs, economic output, personal income, and household earnings that the EB-5 project is expected to generate are described for inside the regional center, outside the regional center, and for the U.S. as a whole geographies. The proposed geographic region of the prospective regional center is also described in detail in this report with emphasis on regional transportation networks and the economic climate. Thus, the project's economic benefits are demonstrated both regionally and nationally.

The Mountain Air EB-5 project entails initial development, including construction of single family homes and residential condominiums. Additional and continuing economic activity will be generated from the expanded operations of the community. These expanded operations include jobs in real estate marketing, real estate development, professional services, maintenance services, and utilities. Additional details are discussed in the model inputs section.

(b)(4) This economic development is contingent upon project funding, which is to include up to [redacted] in EB-5 investor capital combined with [redacted] in project equity. This expansion of the regional base of invested capital, the creation of new jobs, and associated economic growth effects[5] cannot be realized without the EB-5 investor capital, which is required to fund the project. In this way, the economic growth impacts reported in this analysis are dependent upon USCIS approval of the proposed project.

This impact assessment analysis shows that the proposed EB-5 project, as planned, would result in significant positive economic impacts for the regional economy of the prospective regional center, the balance of the U.S. outside the regional center, and for the U.S. economy overall. Most importantly from an EB-5 program context, these benefits would include a significant number of new jobs within the regional center economy. The proposed Mountain Air EB-5 project, if approved, would also increase labor demand, output, and personal income (of persons and therefore households) within a number of key subsectors inside and outside the regional center's economy, contributing to the U.S. economy as a whole. These impacts were estimated using the REDYN dynamic input/output

[5] This economic and job impact assessment study, taken together with the project business plan, presents the specific details of how the Mountain Air EB-5 project will result in new economic growth within the prospective regional center, outside the prospective regional center, and the U.S overall.

model, which has been approved by the USCIS for completion of EB-5 economic impact analyses. [6]

Dynamic input-output models like REDYN simulate the economic relationships between sectors of an economy on several levels of geographic detail. These models provide precision beyond that provided by simple multipliers used in analyses such as RIMS II and allow analysts to see how changes in individual or multiple sectors in a state or regional economy ripple throughout the broader system. Incremental demand created by investment expenditures in one sector of a regional economy increases employment not only in that sector, but also in other related sectors and geographic regions. Linkages exist with other sectors and regions which provide commodities or other inputs to a project; consequently, impacts of the original investment are felt in these other sectors and regions through increased output, employment, and income.

The REDYN economic model employed for the economic and job creation impact study estimates the impact a specific investment will generate throughout a determined area—in this case the prospective Appalachian EB-5 Regional Center economy. The input/output model uses a dynamic (or a longitudinal) approach that models not only the relationship between sectors in an economy (e.g. for a county or state), but also the interconnectivity of regional economies. The dynamic element of the model has a well-developed impedance database that is able to account for temporal effects due to competitive differences between either geographic regions and/or different sectors of the economy. Over time, these competitive pressures emerge and then tend to bring the regional economy back to equilibrium. The process, in that way, depicts the so called "ripple effect" impact of economic changes on a region.

In this impact assessment study, the initial economic stimulus (i.e. the construction and operation of the Mountain Air community) reverberates through the economy of the Appalachian EB-5 Regional Center, and progressively spreads outward from the source of the new business activity. Eventually the new waves of economic activity are absorbed into the larger economy creating a new level of economic equilibrium. In the long run, the project, if developed as proposed, is expected to materially alter the regional economy through a significant amount of new investment and related business development activities. Therefore, it is expected that the regional economy of the prospective Appalachian EB-5 Regional Center will have a correspondingly higher level of output, investment, employment, and income than would otherwise be the case in the absence of the proposed Mountain Air EB-5 project, which seeks regional center designation for the proposed geography detailed in the following section.

[6] See Section entitled "*The Regional Dynamics Economic Analysis Model (REDYN)*" on page 34 and Appendix 3 for a thorough description of the REDYN model.

Overview of the Regional Economy: Appalachian EB-5 Regional Center

The Appalachian EB-5, LLC Regional Center is requesting USCIS approval as an official EB-5 regional center for an area centered on the Tennessee-North Carolina border. The regional center is made up of a total of 50 counties in Tennessee and 29 counties in North Carolina. The largely rural regional center is located along the Appalachian Mountain Range, and the boundaries of the regional center were set in part to align with the focus area of the Appalachian Regional Commission. The Commission is a federal, state, and local government partnership with a mission that includes advocating for economic development in Appalachia. The region includes the entirety of seven metropolitan statistical areas (MSAs). MSAs are designated by the US Office of Management and Budget (OMB) and consist of population centers with distinct economic and social identities. The distinction is used by the U.S. Census Bureau and other agencies to calculate statistics in a consistent way.

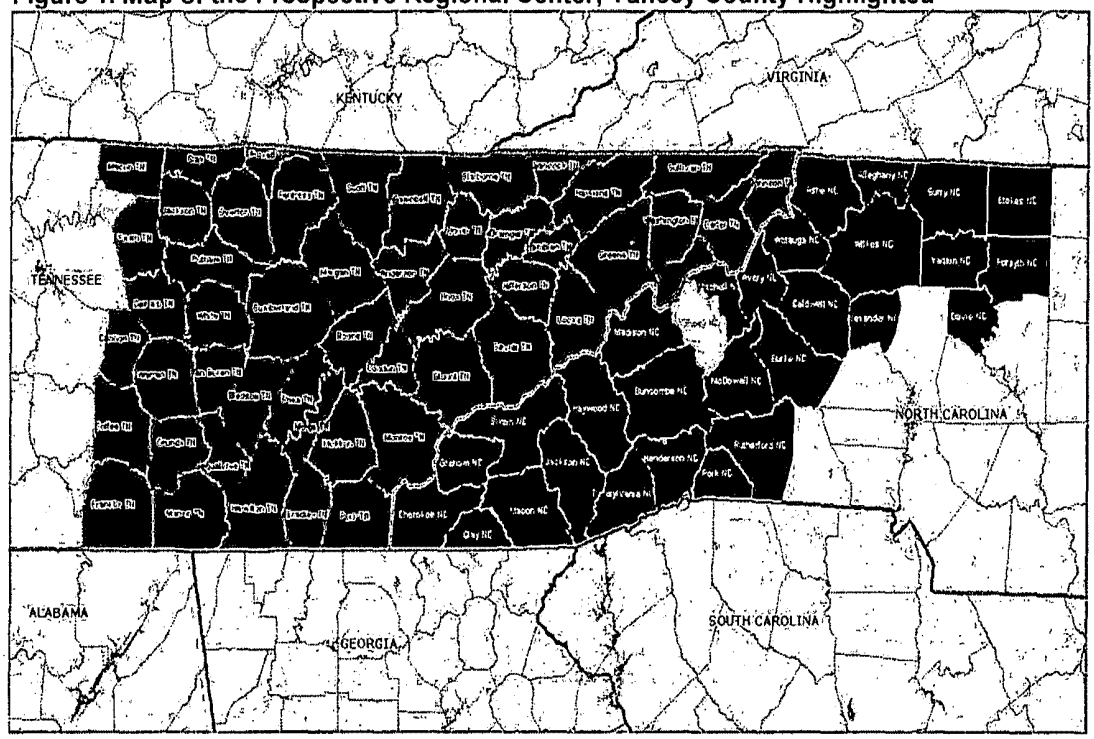
The total proposed regional center geography encompasses a land area of about 31,000 square miles. The area is part of the eastern United States region known as Appalachia. Running along the Appalachian Ridge, from Pennsylvania to Alabama, the region is known for its distinct culture and economy, which have been defined by the difficulties to transportation and economic growth imposed by the mountains. Along the central median of the prospective regional center, high peaks form the border between Tennessee and North Carolina. These ridges along with the Appalachian Ridge and Valley Province, a series of parallel ridges that form foothills to the higher mountains, create barriers to east-west travel. The region has long been known for the poverty that results from these obstacles to economic development. Paradoxically, these mountains contain abundant resources that have fueled the region's economy. Timber harvesting was a thriving industry for many years. Coal production, while it has declined from its peak importance early in the 20th century, remains an important part of the regional economy. As of 2008, the latest year for which data is available, there were 25 active coal mines in Tennessee, producing almost two million tons of coal during that year.

Table 6: Appalachian EB-5 Regional Center County List

North Carolina Counties		Tennessee Counties	
MSA	**Other Counties**	**MSA**	**Other Counties**
Asheville MSA	Alexander	Chattanooga MSA	Bledsoe
Haywood	Alleghany	Hamilton	Campbell
Madison	Ashe	Marion	Cannon
Buncombe	Avery	Sequatchie	Claiborne
Henderson	Burke		Clay
	Caldwell	Cleveland MSA	Cocke
Winston-Salem MSA	Cherokee	Bradley	Coffee
Yadkin	Clay	Polk	Cumberland
Davie	Graham		DeKalb
Forsyth	Jackson	Johnson City MSA	Fentress
Stokes	Macon	Carter	Franklin
	McDowell	Unicoi	Greene
	Mitchell	Washington	Grundy
	Polk		Hancock
	Rutherford	Knoxville MSA	Hawkins
	Surry	Anderson	Jackson
	Swain	Blount	Johnson
	Transylvania	Knox	Macon
	Watauga	Louden	McMinn
	Wilkes	Union	Meigs
	Yancey		Monroe
		Morristown MSA	Morgan
		Grainger	Overton
		Hamblen	Pickett
		Jefferson	Putnam
			Rhea
			Roane
			Scott
			Sevier
			Smith
			Sullivan
			Van Buren
			Warren
			White

Prepared by: Economic & Policy Resources, Inc.

Figure 1. Map of the Prospective Regional Center, Yancey County Highlighted



As extractive industries have declined in the area over time, tourism has grown around the area's abundant natural resources. In 1934, congress approved the creation of the Great Smokey Mountains National Park. The park is a UNESCO world heritage site and the most visited national park in the country. With 9.4 million visits in 2010 the park has more than double the number of visits to any other park. Surrounding the national park are several national forests and state parks that extend the protected area even farther. These include Pisgah, Cherokee and Nantahala National Forests, as well as Mount Mitchell State Park. Mount Mitchell is the highest point in the United States east of the Mississippi River, with an elevation of 6,684 feet. Running through the Great Smokey Mountain National Park and the surrounding areas is the Appalachian Trail, a 2,170 mile long national park that runs from Georgia to Maine. Tourists flock to the region drawn by both the local culture and the beautiful scenery. The area is a birthplace of Americana, notably mountain bluegrass and handicrafts, such as those celebrated at one of the county's most notable folk schools, John C. Campbell Folk School in Clay County, NC. This is the setting for the proposed project, whose Yancey County location is central within this terrain.

While this rugged, rural area is at the geographic heart of the regional center, this area's rural tradition is in marked contrast to the dynamic and modern cities that lie in the valleys on either side of the mountains. The cities of the area are defined by their high quality of life and reputations as sources of technological innovation that brings economic growth. They are the centers of activity that connect the region economically and culturally.

On the Tennessee side of the range, Knoxville is a modern, growing, and innovative city. Knoxville is the third largest city in Tennessee and the largest in Eastern Tennessee with a population of 173,890 as of 2010. The city is home to a number of colleges including the main campus of the University of Tennessee. As evidence of the area's importance as an energy center, Knoxville is the location of the Oak Ridge National Laboratory. It is the city's largest employer, and the largest national laboratory run by the U.S. Department of Energy. Knoxville is also known as a cultural center, and has had a profound impact on popular and country music by bringing the Appalachian sound to a wider audience.

The North Carolina side of the regional center includes the City of Asheville, which has a population of 83,300 as of 2010. The local colleges and reputation for arts and culture, as well as proximity to the beautiful surrounding landscape have driven growth there. Although it is much smaller than Knoxville, Asheville is known as an important cultural center in Western North Carolina. Notably, it is home to several renowned music festivals and a thriving local music scene.

The Appalachian EB-5 Regional Center also includes Winston-Salem, a part of the North Carolina area called the Piedmont Triad, known for its industrial capacity and as the location of institutions of higher learning. It is the 4th largest city in the State of North Carolina and with a population of 229,000 as of 2010, is the largest in the regional center. Winston-Salem has been an important center of the tobacco and manufacturing industries for much of its history. Today Winston-Salem is known as the location of several corporate headquarters, including Krispy Kreme, RJ Reynolds, Lowes Foods, and Hanes. Winston-Salem is the home to several universities, the most notable being Wake Forest University.

The major force that has shaped the culture and development pattern of the region has been the terrain. The transportation infrastructure of the AEB-5 RC is, even in modern times, driven by these difficulties. Many smaller roads cut their way through the mountains and parks. Two major roads cross the ridge, Interstates 40 and 26. Interstate 40 connects Knoxville, TN; Asheville, NC; and the Winston-Salem, NC area. Outside the regional center, Interstate 40 continues to the port of Wilmington, NC in the east, to Nashville, TN and all the way to Los Angeles, CA in the west. Interstate 26 travels north from Asheville, through the mountains to Johnson City, TN. On the western side of the mountains, the road routes are dictated by the series of ridges that run northeast and southwest through the Knoxville area. Interstate 75 connects Knoxville to Chattanooga, TN; Birmingham, AL and all the way to New Orleans, LA in the south. To the north, Interstate 75 runs through Cincinnati, OH then all the way through Michigan to Canada. Knoxville, TN is the southern terminus of Interstate 81, which connects the city to Syracuse, NY and continues into Canada. On the North Carolina side there are many Interstates connecting the area. Interstate 77 runs north to south through the eastern portion of the regional center. It connects

the regional center to Charlotte, NC and Columbia, SC to the south and to Cleveland, OH in the north.

In the cities of the regional center, there are many local transportation networks that service commuters and city residents in these areas. In Knoxville, TN there is an extensive public transit network run by Knoxville Area Transit (KAT) with over 3.6 million passenger trips a year. Services include a trolley system serving the central downtown and a bus network serving the city and surrounding suburbs. The Asheville area also has a public bus network. Finally the Winston-Salem Transit Authority (WSTA) runs bus service in that city. The WSTA is a member of the Piedmont Authority for Regional Transportation (PART), a joint project of the three Piedmont Triad cities' transportation agencies. PART provides public transit that connects Winston-Salem, Greensboro, and High Point, NC.

CSX and Norfolk Southern both operate freight rail networks running through the area, though primarily through the cities on either side of the mountains. Passenger rail traffic provided by Amtrak has a minimal presence in the Appalachian EB-5 Regional Center, though Winston-Salem lies on the Carolinian/Piedmont Line which connects passengers all the way up and down the east coast, and to the wider network.

The prospective regional center is served by a number of airports, the largest of these being in Knoxville, TN. The McGhee Tyson Airport is run by the Metropolitan Knoxville Airport Authority. With seven major airlines, the McGhee Tyson airport is the largest airport in the regional center and Eastern Tennessee. In 2010, 1.7 million passengers flew in and out of the Knoxville airport, along with 46,500 tons of freight. Air travel In North Carolina is provided by the much smaller Asheville Regional Airport. Just outside the borders of the regional center, the Piedmont Triad International Airport serves the eastern portion of the regional center.

An analysis of the regional economy, which will further support the application follows. For this analysis, peer regions were chosen to draw comparisons between areas. Peer regions included are: the U.S. as a whole, the State of North Carolina as a whole, the State of Tennessee as a whole, the proposed Appalachian EB-5 Regional Center, and when data are available, Yancey County (the location of the project).

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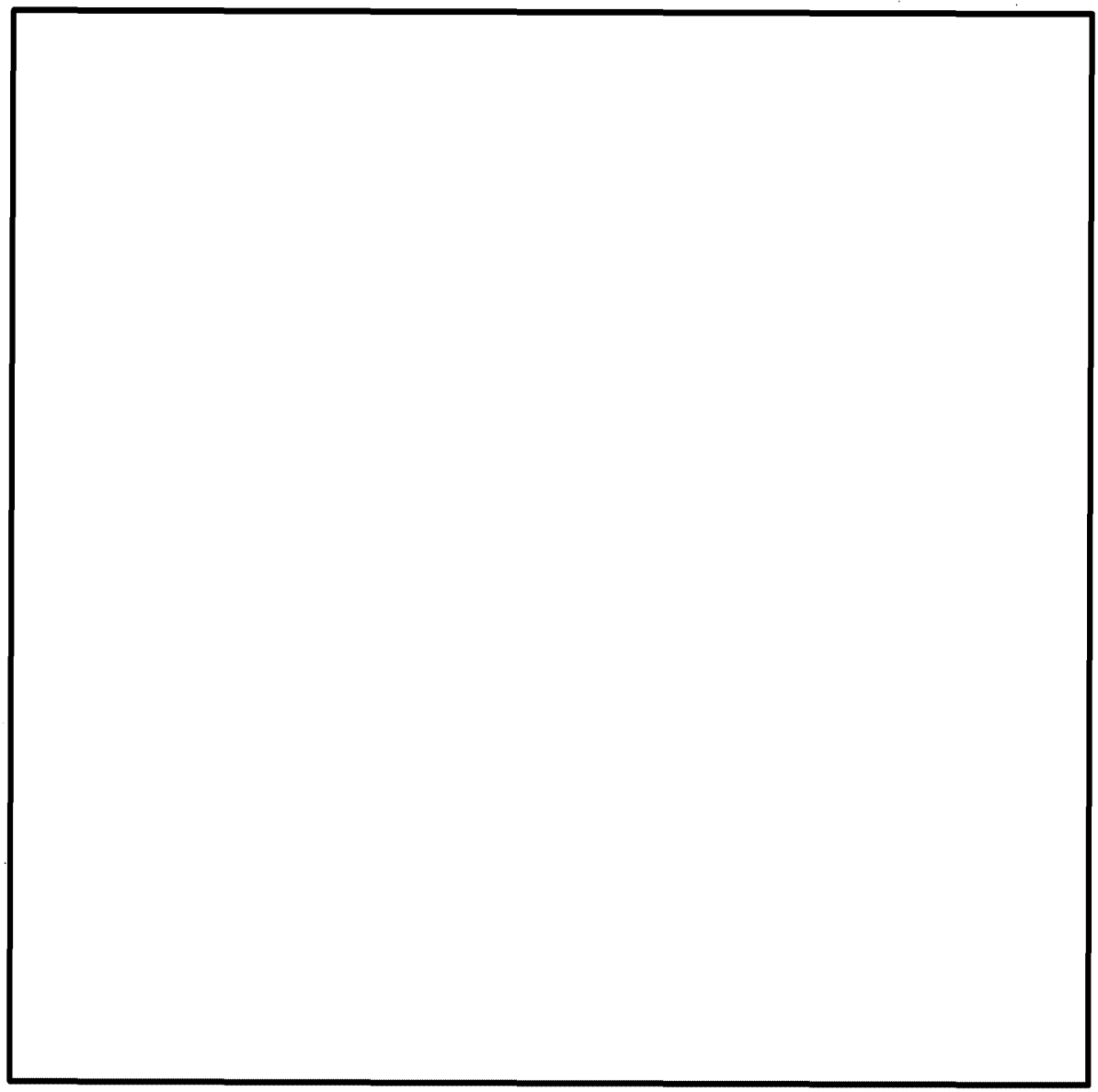

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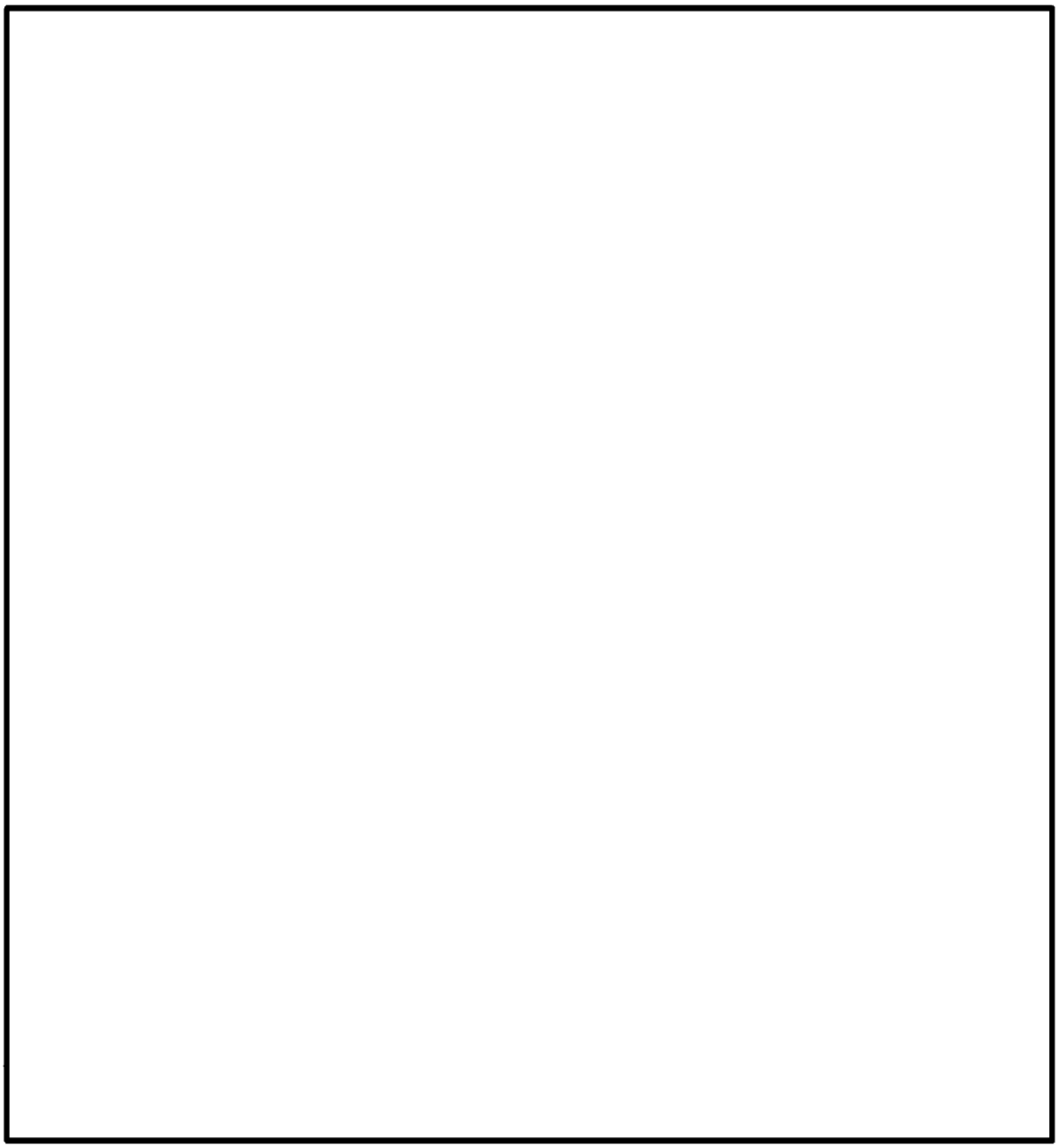

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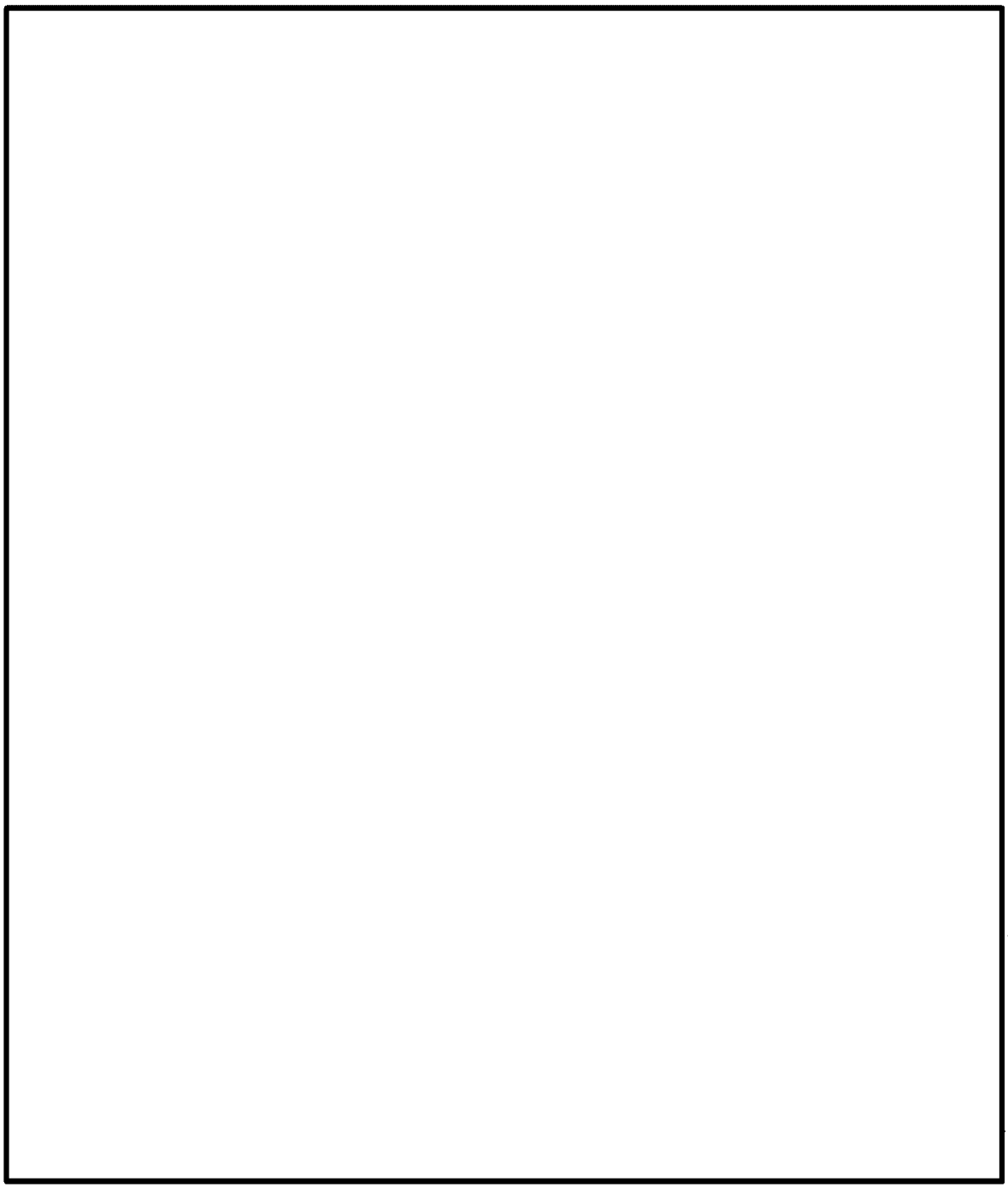

What follows is analysis of the employment trends in the NAICS-defined industries most closely related to the proposed Mountain Air EB-5 project within the Appalachian EB-5 Regional Center and other peer regions. Due to non-disclosure rules at the U.S. Bureau of Labor Statistics (BLS), data for all counties in the regional center is not available, including the project location of Yancey County, NC. However, the data for the available counties has been used as a proxy for the greater regional center as a whole.

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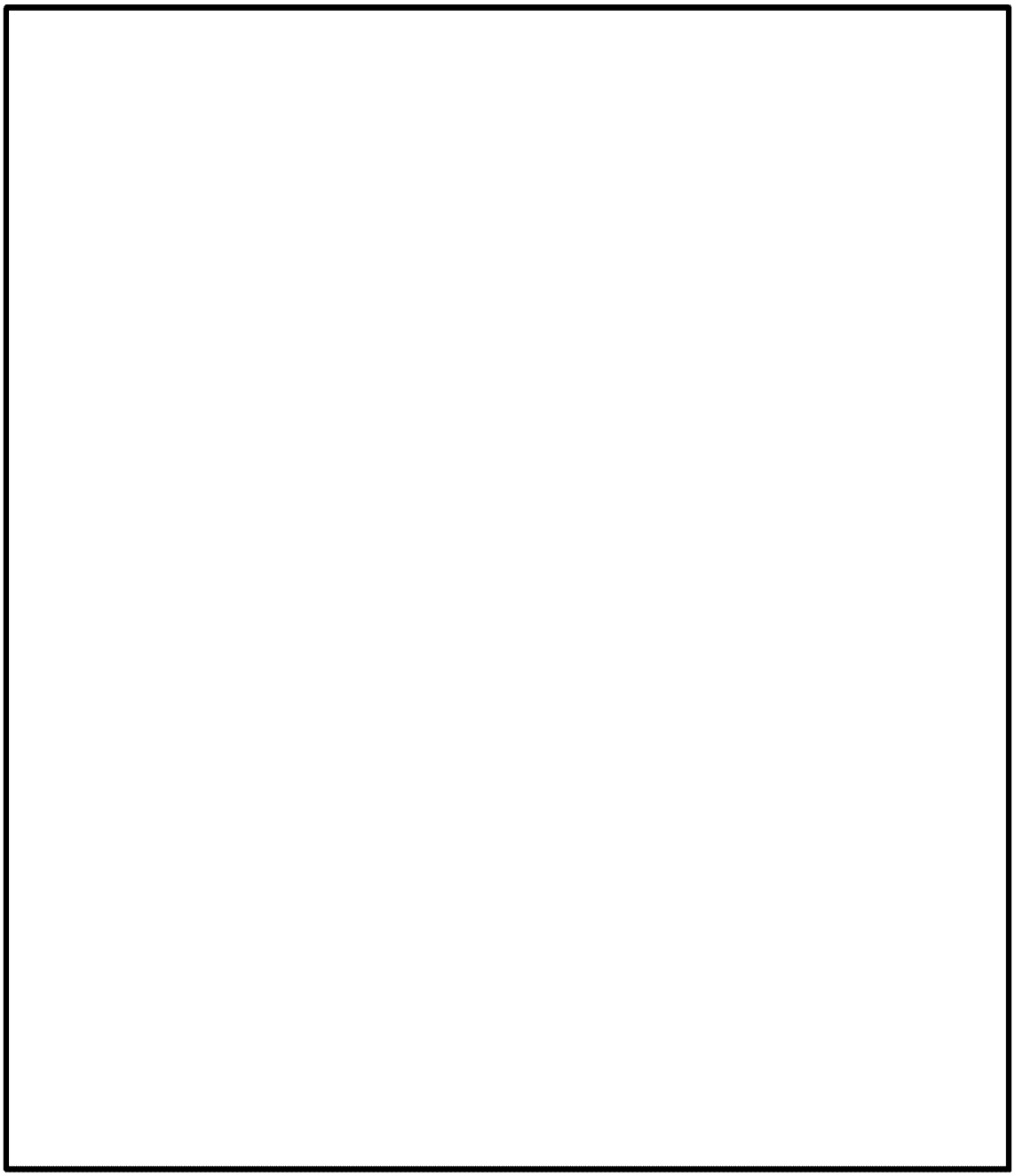

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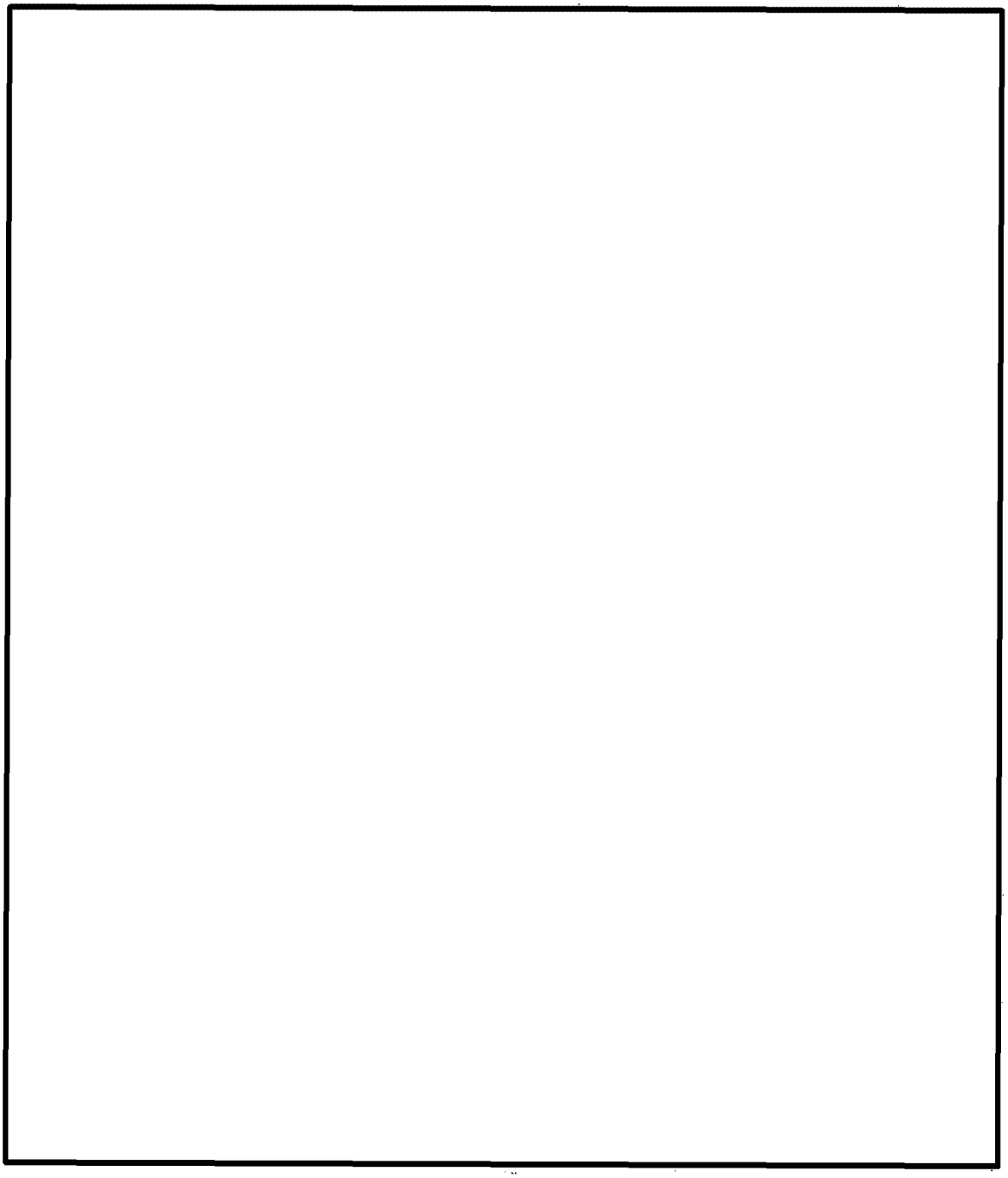

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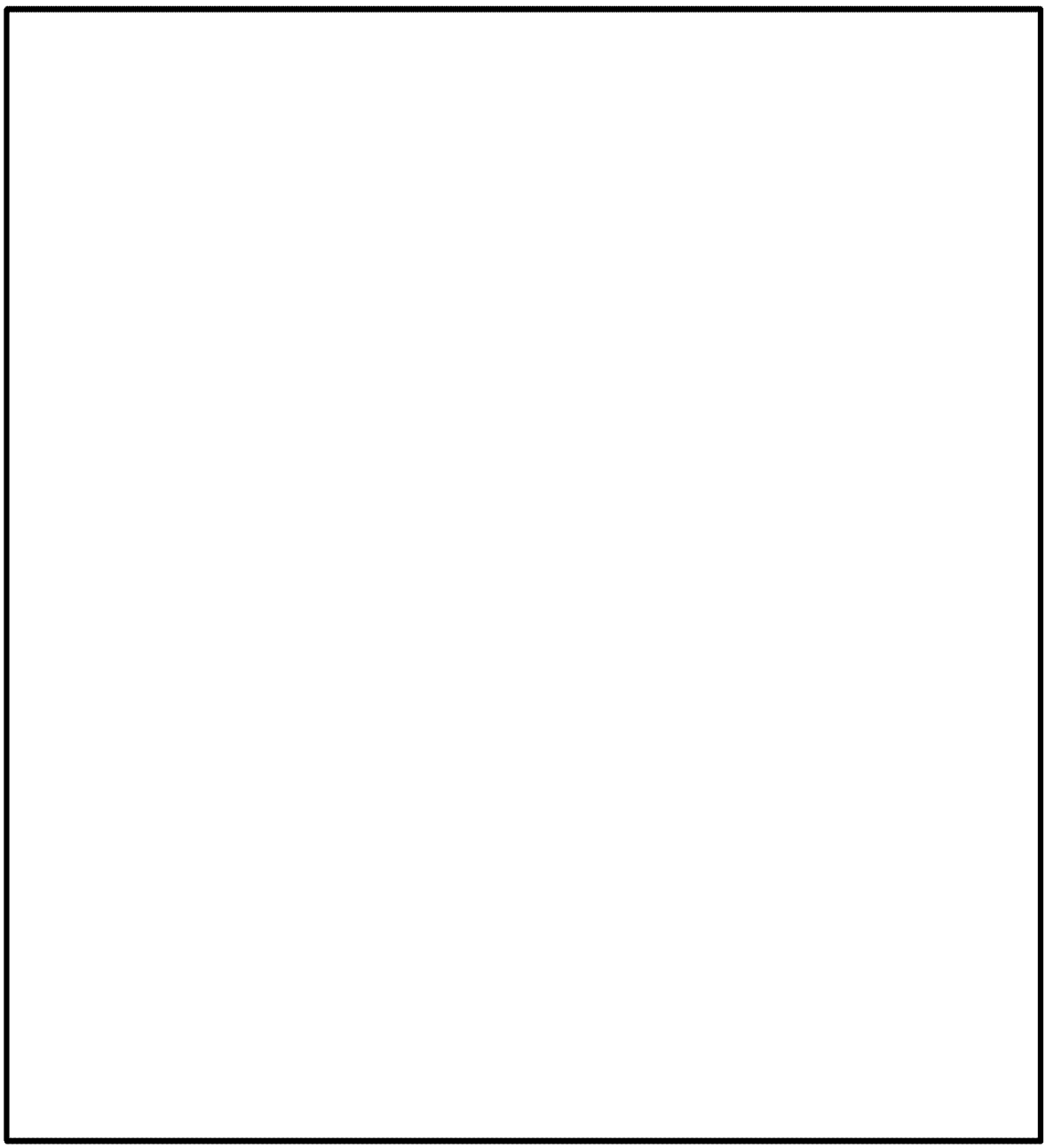

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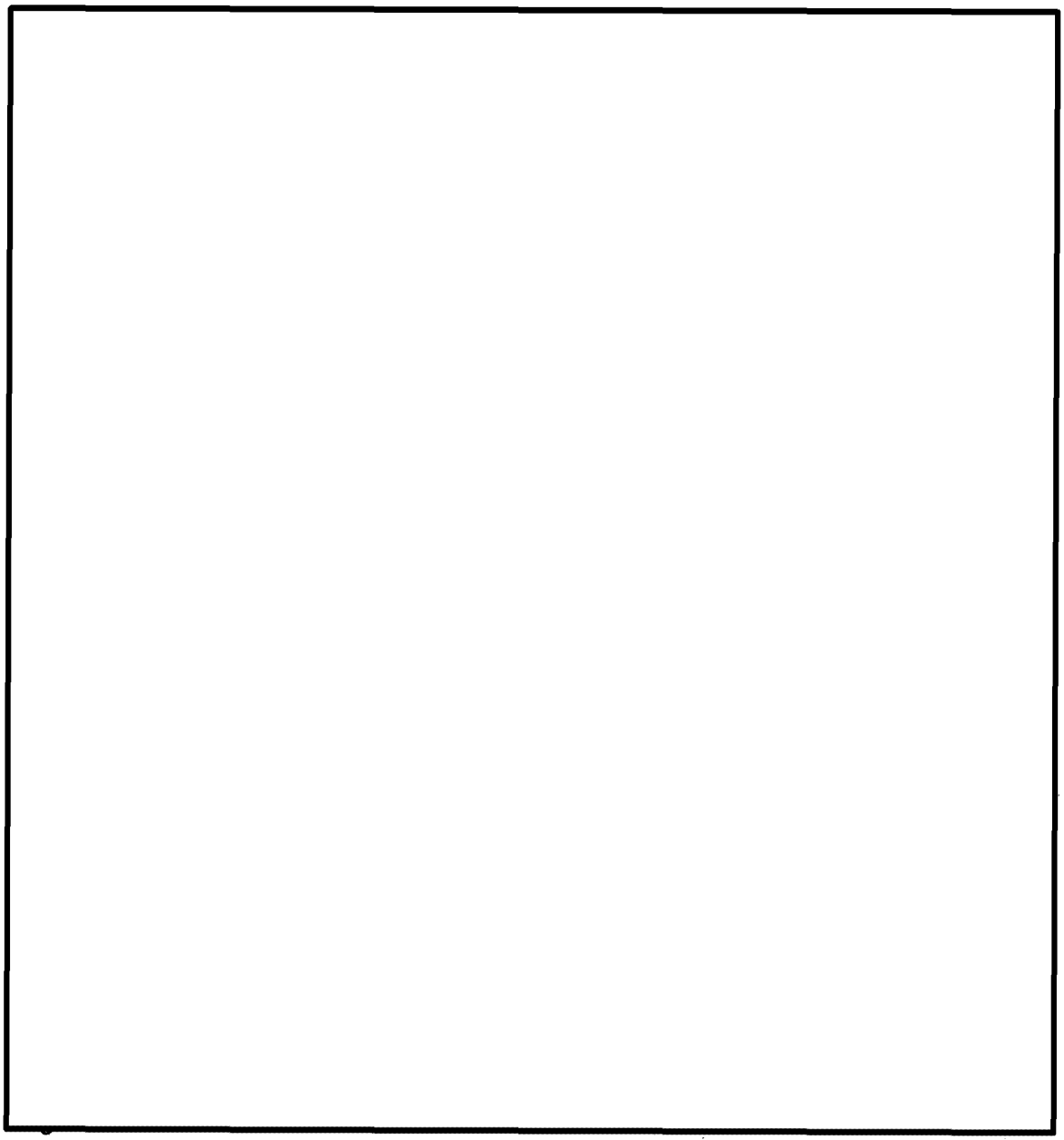

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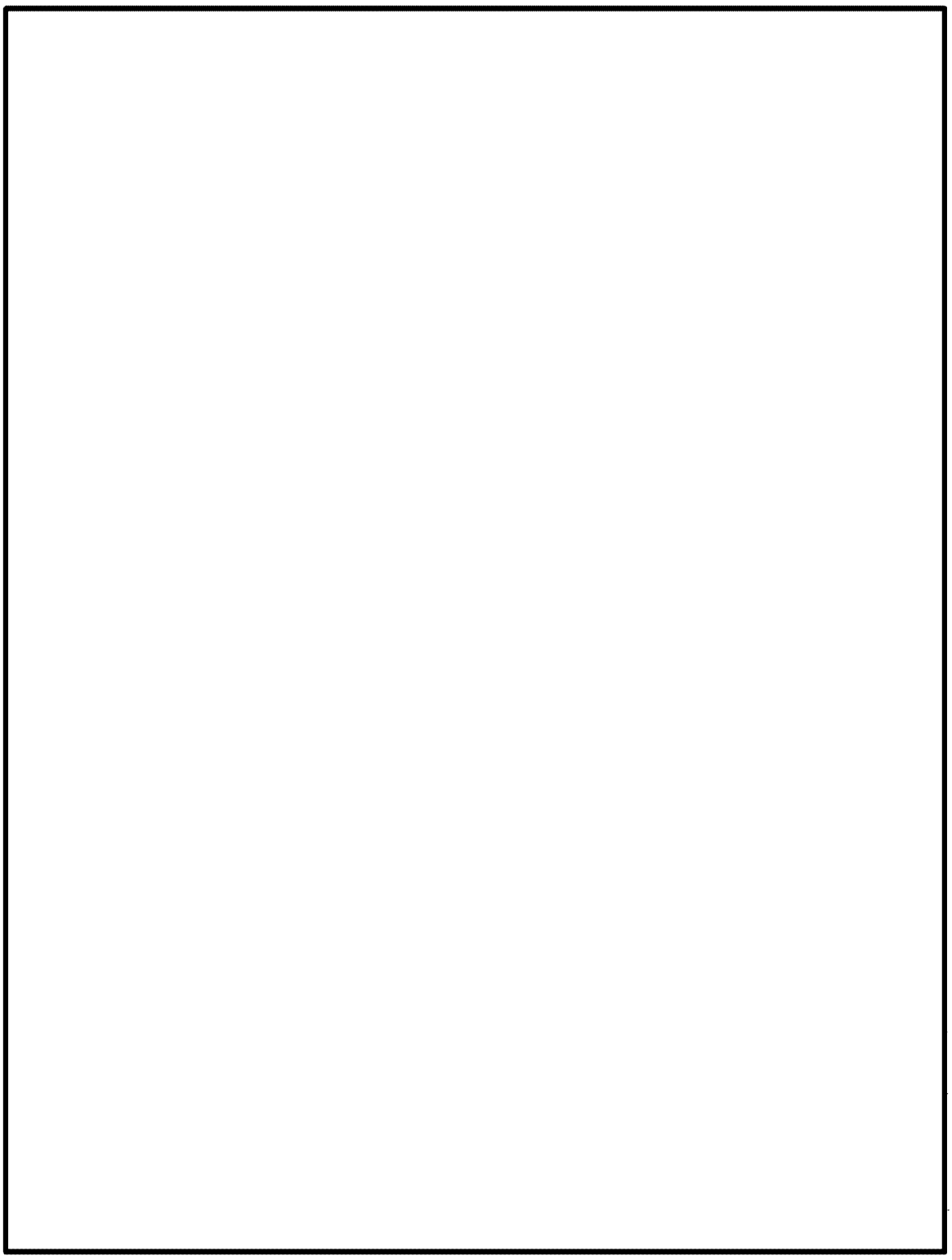

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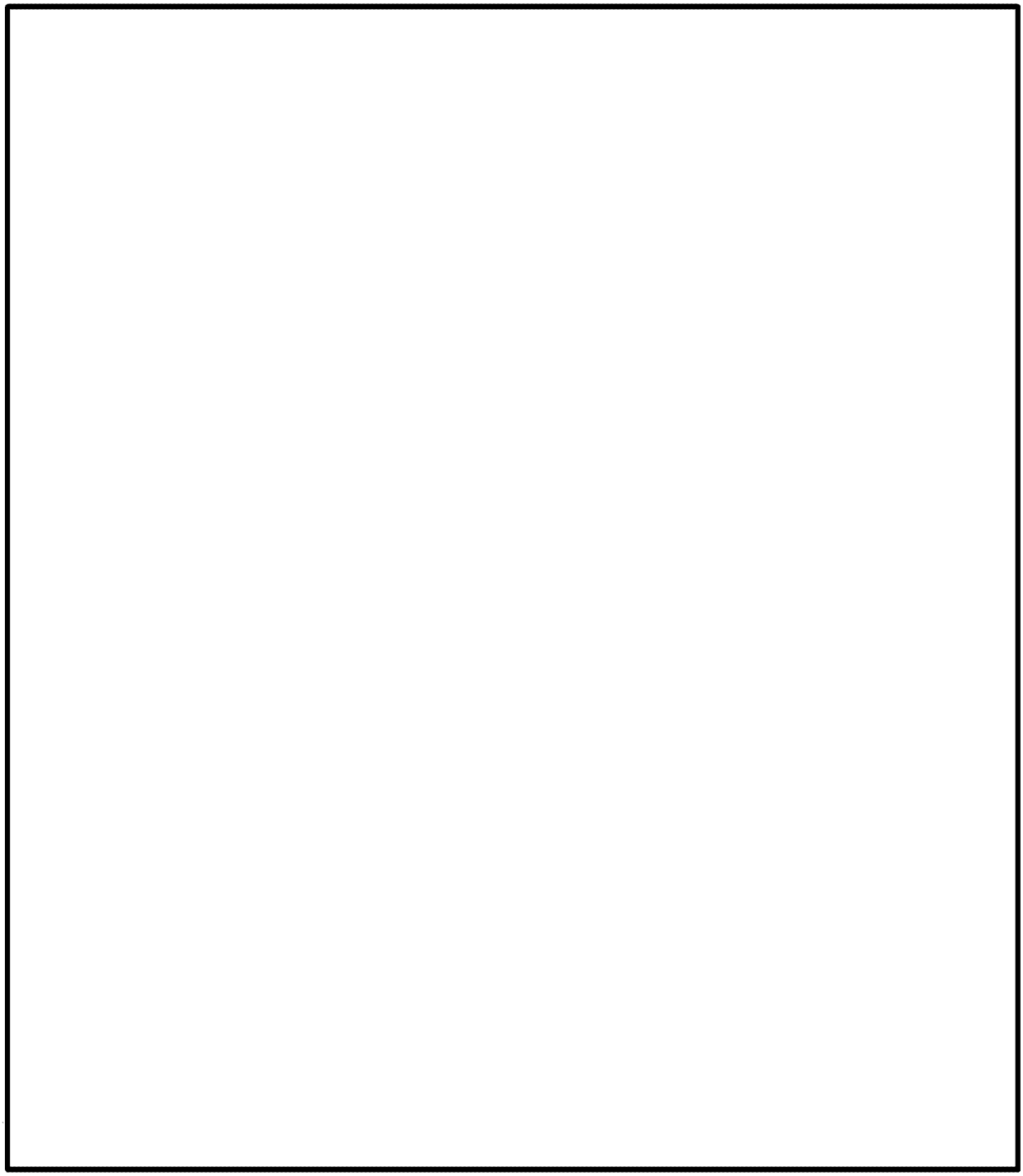

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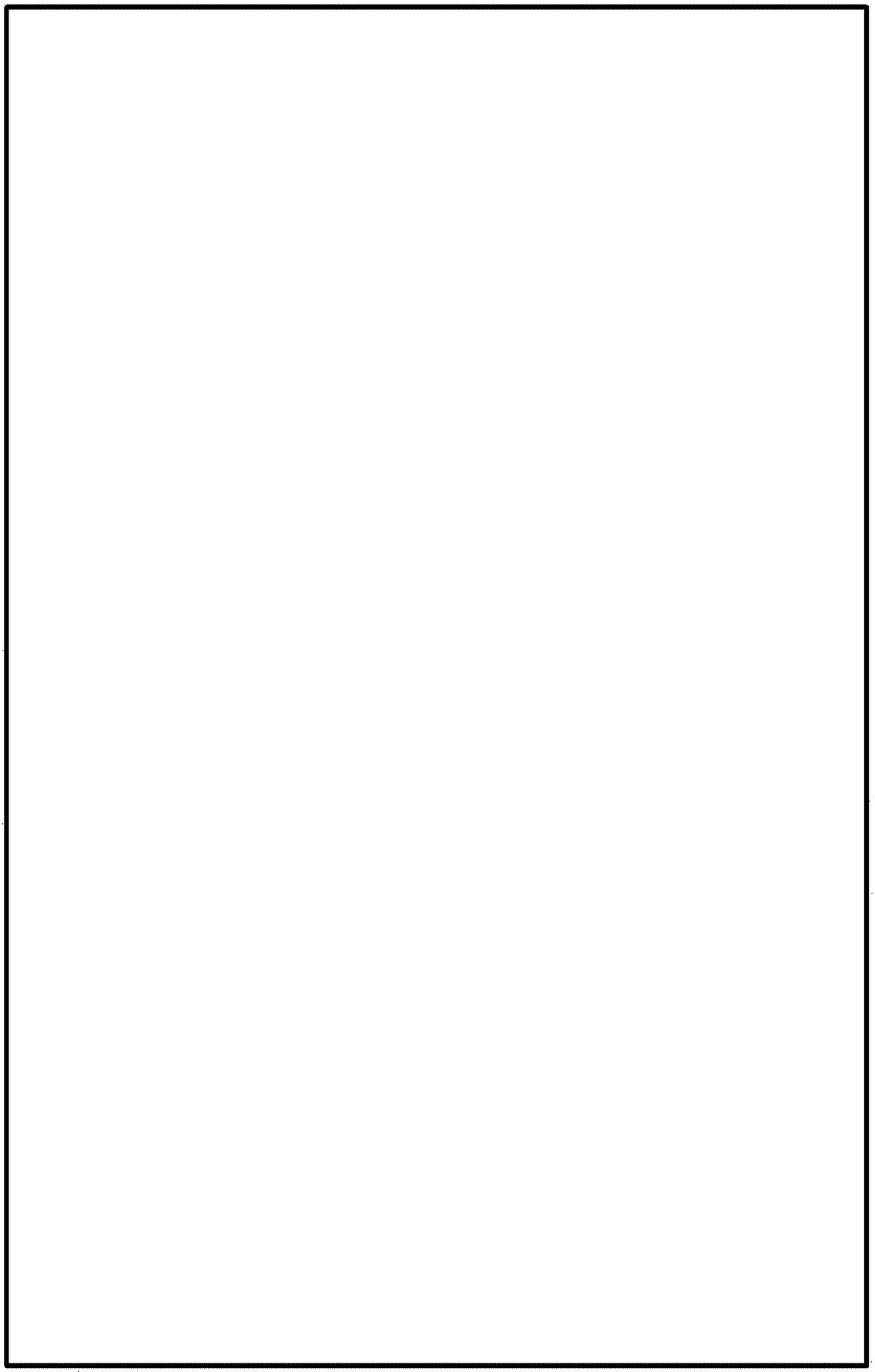

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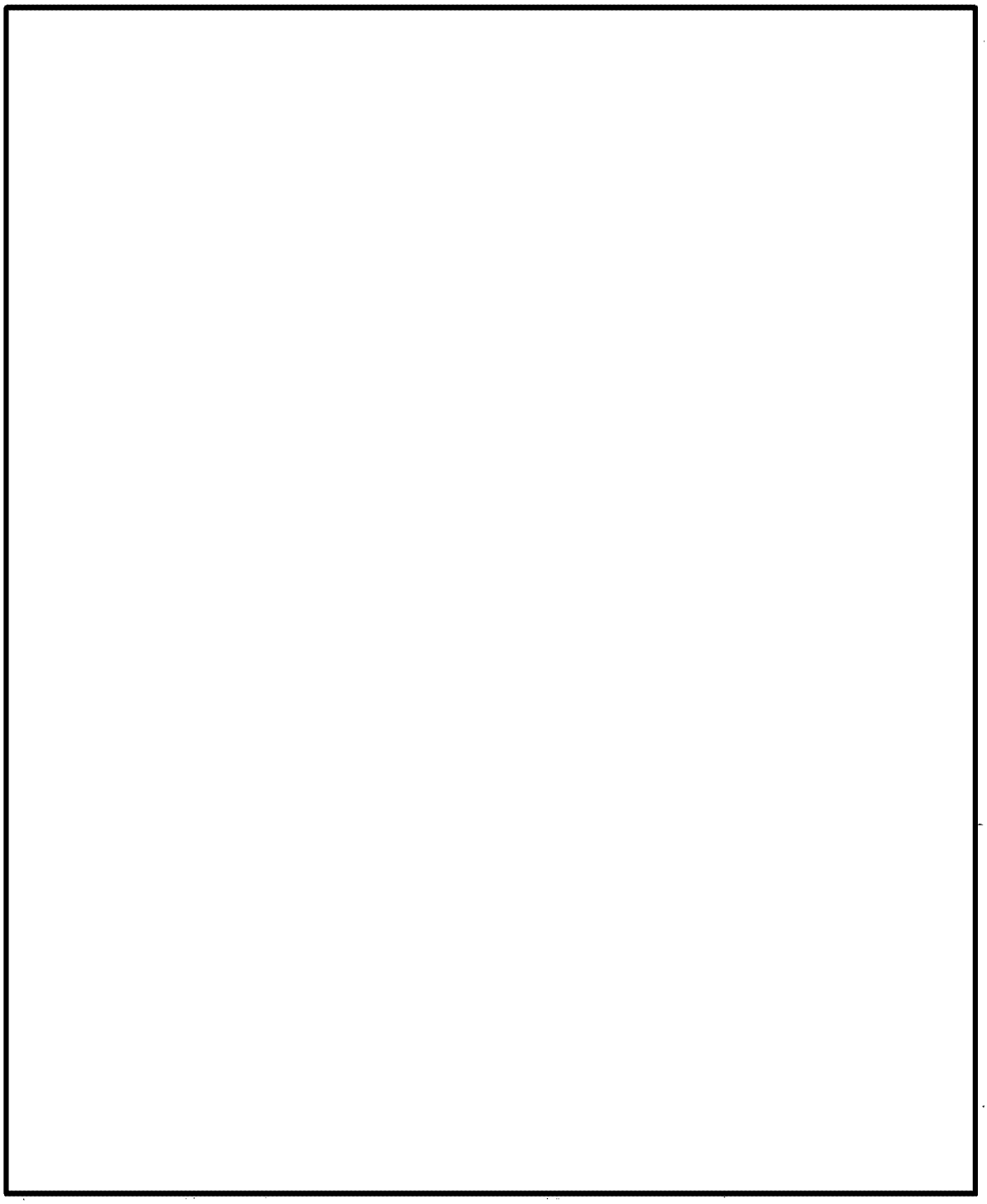

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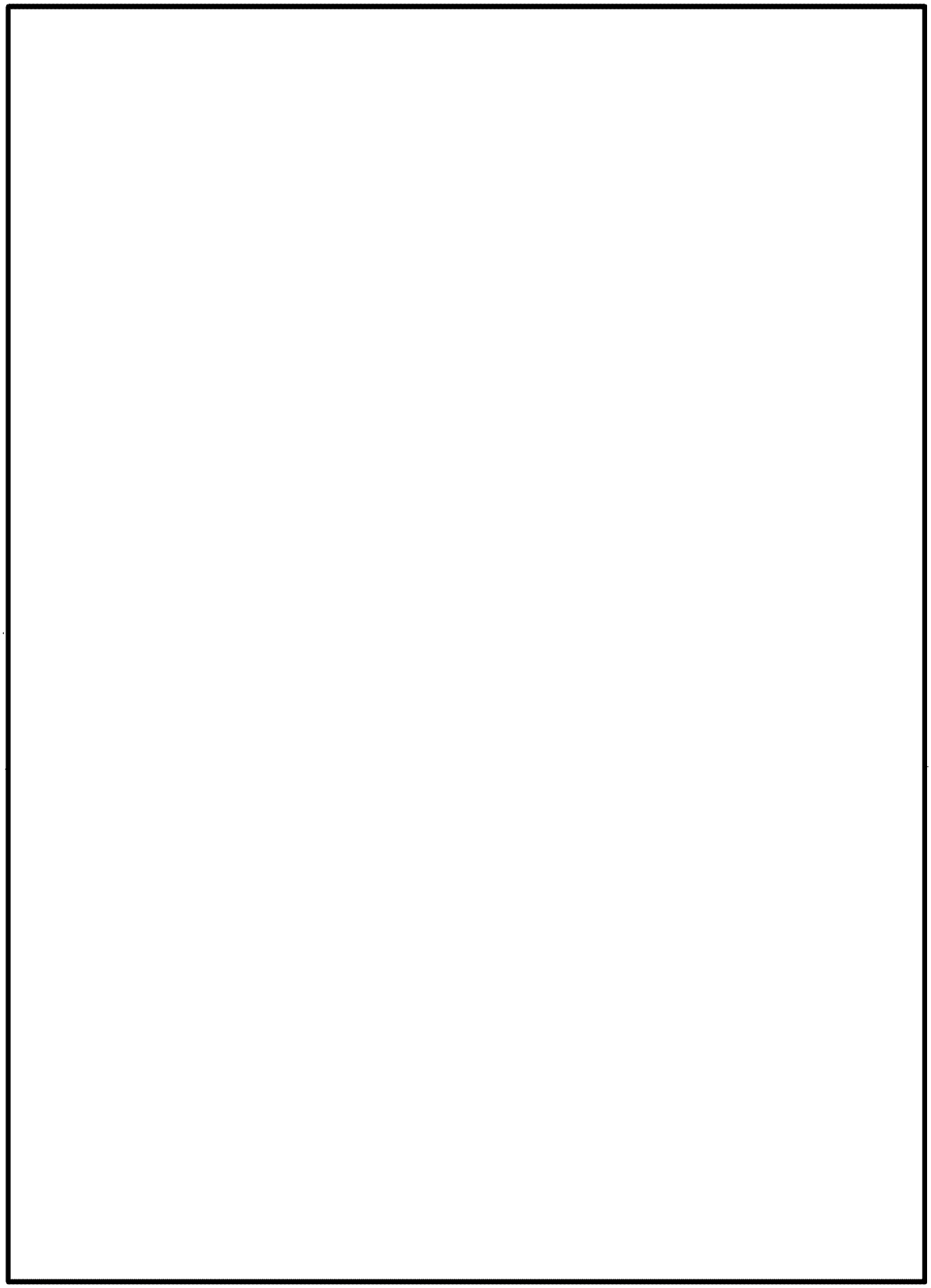

The location quotients were calculated for each industry as follows:

$$LQ = \frac{E_i/E_c}{E_{ni}/E_{nt}}$$

Where:

E_i = Employment in the region's industry

E_c = Total employment in the region

E_{ni} = National employment in the industry

E_{nt} = Total national employment

Location quotient analysis is used to identify those industries that have a comparatively larger or smaller concentration or presence in the economic base of the regional center's economy. A location quotient that is equal to 1.0 means that the share of employment in the regional industry is exactly the same as the percentage employment in its counterpart national industry. If the location quotient is greater than 1.0, the share of employment in the regional economy exceeds the national share of employment in that counterpart industry. Conversely, if the location quotient is less than 1.0, that means the region's share of employment in the industry is less than that of its national counterpart.

Location quotients over 1.0 mean that an industry is a relatively more significant employer in the region, with a location quotient of 1.2 or greater indicating a possible export or traded goods-services industry. Location quotients below 1.0 indicate the employer is under-represented relative to the reference region, and a location quotient of less than 0.80 indicates the possibility for import substitution in the subject geography (assuming near average productivity). The location quotients found in Table 7 (below) show the ratio of the proposed regional center and the States of Tennessee and North Carolina job concentration, respectively, to the national level job concentration by supersector. In other words, how the structure of these relevant regional economies compare to the U.S. economy's job concentration in each sector. As an example, the first available location quotient for Natural Resources and Mining in the proposed regional center is 0.48, demonstrating a much lower than average share of its private workforce employed in that industry sector relative to the U.S. economy's average job concentration.

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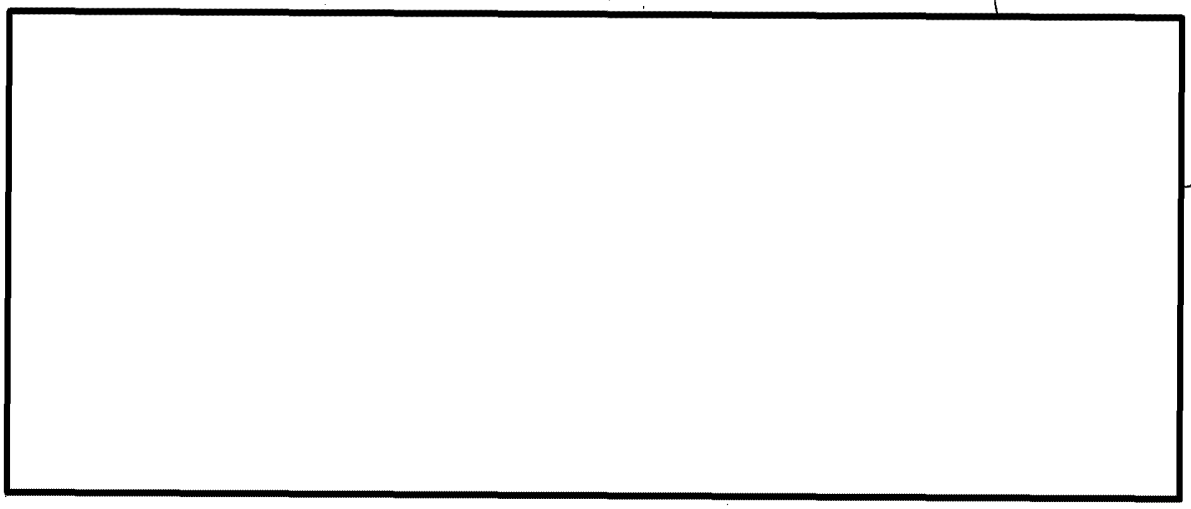

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Table 7: Employment Comparisons and Location Quotients for Selected Regions, 2010

NAICS Supersector	Employment				Composition of Total Private				Location Quotient		
	United States	North Carolina	Tennessee	AEB-5 RC	United States	North Carolina	Tennessee	AEB-5 RC	North Carolina	Tennessee	AEB-5 RC

The above information has been provided to demonstrate the economic, social, cultural and geographic ties between the 79 counties that compose the proposed Appalachian EB-5 Regional Center geography. Employment-unemployment trends, employment composition and GDP trends demonstrate economic continuity. Culturally, the region is known for its mountains and music that attract residents and visitors alike and several growing and innovative cities (Knoxville and Winston-Salem). Physically, the counties are interconnected by a network of interstate highways. Additionally, this region was selected from the focus area of the federal-state-local government economic development partnership known as the Appalachian Regional Commission. **Taken together, these ties are evidence of the region's character as an integrated economic unit, which could enable the U.S. Citizenship and Immigration Service to approve the proposed configuration as a designated regional center. Additionally, employment and GDP trends have been presented for the NACIS Sector 236 Construction of Buildings, NAICS 531 Real Estate, NAICS 541 Professional, Scientific, and Technical Services, NAICS 221 Utilities, and NAICS 811 Repair and Maintenance, which represent available data for the NAIS industries that are relevant to the proposed Mountain Air EB-5 project to assist the USCIS in adjudication of the regional center application (seeTable8 on page 40 below for a detailed list of the NAICS sectors used in this impact assessment analysis).**

Economic Impact Analysis

Methods of Analysis

Economic and job creation impact modeling to determine the economic and employment impacts associated with the proposed Mountain Air EB-5 project was performed using the Regional Dynamics Model (hereafter "REDYN"). This is the newest and most sophisticated of the advanced input/output models available today. The REDYN Model has been used to assess the net job and other economic benefits associated with economic development projects, new businesses, certain types of policy changes and utility power projects in various states throughout the country in a variety of analytical settings. EPR has used Regional Dynamics (REDYN) in more than 100 studies overall and more than five dozen impact assessment studies under the EB-5 program.

REDYN is an input-output model that calculates economic impacts and job creation impacts, typically for an integrated development project scenario that can be comprised of several components or different categories of economic activity. This model has been successfully used in earlier EB-5 application adjudications by USCIS. It is one of four recognized tools (with the others being RIMS II, IMPLAN, and REMI) that recently were identified in the EB-5 field adjudicator's manual as generally used and accepted in EB-5 applications for estimating indirect jobs. This section explains in detail how the REDYN software works and why it is a valid and preferred approach for determining the economic impact for EB-5 regional center projects. In addition to this explanation, a

detailed description of the REDYN Model is found in the appendices at the end of this impact assessment study report.

Dynamic Input-Output Modeling

In contrast to proving the direct job count of an EB-5 project through the provision of payroll records to a USCIS reviewer, the calculation of indirect jobs cannot be measured and verified directly through records. Instead, indirect jobs under the EB-5 program must be verified through the use of estimating methodologies that are deemed to be "reasonable" under the requirements of the EB-5 program. The EB-5 applicant has some latitude under the "reasonable methodologies" requirement. The most common estimation techniques involve the utilization of input-output tools that involve a range from simple mathematical calculations on a spreadsheet (e.g. under RIMS II) to integrated EB-5 project simulations using sophisticated input-output models. Even though these approaches vary in sophistication and structure, the general approach to this estimating process is essentially the same for all of the USCIS-approved input-output tools in that they all use calculated coefficients based on detailed federal data. Compilation of these data, which are updated each year to varying degrees, involves assembling and updating data regarding how much input is used for producing a given amount of output.

Dynamic input-output models like REDYN simulate the economic relationships between sectors of an economy on several geographic levels through time. Linkages exist between sectors and regions that provide commodities or other inputs to each other. Input-output models are founded on these linkages and allow analysts to see how changes in individual or multiple sectors in a state or regional economy ripple throughout the system. Effects of an initial investment are felt in these other sectors and regions as increased output, employment, and income. MIG, Inc., the owner of the IMPLAN model, describes input-output analysis, in other words, as, "*a means of examining relationships within an economy, both between businesses and between businesses and final consumers. It captures all monetary market transactions for consumption in a given time period. The result mathematical formulae allow examination of the effects of a change in one or several economic activities on an entire economy.*"[7]

The REDYN model, employed in this economic and job creation impact study, estimates the impact a specific catalyst will generate throughout a determined area—in this case the pending Appalachian EB-5 Regional Center economy. The input/output model uses a dynamic (or a longitudinal) approach that simulates not only the relationship between sectors in an economy (e.g. Agricultural sectors are linked to Transportation sectors), but also the interconnectivity of regions. The dynamic element of the model has a well-developed impedance database that is able to account for temporal effects due to competitive differences between either geographic regions and/or different sectors of the economy. Over

[7] IMPLAN Pro, User's Guide, Analysis Guide, Data Guide. MIG, Inc.

time, these competitive pressures emerge and then tend to bring the regional economy back to equilibrium. The process, in that way, depicts the so called "ripple effect" impact that economic changes have on a region.

Advantages of the REDYN Model

The internet based REDYN Model was developed by Regional Dynamics, Inc. currently of Scottsdale, AZ, through its principal creator, the late Thomas Tanner, Ph.D., a former model manager at Regional Economic Models Inc. (known as REMI) of Amherst, Massachusetts. Dr. Tanner was a former member of the faculty at the University of Georgia, and was most recently employed at the Strom Thurmond Institute of Government and Public Affairs at Clemson University at the time of his death in May of 2009. Dr. Tanner's work experience at REMI gave him the expertise to create an alternative to the REMI model. The result is an integrated input/output model of the counties and cities of the U.S. which has significant advantages over the existing menu of retail input/output models: REMI (which is prohibitively expensive) , IMPLAN (as maintained by the Minnesota IMPLAN Group, Inc., originally developed for the U.S. Forest Service, which is a static input-output tool), and RIMS II final demand and/or employment multiplier tables (which is maintained by the U.S. Department of Commerce and is also a static tool).

The REDYN Model employs a concept known as New Economic Geography,[8] a theory first developed by Nobel Laureate Dr. Paul Krugman while he was at the Massachusetts Institute of Technology. This philosophy employs "fully general equilibrium" models that "derive aggregate behavior from individual maximization." This competitive framework is translated into a model that makes the assumption that "commodities produced by an industry are truly joint in the production process, as prescribed by a uniform production function for all firms in each industry based on competitive pressures to diffuse advantages quickly across all firms in an industry."

New Economic Geography also focuses on agglomeration economies and the relationships between them in different levels of geographic space.[9] To illustrate this, consider a tight group of commercial establishments configured as a mall, which is an agglomeration of retail establishments. This is the smallest level of an agglomeration economy. It is related to the regional commercial market which is part of the national market and the world market. It is the linkages between these levels of economic agglomeration that New Economic Geography seeks to explain and illustrate.

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[8] See Exhibit 1.

[9] Agglomeration economies refer to circumstances where economic units, although competing, find it mutually advantageous to co-locate or to locate sufficiently close enough to share production resources and/or customers.

Like all input-output models, the REDYN model calculates the effects of a new final demand stimulus into three general categories. Category 1 includes the direct effects—which in economic theory measure the changes in the industries where the final demand change was effected. Category 2 effects include indirect effects—which in economic theory are those changes in inter-industry purchases as they respond to the new final demand change in the directly affected sectors or industries. Category 3 effects include those which are due to changes in spending from affected workers and their households as labor income either increases or decreases due to the change in final demand, known as induced effects. The REDYN input-output model software calculates all three of these effects just like any other input-output tool, but as a dynamic input-output model (like the dynamic REMI model[10]), REDYN has the capability through its structure to analyze the impacts over time of the entire EB-5 project and its components as part of a single integrated development scenario.

In its simplest form, the estimation process is comprised of two fundamental steps: (1) calculations to determine what are commonly referred to as national coefficients which are based on production functions,[11] and (2) determinations as to what proportion of those goods and services are purchased within the region. The first calculations estimate how much input is used in any given year to produce a given amount of output in any given year. The second group of calculations referred to above involves calculations of what are referred to as regional purchase coefficients (RPCs). These regional purchase coefficients essentially estimate what proportion of those goods and services are purchased within the region in question.

The REDYN model, like other input-output models such as IMPLAN and REMI, handles all those calculations within the model software based on the geography and type of stimulus specified by the analyst. The REDYN model is geographically specified so that regional purchase coefficients are calculated for all involved sectors based on purchases of goods and services from "within the region" firms. The matrix can be, and usually is, large and complex. RPCs tend to be higher for service providing industry categories and lower for goods producing industry categories. In either case, indirect jobs under the REDYN input-output model are calculated through the input-output simulation process based on these quantified national relationships and regional purchase coefficients as calculated within the software algorithms embedded in the REDYN model.

[10] The REMI input-output model is maintained by Regional Economic Models, Incorporated located in Amherst, Massachusetts.

[11] Again, to reiterate, this is a process where the amount of output (and the corresponding number of jobs and corresponding amount of income) required to produce an amount of output of a final product or service is estimated.

There is a crucial distinction to make between input-output models, such as REMI and REDYN and tools that use an extracted single number input-output coefficient (such as RIMS II multiplier), which measures an impact in a single year. The multiplier approach involves simple multiplication where a single number estimate of a change in "final demand" can be done in a spreadsheet. REDYN and REMI do not employ singular multiplier calculations, but derive their predictive ability on interconnected matrices of make and use tables for specific industries and specific regions or geographies. Therefore, the input-output model tool uses a large matrix of multipliers that literally include hundreds, and sometimes thousands of multipliers. Impact assessment analyses undertaken using REDYN can treat a project as a single integrated development scenario and compare the economy under that scenario to a "base case" for the regional economy—with the base case where the proposed EB-5 development project was not undertaken.

REDYN Data Sources

REDYN (like the other recognized input/output models) is based on the concept of a production function, which determines what are called "make and use" tables. These tables quantify the amounts of inputs that are required to produce a unit of output across a number of industries. The basic data underlying these tables are collected by the U.S. Department of Commerce (principally its sub-agency, the Bureau of Economic Analysis). The vast amount of data come from a variety of sources and the data collected are converted into production accounts on a national income basis and input-output accounts basis, called the National Income Product Accounts (NIPA). These accounts are assembled into various tables including transactions tables (which track the economic flows between producers and users of commodities, as well as the commodity taxes, transportation charges, and wholesale and retail trade margins between producers and users), and final uses tables. These tables are the building blocks for the input-output accounts, from which various multipliers are derived.[12]

Regional input-output models can be constructed using a geographically tailored input-output matrix. Such a matrix takes into account regional purchase coefficients, which are calculated based on the proportion of goods and services required to produce one unit of output that are produced *within a defined geographical region*. These regional coefficients for most input-output tools are based on subsets of the same national data described above. For REDYN, the underlying matrix has all these coefficients embedded in the model—as it is for the REMI and IMPLAN tools.

In addition, REDYN uses a variety of supplemental data provided by U.S. Government entities. The industry structure for the model is the North American Industry Classification System (NAICS) to the five digit level. This allows the

[12] U.S. Department of Commerce, Bureau of Economic Analysis. Concepts and Methods of the U.S. Input-Output Accounts. September 2006, Updated April 2009.

model to provide detail for 703 industries and over 180 commodities for the geographic region specified in the model.[13] This classification system and level of detail makes REDYN's output compatible for comparison to government reported statistics as this is the system used for publishing economic data by the U.S. Department of Labor's Bureau of Labor Statistics (BLS), the U.S. Department of Commerce's Bureau of Economic Analysis (BEA) and the U.S. Census Bureau. These government bureaus provide the original data that are accumulated and transformed into the REDYN Model's input/output (e.g. multipliers) and other specified relationships.

The REDYN model also employs data from the Census Bureau's County Business Patterns. The U.S. Census Bureau's County Business Patterns data is the source for wage bill payroll data and employment data used in the model. The model's developers preferred this approach since it is an annual series that is more complete in its coverage of the workforce than the Quarterly Census of Employment and Wages (hereafter "QCEW") series, as it includes self-employed persons, employees of private households, agricultural production workers, and railroad workers. These workers are not "covered" by most state unemployment insurance systems and are therefore not reported in the QCEW series.

The County Business Patterns data set also is preferred because it provides detail about employment and wages down to the zip code level where concentration of industry is high enough to provide reportable data. The suppression of data due to confidentiality issues is a common problem of all types of wage and employment data used in specifying input/output models. REYDN has developed a way to fill in the blanks called method *row and column sum* (RAS).

After performing the RAS analytics on the County Business Patterns data it is reconciled with Regional Economic Information System (REIS) data from the Bureau of Economic Analysis of the U.S. Department of Commerce to confirm consistency. The REIS data are especially helpful for providing data in the agriculture and governmental sectors. The REIS data are also used to allocate national consumption numbers to the roughly 3,100 counties in the United States that are provided on the aggregate level by the NIPA. The levels of consumption of industries and households are a key building block in the creation of input/output models.[14]

The input-output tables themselves are created using BEA Input/Output (IO) make and use tables (described above). The data in these tables are augmented by the biennial ten-year IO forecast tables from the Bureau of Labor Statistics. A major difference between the REDYN model and other input/output models is its use of a new distance impedance database supplied by the Oak

[13] See Exhibit 2.
[14] See Exhibit 3.

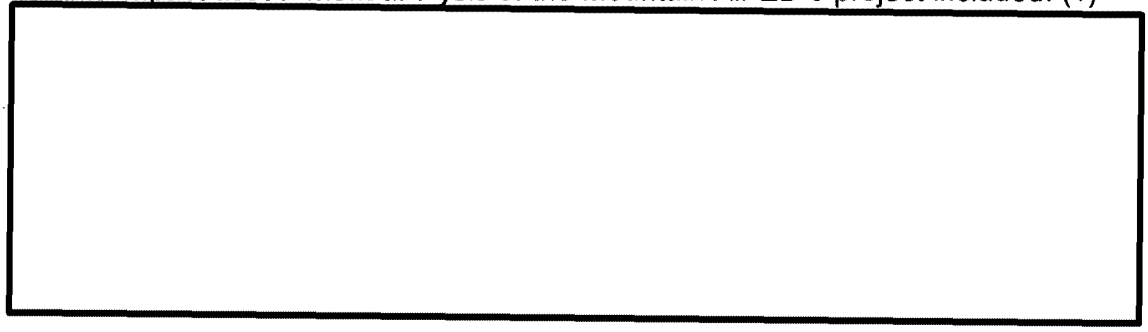
Ridge National Laboratory.[15] This allows the REDYN Model to add elements of trade flow and gravity theory based on distance impedance specific to road, rail, water, air and proxy transport. The combination of these data sources gives the REDYN model the power to predict with greater accuracy than ever before the economic impacts of a wide range of economic changes.

Model Specifications

Model Inputs and Assumptions

The modeling of potential project impacts can be conducted from the supply side or the demand side of the economic equation. When modeling the economic impacts associated with the supply, one captures the increase in direct employment and wages, and looks to determine the economic linkages of the project via an input-output model. A demand-side approach would capture the additional spending (often specified as a change in "final demand") in the regional economy as a result of the development and operation of a new project.

(b)(4) The relevant information and data used to develop the input-output model inputs for this impact assessment analysis of the Mountain Air EB-5 project included: (1)



These data were then employed to develop the specific inputs that were employed in the REDYN input-output model—as supplemented by additional research to properly quantify and then specify each input for use in the input-output model. The principal analytical task at this point in the impact assessment analysis is to properly quantify the new business activity increment attributable to the proposed EB-5 project to be used in the input-output model. For this

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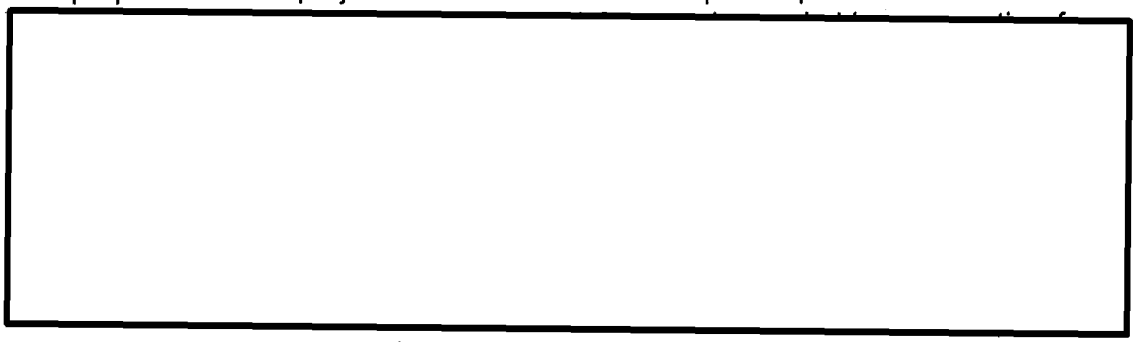

[15] See Exhibit 4.

Beyond the discussion above, key input-output modeling details and assumptions for the Mountain Air EB-5 project are described below (note that NAICS codes for each input listed are given in Table 8 below). The source document for the development of the inputs is found on page 26 of the project business plan under "Uses of Funds" in the **Chart of Sources and Uses of Funds—Mountain Air EB-5 Project**. The chart begins on page 25 and continues onto page 26. It should be noted that not all items on that table were used in the impact modeling.

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[redacted]

[16] Totals do not exactly match due to rounding.

Description of the Economic Model

In order to complete this economic and job creation impact analysis, a four-region model was constructed for Mountain Air modeling purposes. The four regions are: (1) Yancey County, North Carolina, (2) the remaining counties in the Appalachian EB-5 Regional Center in North Carolina, (3) the Tennessee counties in the regional center, and (4) the balance of the U.S.[17]

(b)(4)

Model Output and Results

The REDYN model estimates all measurable linkages associated with the incremental economic activity in the primary NACIS 2361 (Residential Building Construction), as well as the other associated project NAICS (see Table 1 for all modeled and requested NAICS). This incremental activity associated with the development project will create and sustain employment—net of any expected competitive pressures (i.e. job displacement in the existing regional and national supply), which are explicitly accounted for in the economic modeling. This impact assessment finds that the project would have positive and significant economic and job creation impacts in the prospective regional center.

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As a result, this economic and job impact assessment study finds the development and operations of the proposed project as planned would generate significant and positive economic benefits for the U.S. economy as a whole using the REDYN dynamic input-output model.[18] Assuming the development and successful operation of these centers, the proposed project would likely result in:

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[17] This means the entire U.S. excluding the 79 counties that make up the regional center.
[18] For a full description of the REDYN input-output model see Appendix 3 of this report.

Table 9. Summary Results – Mountain Air EB-5 Project

	Year 1	Year 2	Year 3	Year 4
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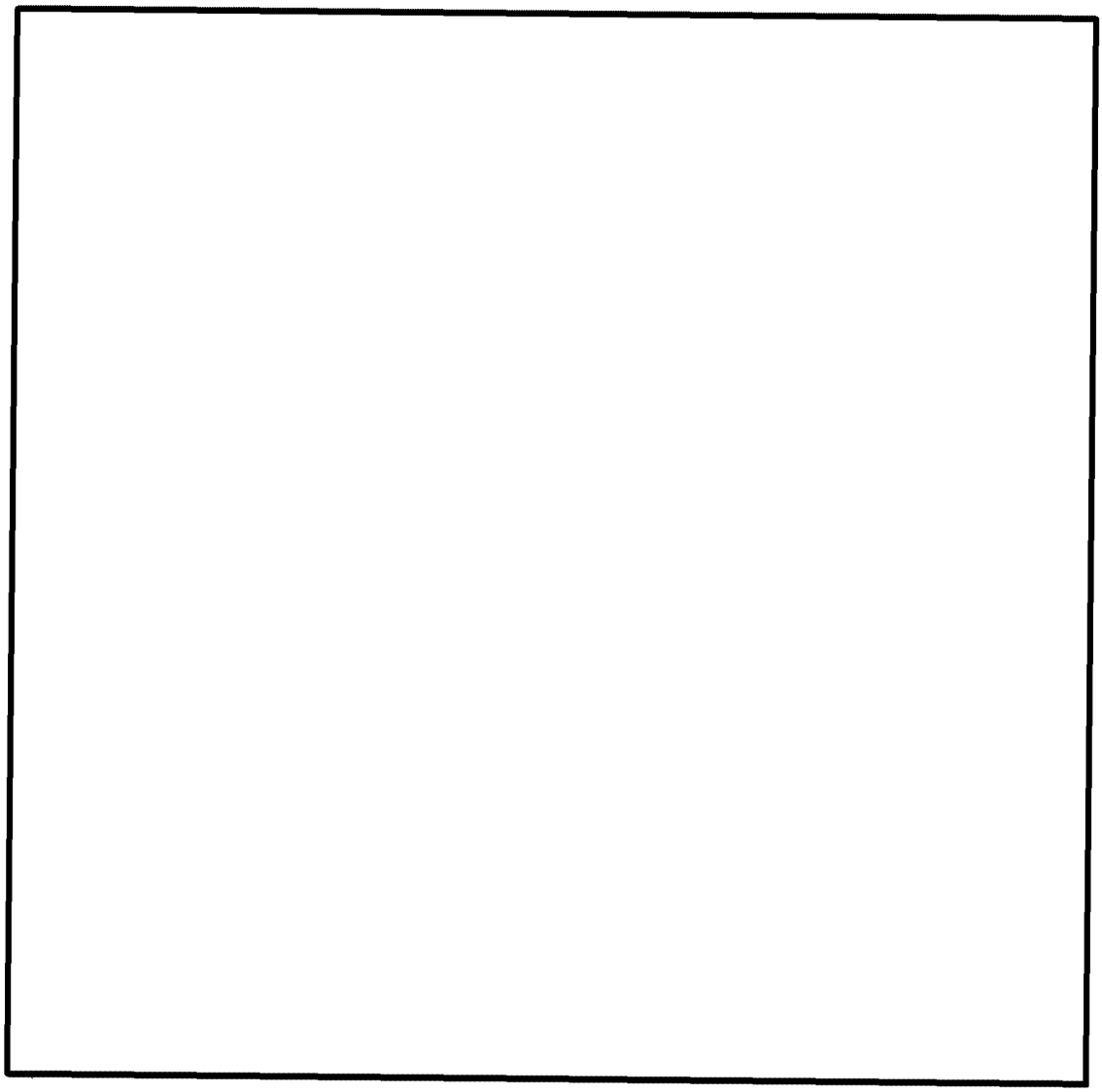

[21] While the letter dated December 3, 2010 from Director Mayorkas to Senator Patrick Leahy states that USCIS' interpretation of the law allows for counting of indirect jobs outside the geographic boundaries of the regional center, this impact study focuses on those created within the geographic boundaries of the regional center for EB-5 capital raise purposes.

[22] All values are reported in constant 2013 dollars.

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Table 10. Subsector Employment and Output Impacts within the Regional Center—Mountain Air EB-5 Project

[redacted]

[23] All values are reported in constant 2013 dollars.

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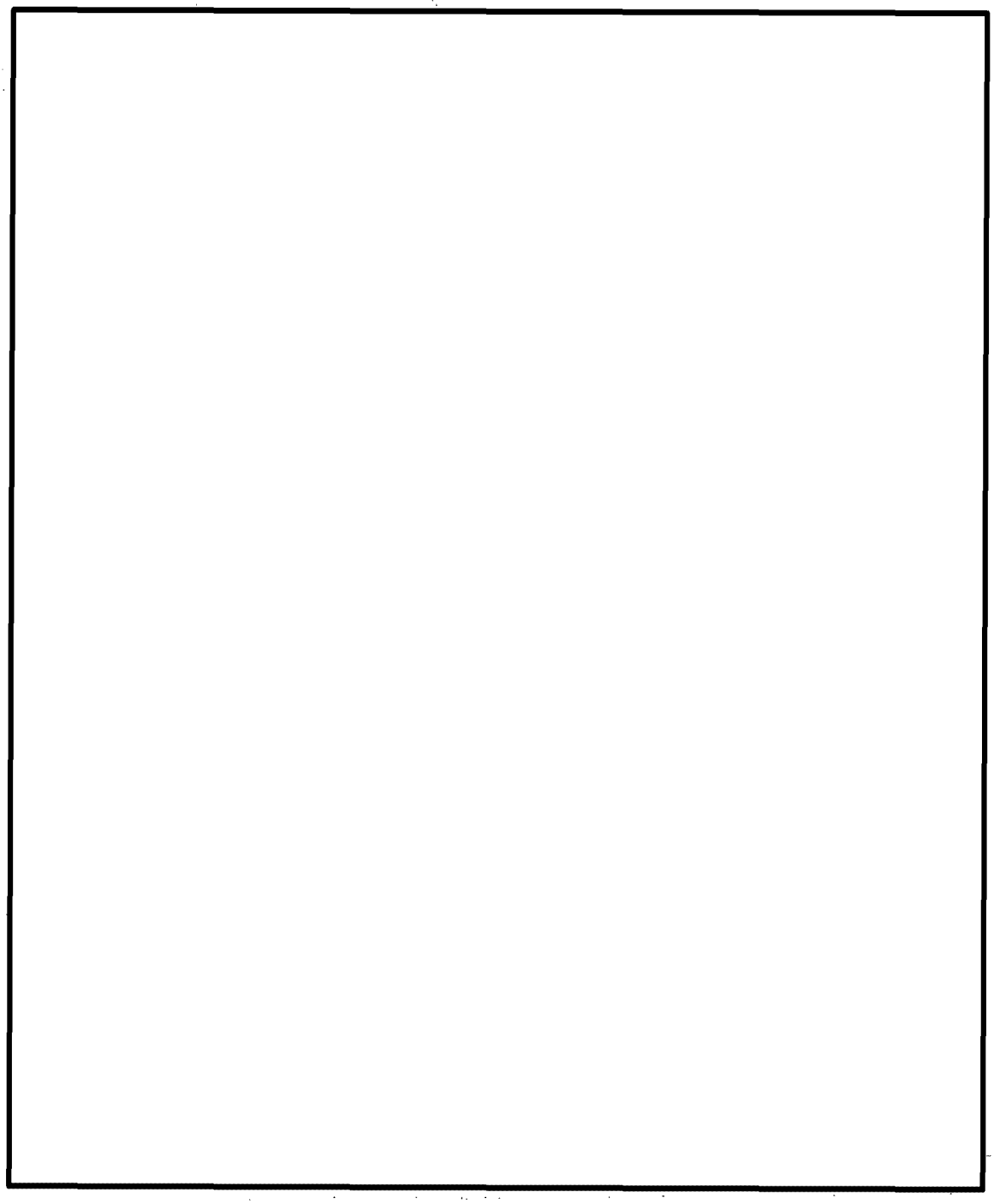

Conclusions

The results of this economic and job impact assessment study show how approval of the proposed Mountain Air EB-5 project planned for location in Burnsville, NC will support the requisite funding of a project that is expected to have significant and positive impacts on the regional economy of the
(b)(4) Appalachian EB-5 Regional Center and on the economy of the U.S. as a whole. These impacts include a total of [redacted] EB-5 program eligible jobs created in the prospective regional center economy in the third year of the proposed project. Additional impacts within the regional center include a four-year cumulative total

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Because the project is utilizing a lending approach to the EB-5 capital investment, all of the jobs that are attributable to the Mountain Air EB-5 project are indirect for EB-5 program purposes.

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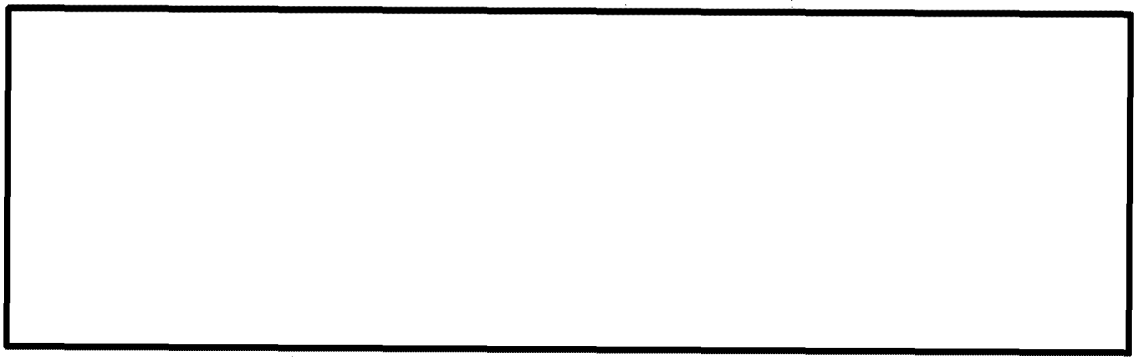

Lastly, it should be noted that the Mountain Air EB-5 project is located within a rural Targeted Employment Area (TEA) as defined by USCIS guidelines. Verification of the local population being under 20,0000 residents as of the date of the April 1, 2010 census has been obtained from the Burnsville, NC town clerk. Therefore EB-5 investors in the project qualify for the $500,000 minimum investment level, assuming USCIS approval.

The REDYN Model developed and maintained by Regional Dynamics, Inc. was used to provide a reasonable estimate of the economic and job creation impacts attributable to the construction of and the ongoing operations at the potential Mountain Air facility. A combination of data supplied by the project developers, public and proprietary data on the industry, region and individual component markets, data from the United States Census Bureau, the Bureau of Labor Statistics, and the Bureau of Economic Analysis were used in this analysis.

Appendix 1:

About Economic & Policy Resources, Inc.
Proposed Mountain Air EB-5 Project in the Prospective Appalachian EB-5 Regional Center

Economic & Policy Resources (EPR): EPR began providing consulting services to public and private clients in 1983. Our staff is comprised of 9 full-time and 2 part-time employees. We deliver economic, financial, planning and public policy services to support our clients' critical decision making processes. Our staff of economists, planners and financial analysts uses state-of-the-art analytical tools and methods to inform and address client issues. EPR has developed and has access to extensive data (including proprietary data) and analytical tools to provide credible, fully-considered analyses-results. We have a proven record of accomplishment on a wide-range of studies involving economic, socioeconomic, community and economic development, and public policy topics. Our completed projects list includes over 80 EB-5 economic impact assessment assignments over the past seven years.

Appendix 2:

Limitation and Contingent Conditions
Proposed Mountain Air EB-5 Project in the Prospective Appalachian EB-5 Regional Center

The results of this impact study should be viewed with certain limitations. This analysis is intended to assist the U.S. Citizenship and Immigration Service and interested parties in estimating the economic and job creation impacts associated with a potential EB-5 project within the geography of the prospective Appalachian EB-5 Regional Center.

- In undertaking this assignment, we employed accepted practices and assumptions designed to produce results that are conservative estimates for purposes of understanding the impacts of the proposed project. Actual results could differ.

- It should also be noted that specific estimates of year to year impacts are difficult to make with a high degree of accuracy. The potential project's impact in any one year could deviate from those presented in this report due to factors–such as interest rates and business cycles–that are beyond the scope of this analysis.

- The authors believe the study is a reasonable and conservative estimate of the likely economic and job creation impacts of this development activity under the assumptions employed in this study as of the date of this report.

Data utilized in the analysis was obtained from the community developers. We also employed data and information from various industry sources (e.g. selected trade associations) and other third party publications (e.g. from authoritative federal government departments and agencies) which are typically used by and commonly relied upon by economic analysts. Information supplied by the developers has been accepted as correct without further verification (although we conducted routine quality control checks for reasonableness), and we express no opinion on the accuracy of that information. The report reflects facts and conditions existing and known as of the date of the report. Subsequent events and additional information may require a review and alteration of the opinions and conclusions presented here.

Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it, nor may it be used for any purpose by anyone but the client without the prior written consent of the client or of Economic & Policy Resources, Inc. and, in any event, not without proper attribution. The opinion expressed herein is valid only for the purposes described herein.

The undersigned has no present or prospective interest in the property that is the subject of this report and has no personal interest or bias with respect to the parties involved. Economic & Policy Resources, Inc. is paid an hourly rate for time spent in analyzing and preparing its conclusions and opinions. Economic & Policy Resources, Inc.'s fees are not contingent upon the outcome of any event for which this report may be used.

Appendix 3:

Schedule of Exhibits
Proposed Mountain Air EB-5 Project in the Prospective Appalachian EB-5 Regional Center

Exhibit 1: The Business of Regional Dynamics, Inc.: *Economic Modeling Redefined* – Source: Regional Dynamics, Inc.

Exhibit 2: How the Regional Dynamics Economic Model Works: *The REDYN Model in a Nutshell* – Source: Regional Dynamics, Inc.

Exhibit 3: REDYN Model Data Sources and Baseline Estimation Process: *Where the REDYN Model Gets Data* – Source: Regional Dynamics, Inc.

Exhibit 4: The Regional Dynamics Economic Analysis Model: *What the REDYN Model Does* – Source: Regional Dynamics, Inc.

Exhibit 5: Feature Comparison – Major Commercial Economic Models – Source: Regional Dynamics, Inc.

Exhibit D

MOUNTAIN AIR COUNTRY CLUB
RESIDENTIAL MARKET ANALYSIS
BURNSVILLE, NORTH CAROLINA

June 2008

Prepared by:

RALPH STEWART BOWDEN, Inc.
Real Estate Counselors

Mountain Air Country Club
Residential Market Analysis
Burnsville, NC

June 2008

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Mountain Air Country Club
Residential Market Analysis

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Ralph Stewart Bowden, Inc., Real Estate Counselors (RSB) has been commissioned to analyze current market conditions as they relate to the development of Mountain Air County Club's (MAAC) final development phase comprising approximately 495 residential units. MACC is an established, 1,300 acre private club community located in Burnsville (Yancey County) North Carolina. Our study has concluded the following:

General - The market area continues to present a positive long term development environment. While the disruption in the mortgage market has effectively stalled primary, predominantly entry level, home sales, the top of the market appears comparatively sound.

- The region enjoys the benefit of abundant and convenient international airport facilities located in Asheville and Charlotte, NC, Knoxville and Chattanooga, TN, Atlanta, GA and Greensboro /Spartanburg, SC which support increasing tourism and second home development.

- The primary market area (Yancey County) boasts quality healthcare and hospital-supported fitness facilities, education, a thriving art community and excellent shopping opportunities.

- The expansion of Route 19 to a four-lane road from Interstate 26 to Burnsville provides enhanced access to Mountain Air Country Club, and enhances Mountain Air residents' access both locally and regionally.

The Characteristics of Demand - Based on National Association of Realtors (NAR) data, second home demand appears alive and well and would be expected to continue to thrive as the number of upper income households maintains its growth pattern.

- The NAR advises that eight in ten second home buyers consider it a good time to buy and invest in real estate with approximately one-half likely to purchase another property within two years. Twenty-eight percent of vacation home buyers paid cash for their property in 2007 as did 35 percent of investment buyers.

- Due to its relative affordability, western North Carolina is among the top places for such investment.

- The area's feeder markets include a variety of North Carolina, South Carolina, Florida, Virginia and Georgia metropolitan areas. The continuance of this trend is supported by state tourism statistics that cite these states among the top producers for visitor origination.

- These tourism-based feeder markets are augmented by pockets of interest in the northeast, the Midwest, and the southwest for which the North Carolina market represents a comparatively affordable, high quality mountain residential experience.

- The prime home buying period typically begins at around 35 years of age and has traditionally topped out at about 65. However, as the Baby Boomer generation ages, the top end of the age range continues to escalate, providing the deepest market segment.

Based on our analysis of the five feeder states, the following conditions are inherent in MACC's target audience.

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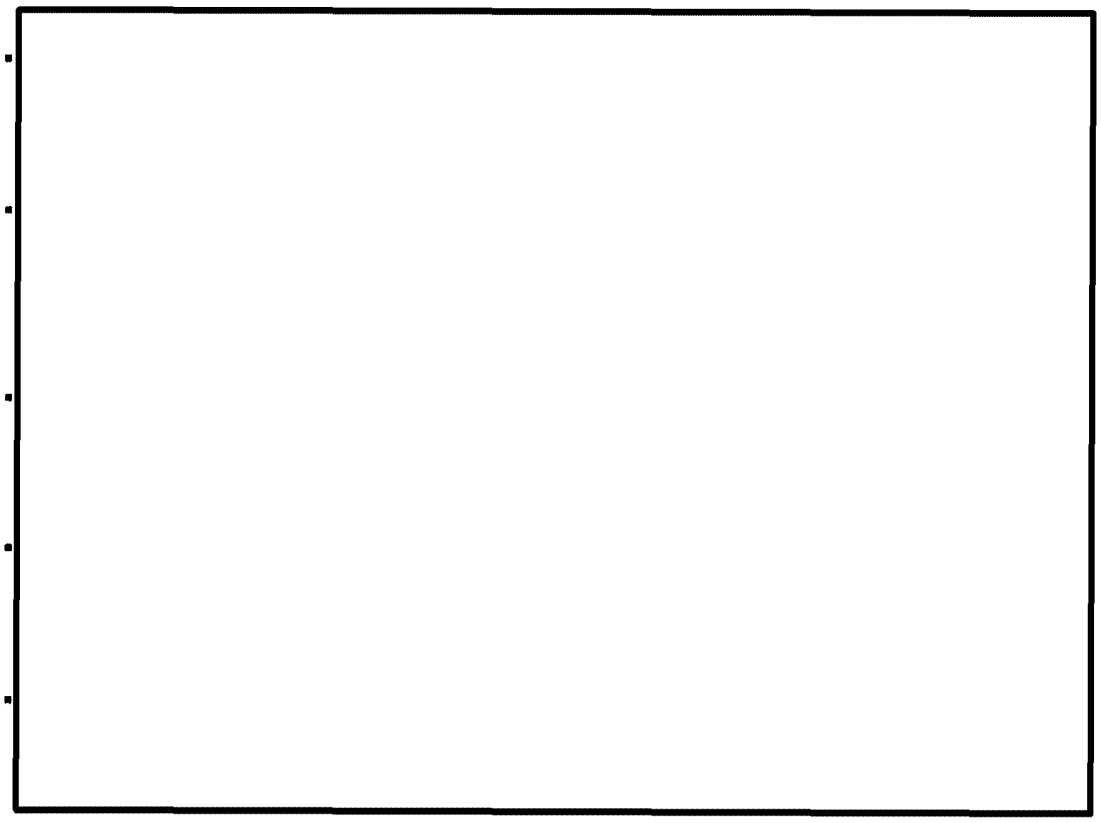

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These factors speak to the benefits and appeal of maintenance-free and service-oriented housing which is reflected in MACC's development plan and inventory.

The Characteristics of Supply - The top of the Carolina Mountain Region second home marketplace is well served by an established cohort of golf-centric communities. In this regard, competition is significant. On the basis of community composition and market position, Mountain Air Country Club (MACC) compares to the Master Market Sample as follows:

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Community Characteristic	Market Standard	MACC

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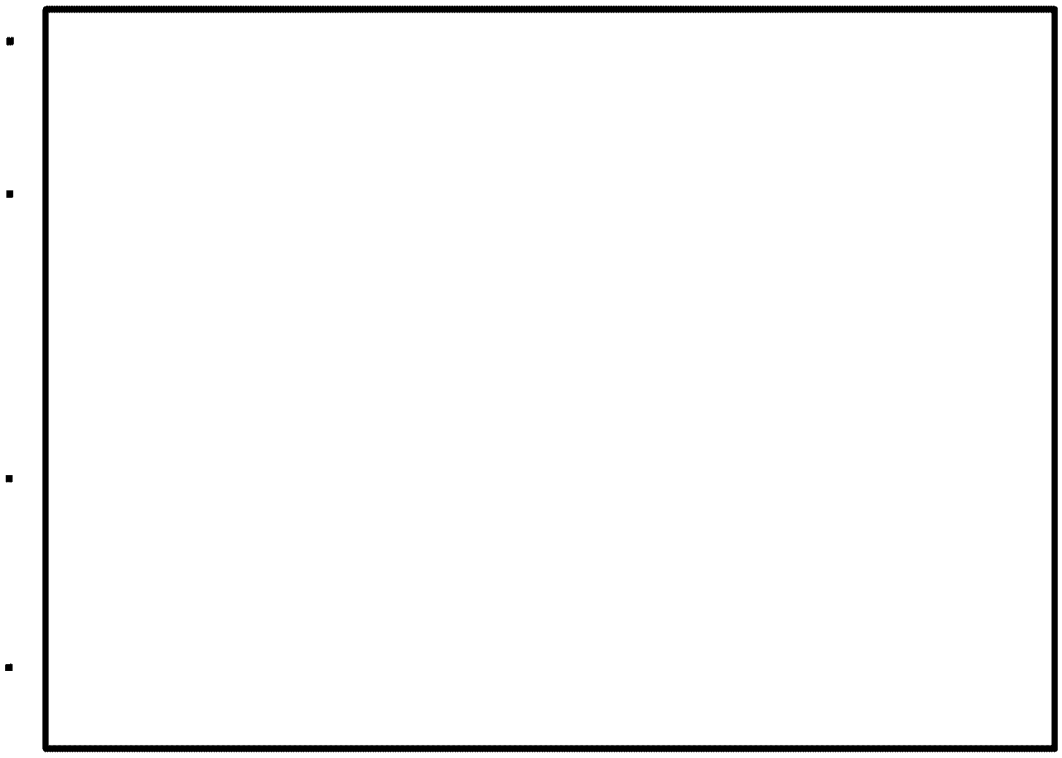

The table on the following page compares the various residential market standards to MACC's residential inventory characteristics.

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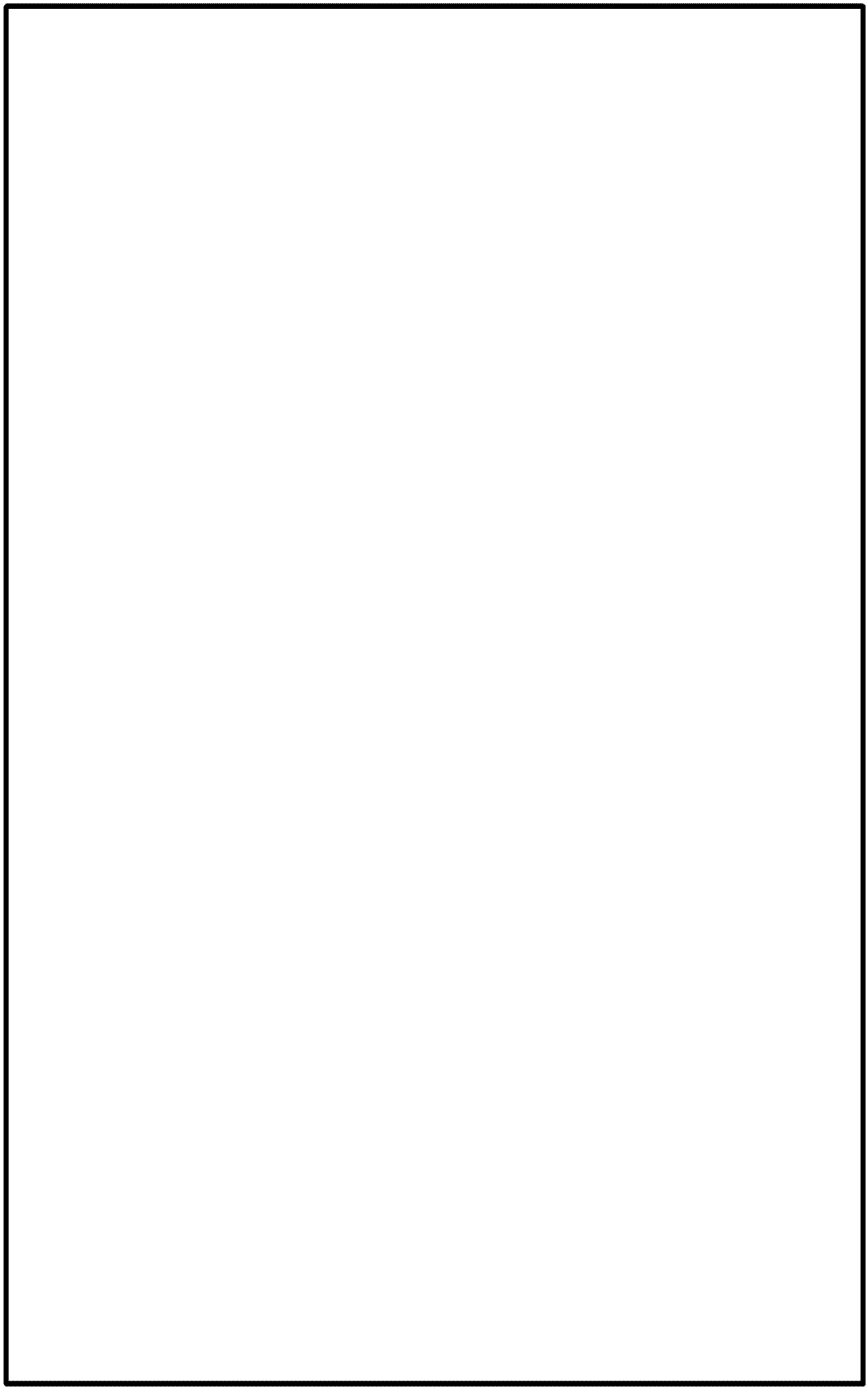

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Marketing – It is our opinion that MACC needs to be visible in its main feeder markets during this period of market turbulence and recovery so that these markets will be aware of MACC as they reinvigorate. We believe that this visibility is best obtained and maintained through a purposeful Public Relations campaign.

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Absorption – Currently, sales have been sluggish across the nation. However, western North Carolina appears to have weathered the storm better than other markets.

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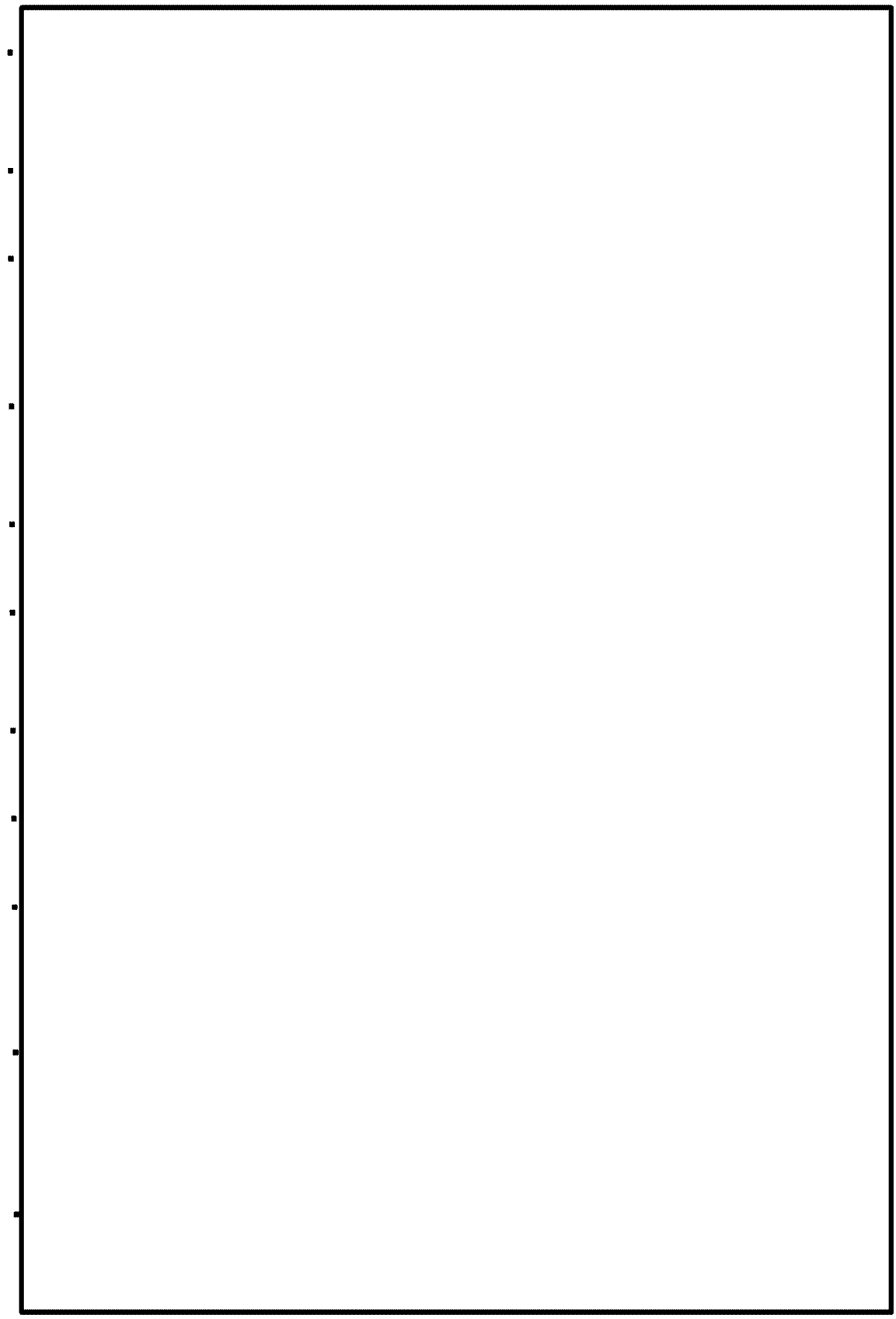

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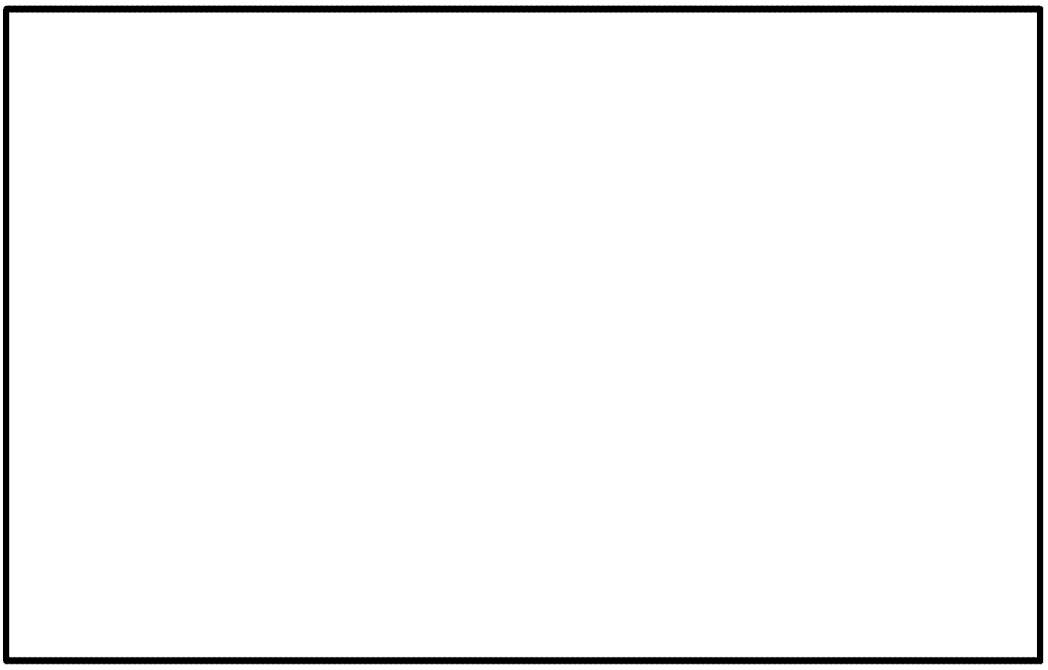

Membership - Mountain Air's membership characteristics compare to the competitive market sample as follows:

(b)(4)

Characteristic	Market Standard	MACC

(b)(4)

Our conclusions are founded in market-based data that are current as of the date of this report. Our recommendations recognize Mountain Air Country Club's established market position and success, and a significantly competitive environment, and assume a consistent and professional marketing program and a relatively stable economic environment.

SECTION I

PURPOSE AND SCOPE OF ANALYSIS

Section I. PURPOSE AND SCOPE OF ANALYSIS

Ralph Stewart Bowden, Inc., Real Estate Counselors (RSB) has been commissioned to analyze current market conditions as they relate to the development of Mountain Air County Club's (MAAC) final development phase comprising 495 residential units. MACC is an established, 1,300 acre private club community located in Burnsville (Yancey County) North Carolina.

The Market Analysis focuses on the supply and demand dynamics that characterize the Western North Carolina (WNC) real estate market and how they bear on the development of the subject property. The nature of the market is multi-dimensional in that it continues to attract second, investment and retirement home buyers from outside of the region. The results of the market analysis serve as the foundation for benchmarks associated with residential product segmentation and strategically driven pricing as they relate to the remaining inventory and the final development phase.

The Competitive Market Profile of private country club communities located throughout the WNC region generally considers the following key characteristics:

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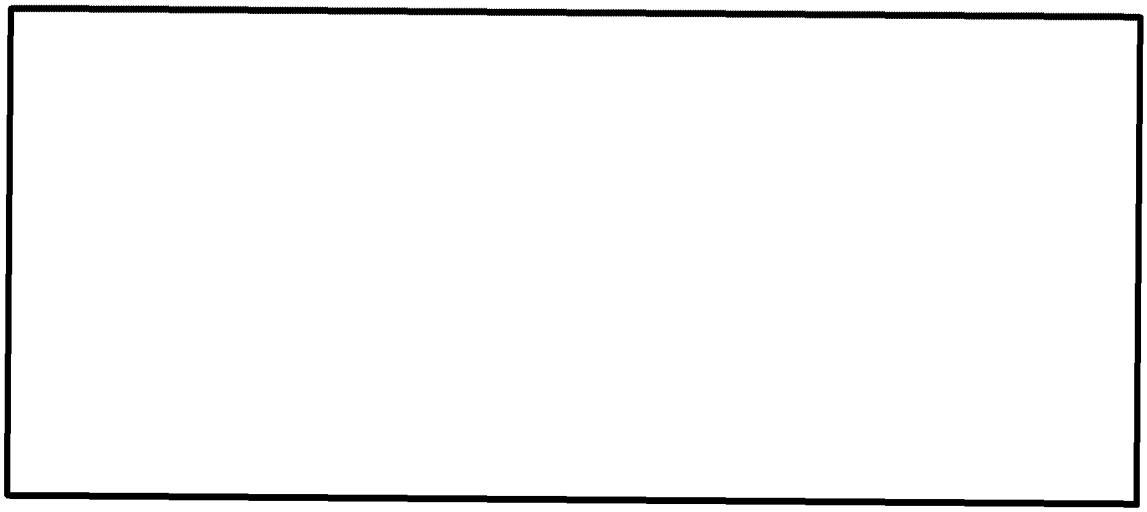

The geographic scope of the market survey encompassed the mountain regions of North Carolina, South Carolina, and northern Georgia. Our survey focused on the residential products currently offered.

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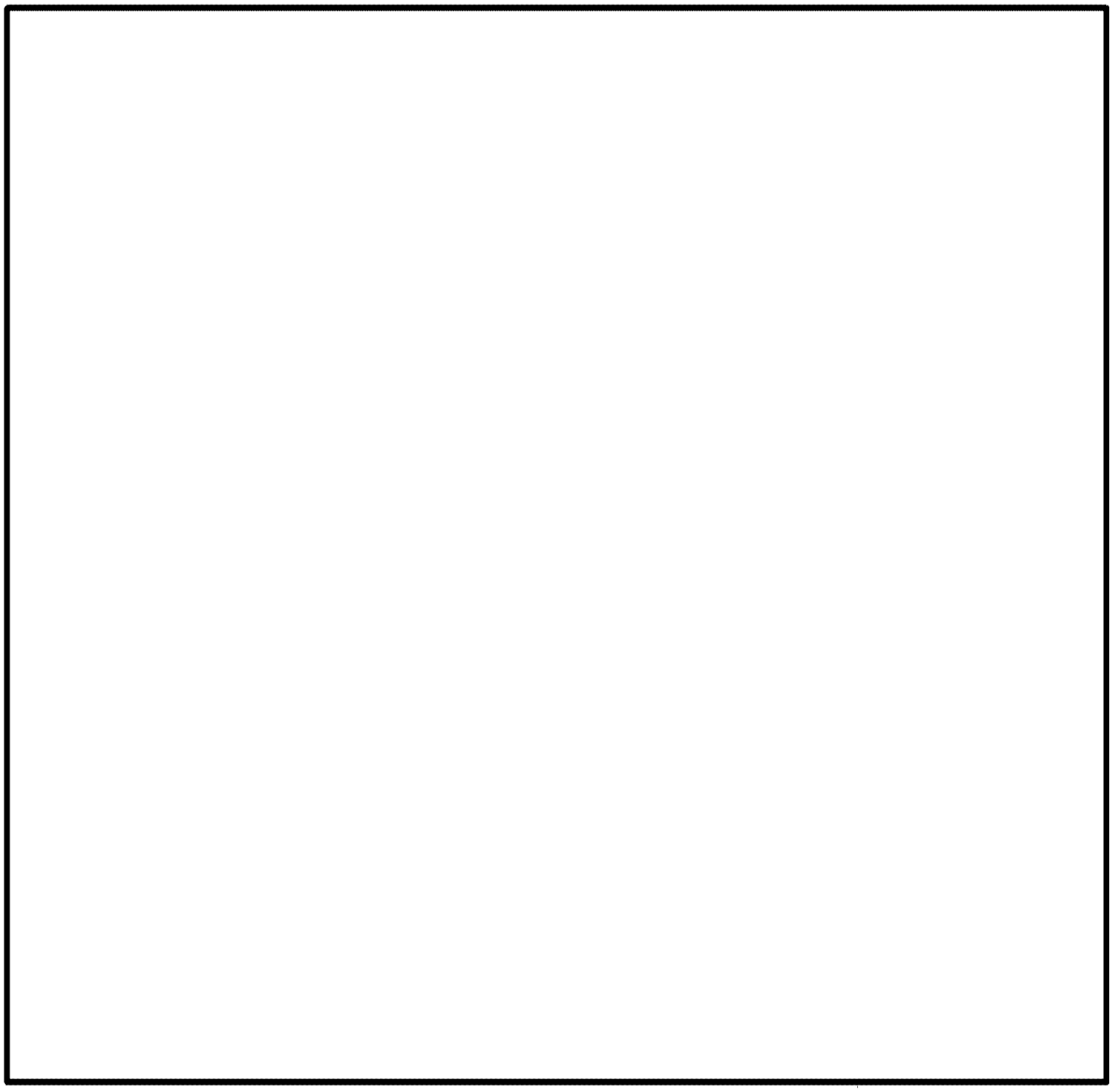


Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible as of the date the primary research was collected. This study is based on estimates, assumptions, and other information developed by Ralph Stewart Bowden, Inc., Real Estate Counselors from its independent research effort and general knowledge of the industry. No responsibility is

assumed for inaccuracies in reporting by any other data source used in the preparation of this study. No warranty or representation is made that any of the projected values or results contained in this study will be achieved.

This study was completed in June 2008.

SECTION II
PROJECT DESCRIPTION

Section II. PROJECT DESCRIPTION

Mountain Air Country Club comprises approximately 1,300 acres of land atop Slickrock Mountain in Burnsville, (Yancey County) North Carolina. The private golf community is planned for a total of approximately 1,120 residential units, 27 holes of golf and a comprehensive variety of recreational and social amenities. As of year-end 2007, 625 units had been sold. Another approximately 495 residential units are ready for market or planned for development and are the subject of this report.

Of the 625 units sold, distribution was as follows:

Product Type	# Sold	% of Total
Single Family Homesites		
Single Family Detached		
Condominiums		

(b)(4)

Average sales prices for the last three years have fallen within the following ranges:

Product Type	Avg. Sales Price Range 2005 – 2007
Single Family Homesites	
Single Family Detached	
Condominiums	

(b)(4)

Based on projections provided by MACC, the approximately 495 residential units remaining for sale are The inventory is distributed as follows:

(b)(4)

Type/Location	# Dus	Estimated Price Range
Single Family Homesites		
Single Family Homes		
Condominium Units		
Suites		
Total		

Amenities - MACC is a high-quality private golf community with a unique mountaintop airstrip and an abundant amenity package. The 18-hole, Scott Pool-designed golf course is in the process of a nine-hole expansion, bringing the number of golf holes to 27. Ancillary golf amenities include a full complement of practice facilities, an award winning golf learning center, a 14,000 square foot clubhouse with dining and lounge facilities. The $10 million Slickrock Village Green, designed by Cottle Graybeal Yaw of Aspen, Colorado, includes a five-star-quality guest lodge, village market, outfitter's shop, post office, community library, and a putting green. The Chautaqua Activity and Fitness Center includes separate teen game room and young children's activity center, a movie theater, spa treatment rooms, gym facilities for fitness and aerobics, a heated outdoor swimming pool and an outdoor whirlpool. Executive meeting facilities and a business center are available at the clubhouse and an Interpretive Center is planned as the centerpiece of a 100-acre conservation park.

Development plans call for additional recreational amenities at Lost Chimneys, a 49.5 acre site located in the central-west portion of the community. Lost Chimneys Sports Village is planned to include a tennis and swim complex with four clay tennis courts, two swimming pools and ancillary enclosed function space, a climbing wall, a trail system and picnic/park areas. Golf amenities currently include a short game practice area a driving range and heated indoor hitting bays.

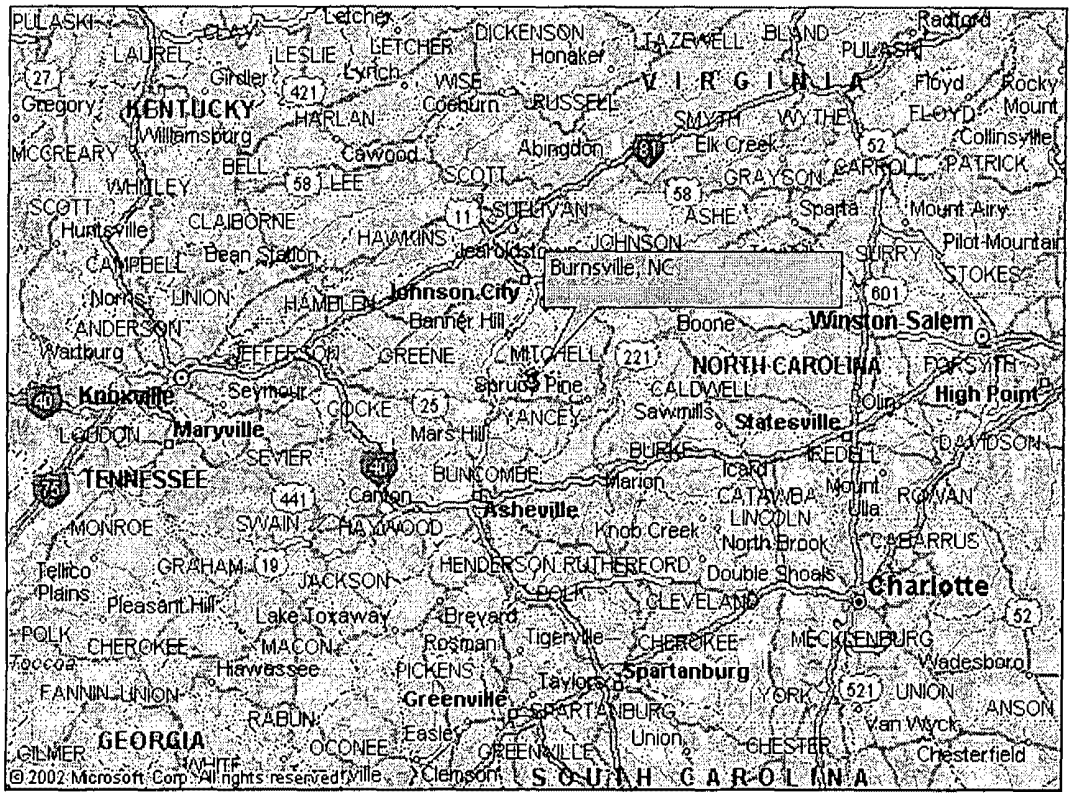
Membership - Membership to the Mountain Air Country Club is limited to 550 Full Golf memberships or 367 memberships per 18 holes of golf. The Full Golf membership fee is currently $60,000 and may be included in the purchase of real estate. Annual dues for the Full Golf category are approximately $7,700 per year for a family. An Associate/Sports membership is also offered at $35,000 with annual dues of $5,500. The category currently has a 150 member cap and golf access is restricted to six times per year. A third category, Social, is currently capped at 150 and offers the ability to play golf three times per year for greens fees. Membership privileges include unrestricted access to the community's dining, tennis and swim facilities.

Section III. MARKET AREA OVERVIEW

Regional Market Area Abstract

The market area continues to present a positive development environment. The following provides a synopsis of our regional findings. The map below provides regional perspective.

The Western Carolina Mountain Region



Location and Accessibility - Western North Carolina (WNC) is located within a 700-mile radius of more than 150 million people including 70 of the nation's top 100 metropolitan areas; more than 70 percent of the country's industrial base; and over 50 percent of U.S. retail sales.

- The Interstate and Intrastate highway systems (Interstates 26, 40 and 85) provide excellent accessibility to a variety of major metro areas including Asheville, Atlanta, Charleston, Charlotte, Raleigh, and Wilmington.

- The completion of Interstate 26 from Tennessee should serve to open the western North Carolina region to travelers from both Kentucky and Tennessee.

- Construction is now underway to widen Route 19 to a four-lane highway between Interstate 26 to the west and Burnsville to the east. This improvement to the region's infrastructure will shorten the trip between Mountain Air and Burnsville and Asheville. The improved highway environment will facilitate ongoing local economic development efforts.

- Accessibility, combined with a moderate climate and relatively affordable housing continue to provide a perception of WNC as a haven for second home owners, retirees, and vacationers.

Growth – In recent years, North Carolina's rural counties have grown commensurately with the state's more urban markets. Nearly all Western North Carolina counties experienced growth ranging from fifteen (15%) to thirty (30%) percent between 1990 and 2000.

- While North Carolina's population growth slowed somewhat between 2000 and 2003 with several eastern counties actually losing population, Western Region counties enjoyed growth of nearly three (3%) percent, on average. This growth rate is understated as second home owners are not categorized as permanent residents.

- Aging Baby Boomers and an influx of retirees are changing the age distribution of western North Carolina. According to state estimates, about half of North Carolina's in-migrants over the age of 60 have moved to the western mountain region. This trend is expected to continue through the current decade.

- North Carolina has maintained its position in the top tier of national second-home markets; the southern region accounted for 40 percent of all vacation and investment home sales in 2007.

Tourism - Rich in history and American culture, North Carolina has long been one of the nation's strongest tourist destinations and in recent years, has continuously expanded. Domestic tourism directly supported more than 187,000 jobs in North Carolina in 2006 and traveler spending grew 8.3 percent over 2005 to $15.4 billion on the heels of similar

increases for the 2004 / 2005 period. Approximately 65 million visitors traveled to North Carolina, ranking the state sixth in trip volume for 2006. North Carolina's top states of overnight visitor origin include North Carolina, South Carolina, Virginia, Georgia and Florida. According to the Travel Industry Association of America, segments of increasing traveler activity which are particularly applicable to North Carolina are projected to include the following:

Increasing Traveler Activity Segments

- Baby Boomers
- Mature Households
- Biking Vacations
- Adventure Travelers
- Golf and Tennis Vacations
- National/State Park Travel
- Weekend Travel

Market Area Characteristics

The Regional market area comprises the greater portion of western North Carolina, bordered by Tennessee, Georgia and South Carolina. Yancey County is considered the local or primary market area.

- Located an approximate 30 minute drive from the subject property, the historic town of Asheville is perhaps the best known city in the western North Carolina mountain region.
- Area attractions include the Appalachian Trail, Mount Mitchell, Grandfather Mountain, the Blue Ridge Parkway, and seemingly endless acres of National Forest and miles of wild rivers.
- Skiing, golf, fishing, hunting, horseback riding, mountain biking, hiking, swimming, fishing, canoeing, kayaking and white water rafting can be enjoyed year-round throughout the region.
- The region enjoys the benefit of abundant and convenient international airport facilities located in Asheville and Charlotte, NC, Knoxville and Chattanooga, TN, Atlanta, GA and Greensboro/Spartanburg, SC.
- The primary market area (Yancey County) boasts quality healthcare and hospital-supported fitness facilities, education, a thriving art community and excellent shopping opportunities.

- Yancey County is accessible via U.S. Highway #19 which is approximately 14 miles from Interstate 26 and 35 miles from Interstate 40. US Highway 19 between Burnsville and Interstate 26 will be expanded to four lanes between 2008 and 2010.

Demographic Characteristics –Yancey County had an estimated permanent population basis of 18,421 full-time residents in 2006, up approximately four (4%) percent since 2000 reflecting the addition of more than 3,000 people since 1990 and representing population growth of approximately 20 percent. Current estimates call for growth of approximately one (1%) percent per year through this decade suggesting a population of more than 19,000 by 2010.

- Yancey County exhibits a somewhat older age demographic in comparison to the state of North Carolina and the U.S. with a median age of 42 years compared to 36 years for the state and the nation. Further to this issue, Yancey County's 65+ age group represents 18.2% of the full-time population base compared to approximately 12% for the state and the nation.

- This age difference is reflected in the area's household income characteristics. Yancey County exhibits an estimated median household income of approximately $30,000 compared to $42,000 and $47,000 for the state and the U.S.

SECTION IV
DEMAND ANALYSIS

Section IV. DEMAND ANALYSIS

The Second Home Market Segment

The most recent National Association of Realtors® (NAR) Investment and Vacation Home Buyers Survey revealed that vacation home sales accounted for 33 percent of all existing and new home sales in 2007. While slightly lower than 2006, this share of market is close to historic norms. Investment property purchases continued to dominate the sales pattern, representing 21 percent. This level of activity reflects a one percent decrease from 2006 while vacation home sales decreased two points from 14 percent to 12 percent. While these figures suggest a cautionary outlook for the future, it should be noted that vacation home sales rose to a new record in 2006 due to pent up demand fueled by limited supplies in preceding years. Vacation home sales rose 4.7 percent in 2006 to a record 1.07 million, while investment home sales fell 28.9 percent to 1.65 million as speculators abandoned the market. Yet, In spite of an expanding stock market, investment properties continued to account for nearly one-quarter of all homes purchased in 2006.

The definitions associated with the two buyer segments are semantic in nature. A recent *Wall Street Journal* article focused on the growth of retirement home sales being fueled by relatively young buyers still decades away from retirement. While theoretically perceived as an investment, these purchases provide a present day retreat. This trend toward the purchase of "gateway" homes tends to muddy the specific definitions associated with non-primary residence purchases. This thesis plays out with respect to the age issue. According to NAR, the typical vacation home buyer was 46 years old in 2007, down significantly from 52 years in 2005, suggesting an increasing universe of buyers entering their peak earning years often primed with disposable income from an inheritance or a stock market windfall.

Those without deep pockets are also finding ways to afford a second home in spite of limited investment capital. This is evident in the surge of condominium hotel and fractional ownership development. Younger buyers do not necessarily see these purchases as investments but do recognize that real estate has intrinsic portfolio value and that their retirement dollars are at work.

The extent of the market that defines the second home as an investment or a retreat is subjective in nature as the reasons/motivations for purchase are relatively similar. Interestingly, both segments have interest in the purchase as a potential source of income, to diversify investment portfolios, as a vacation retreat/family gathering space and/or as a future primary residence/gateway home. While 51 percent of investment property buyers cited rental income as a priority and 39 percent were focused on diversifying their investment portfolios, 41 percent of vacation home buyers cited rental income and tax benefits as integral to their decision.

While the disruption in the mortgage market has effectively stalled primary, predominantly entry level home sales, the top of the market appears comparatively sound. NAR advises that eight in ten second home buyers consider it a good time to invest in real estate with approximately one half likely to purchase another property within two years. Twenty-eight percent of vacation home buyers paid cash for their property in 2007 as did 35 percent of investment buyers.

Qualified Home Buyer Profile – Macro Perspective

Median household incomes have climbed throughout all demographic segments over the last decade but the share of affluent households has exhibited unprecedented growth. In 2007, an estimated 18 percent of households had an annual income of $100,000 or more, compared to four (4%) percent little more than a decade ago.

However, the demographic balance of individual income groups has remained relatively stable, a condition that is not expected to change in the foreseeable future. For instance, the share of households headed by a person under the age of 25 earning more than $100,000 is about the same today as it was a decade prior while nearly six in ten households with six figure incomes or higher are headed by a person between the ages of 35 and 54, roughly the same as it was in 1990.

Looking forward, the number of households headed by an individual within the prime

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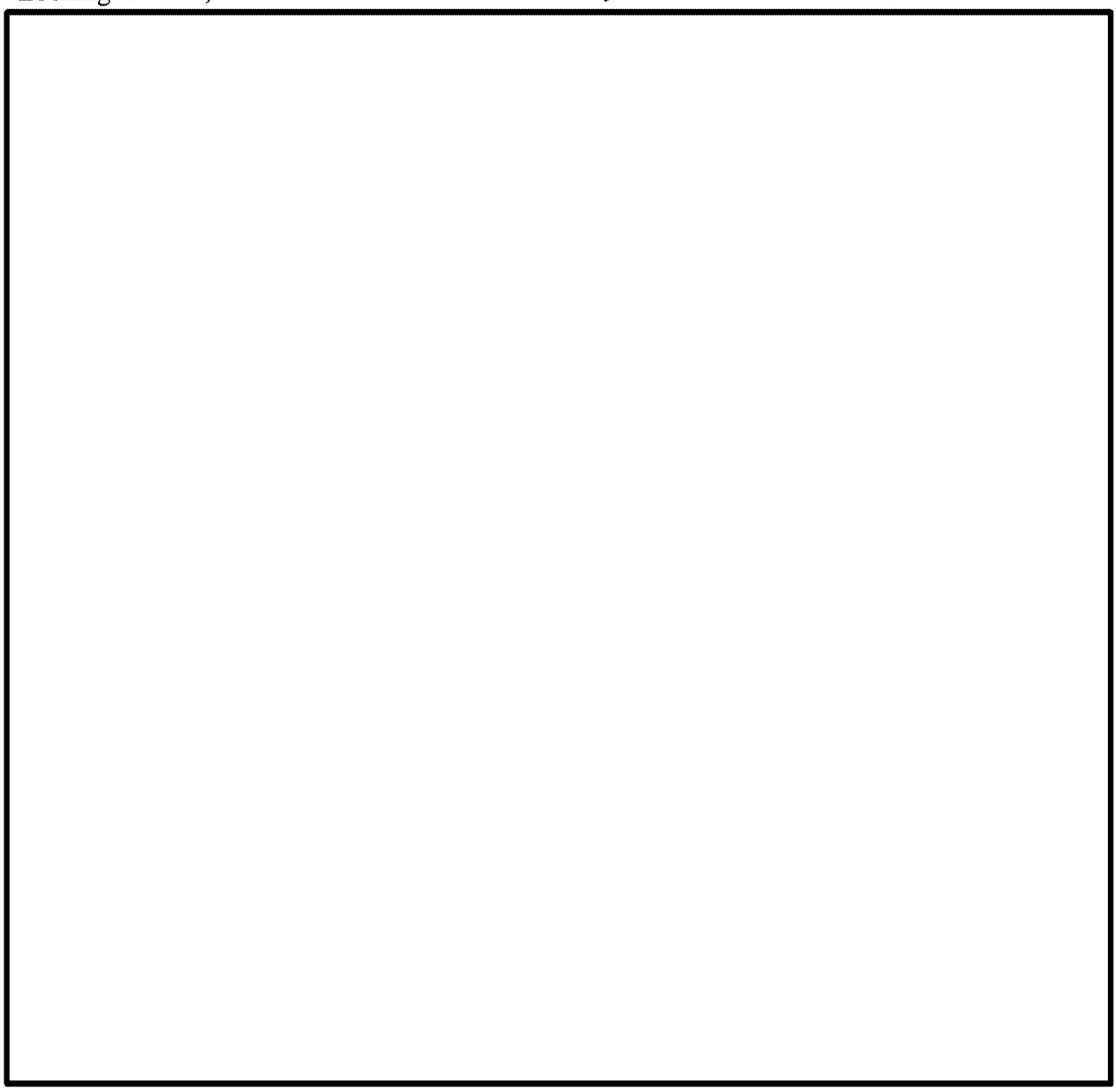

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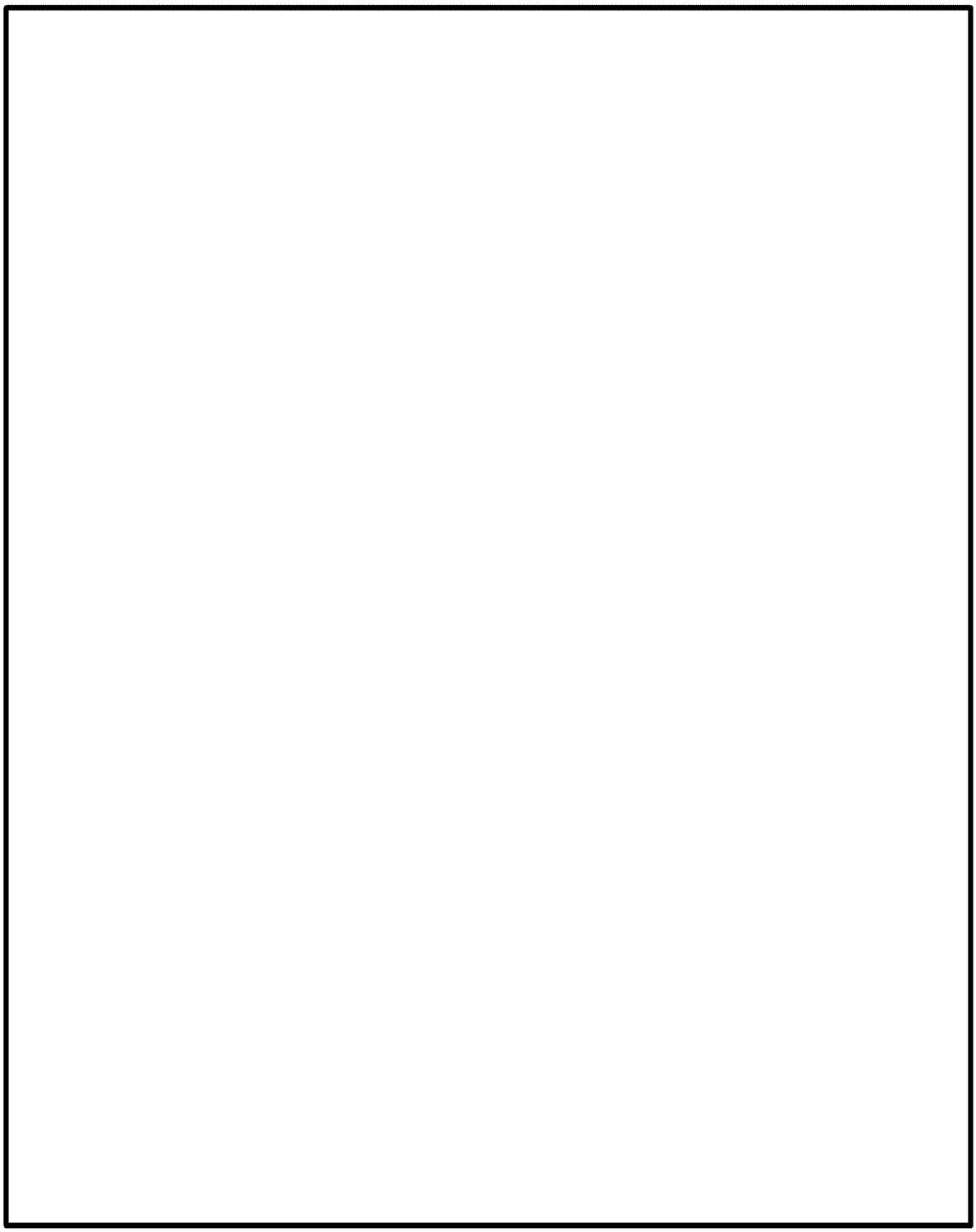

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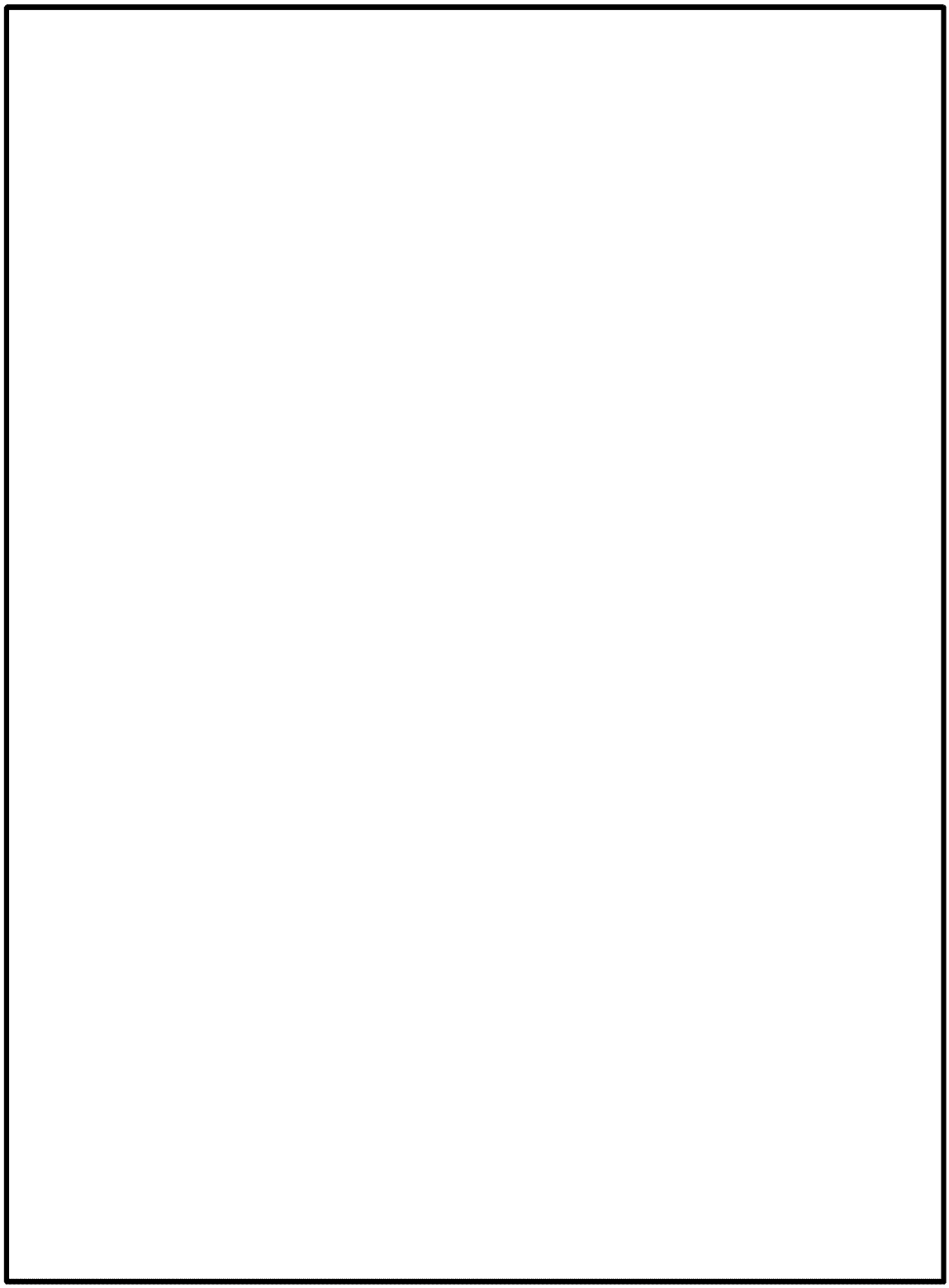
Qualified Buyer Growth Segments Within the Five Feeder States



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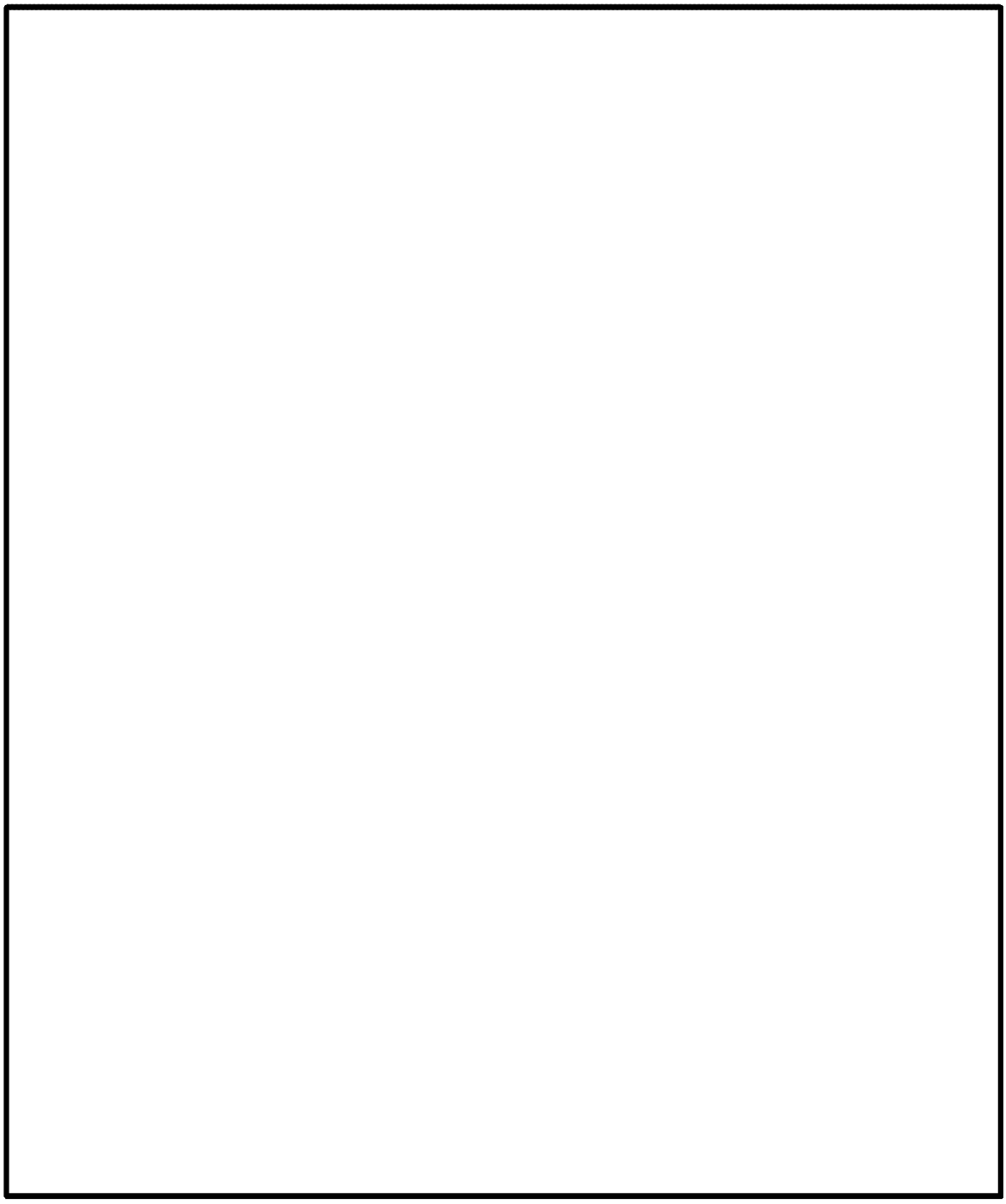

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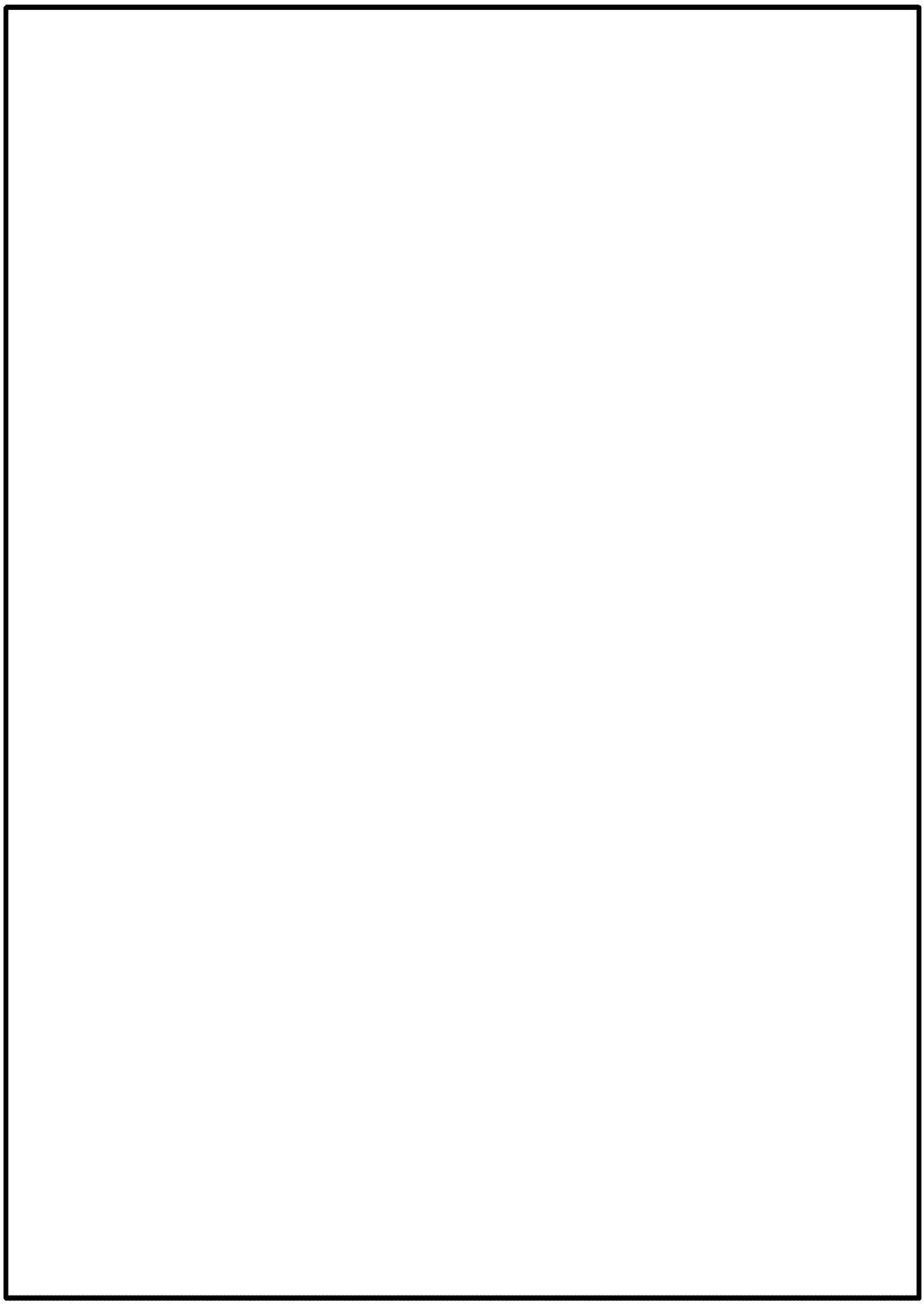

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SECTION V

MARKET SURVEY AND ANALYSIS

Section V. MARKET SURVEY AND ANALYSIS

RSB has conducted a regional market survey comprising 20 private golf communities located throughout the Western North Carolina region. The communities are contemporary examples of upscale development that are considered competitive to Mountain Air Country Club. The 20 communities, their respective locations, dates of market entry and average residential values are as follows:

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Community	Location	Began	AARV*

Market Position - The average aggregate residential value (AARV) of a given community is an estimate of that community's current "typical" residential value for the purpose of defining its market position. (b)(4)

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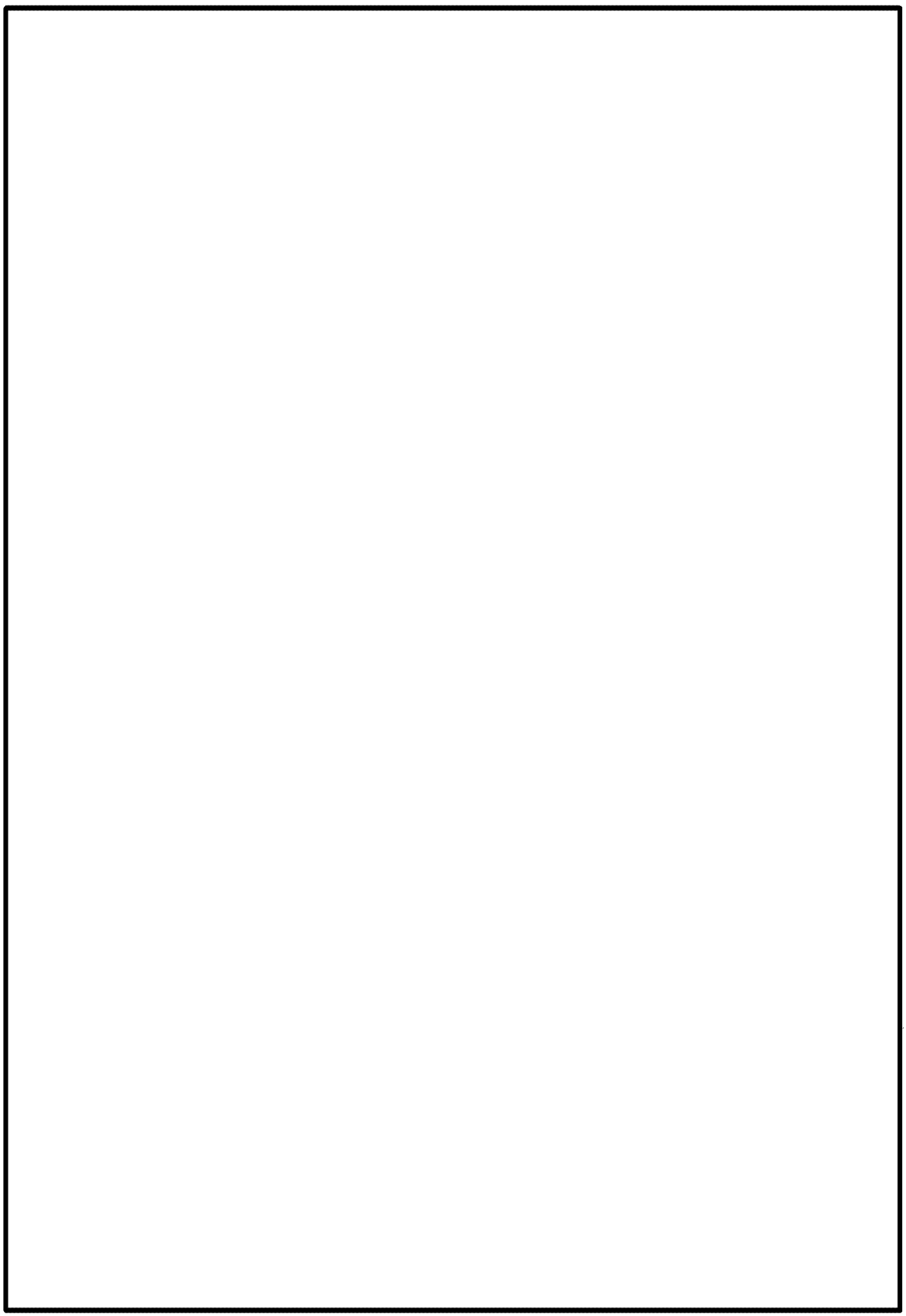

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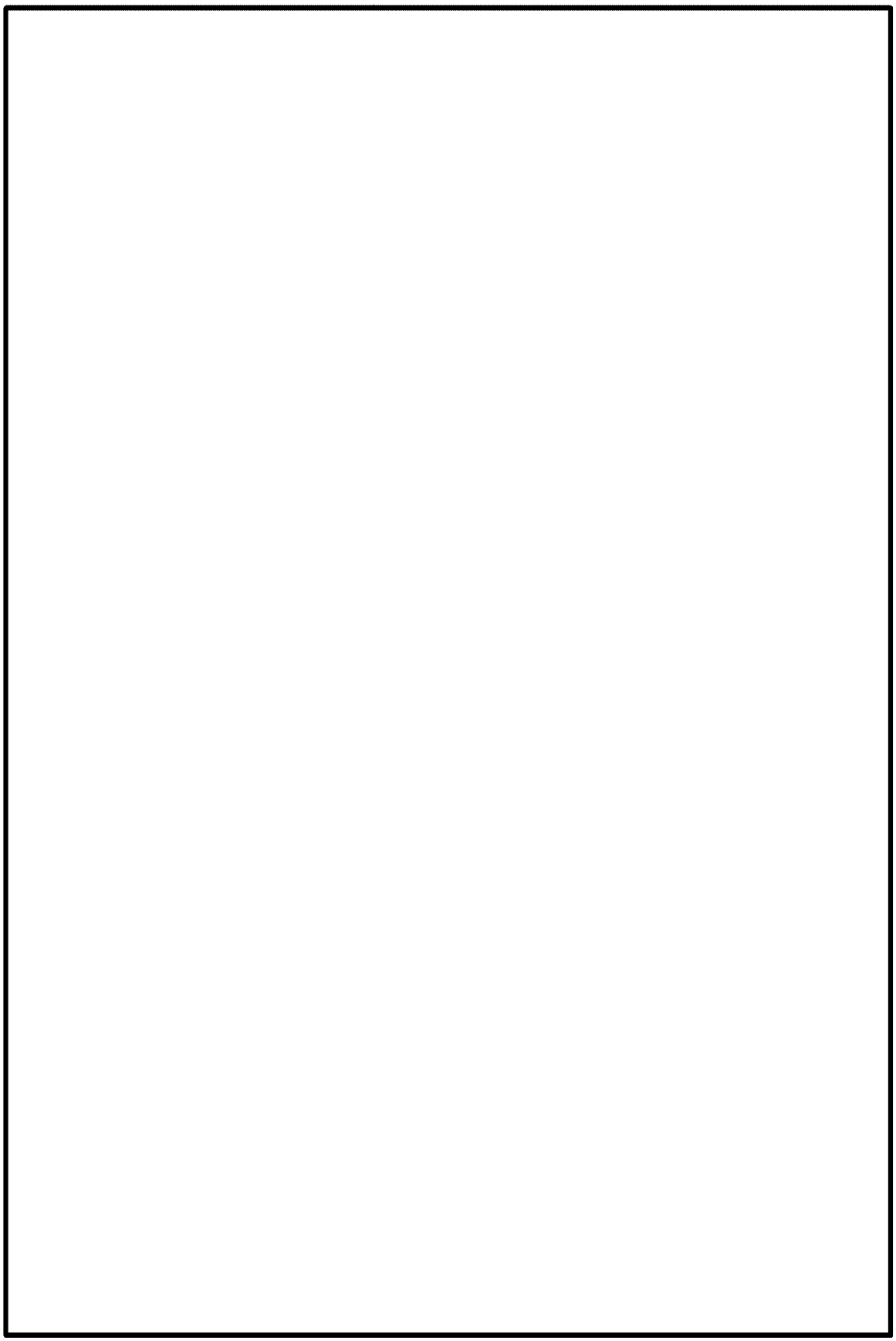

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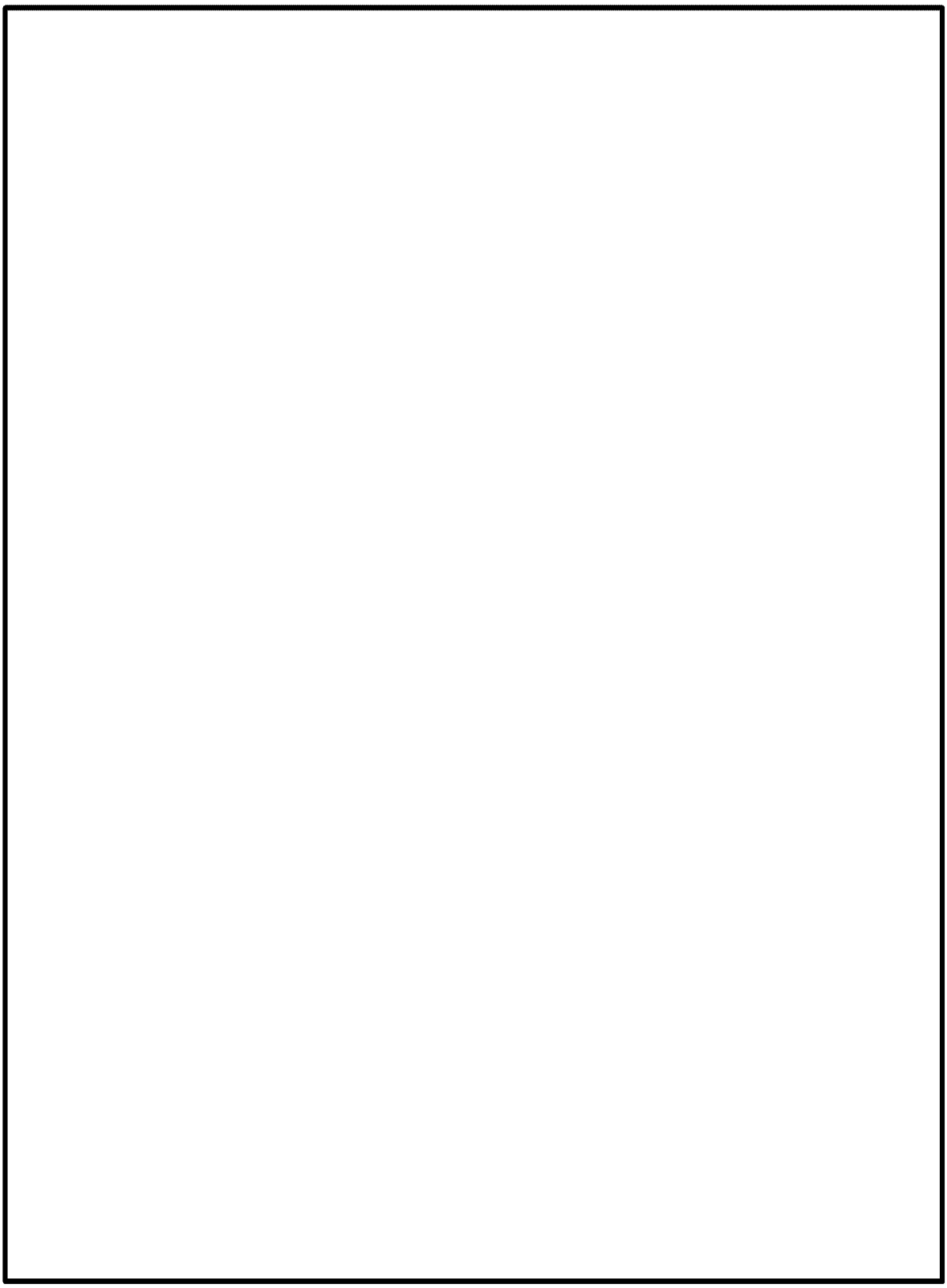

Community Composition - The sample exhibits the following key characteristics with respect to community composition.

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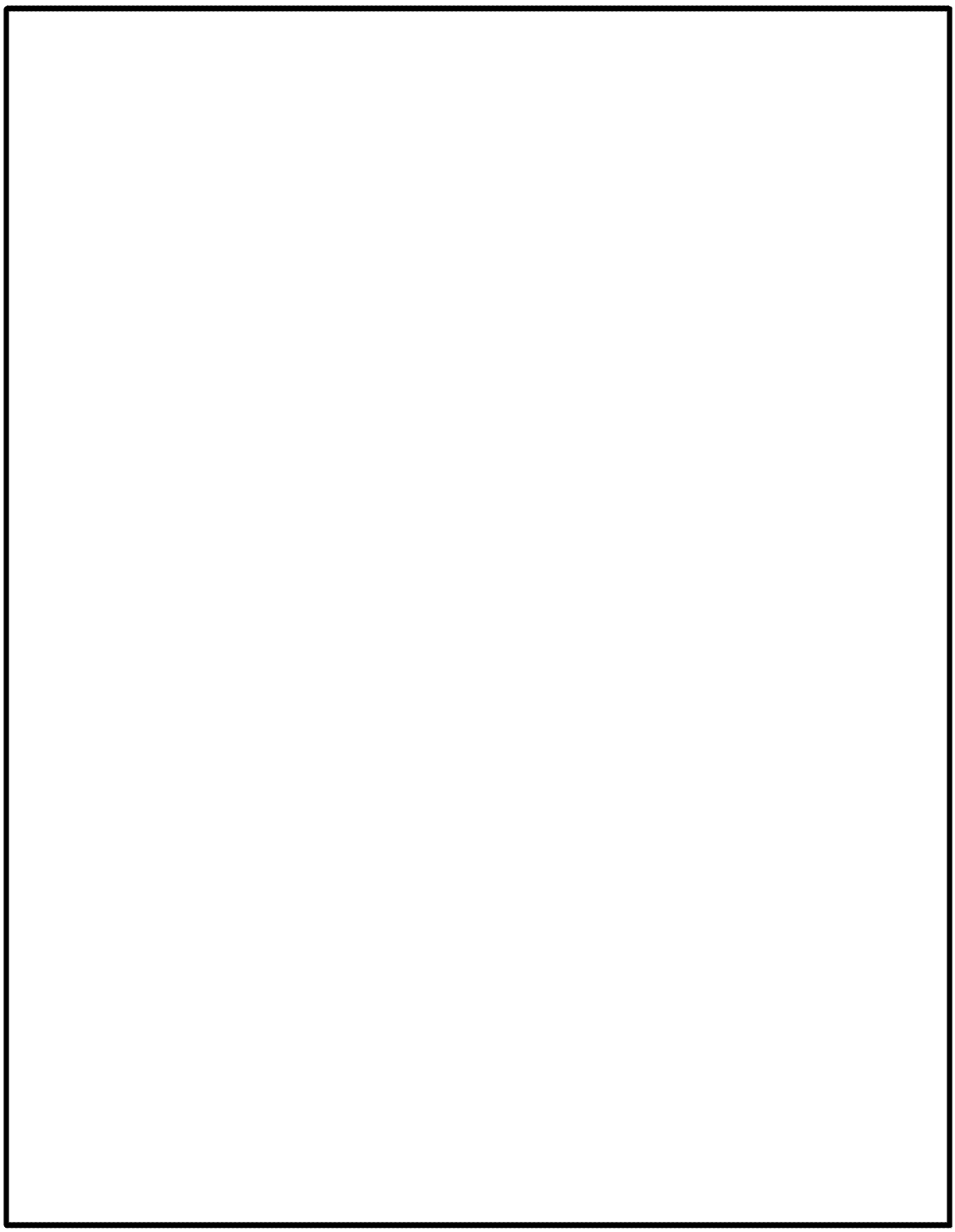

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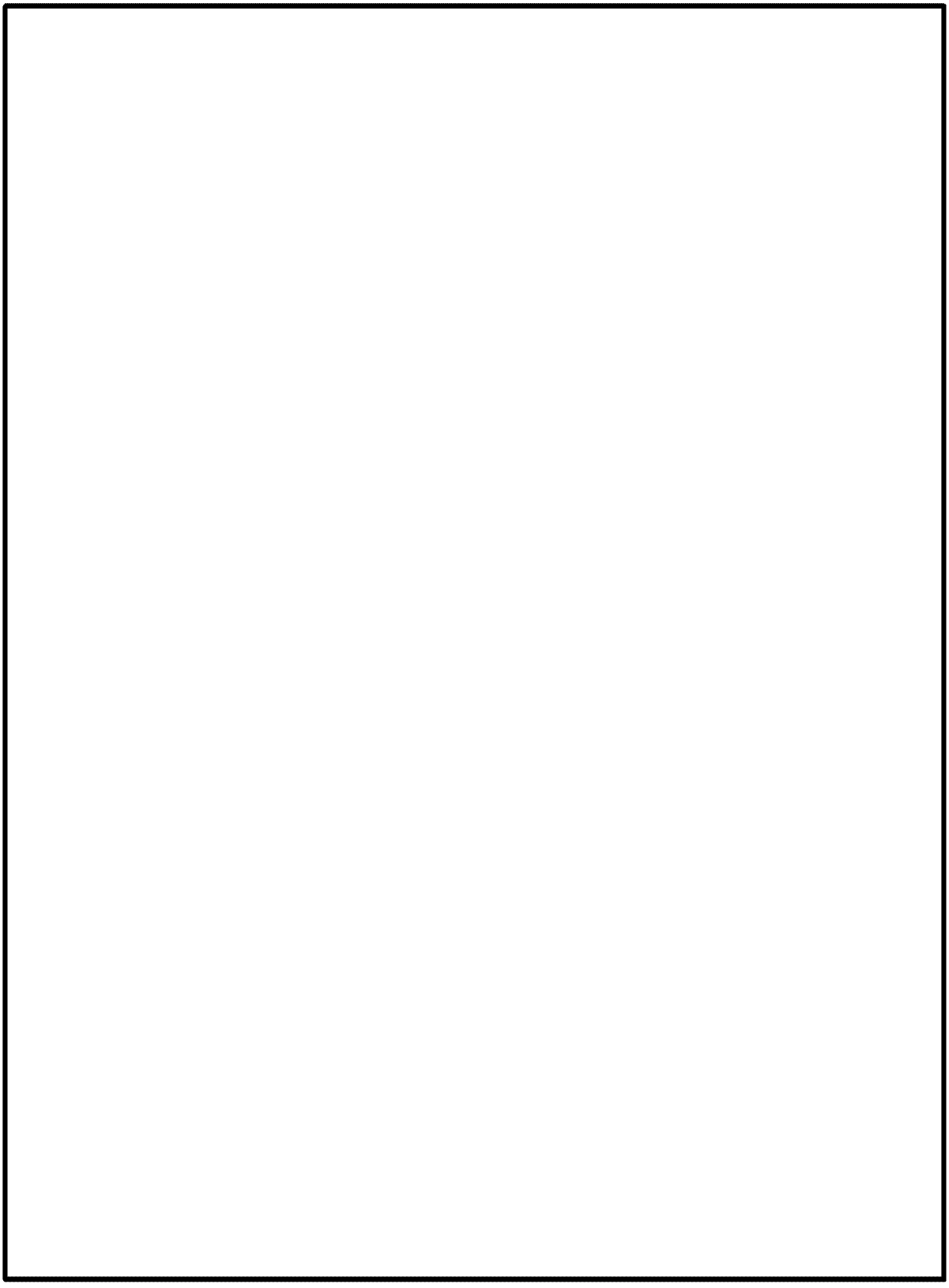

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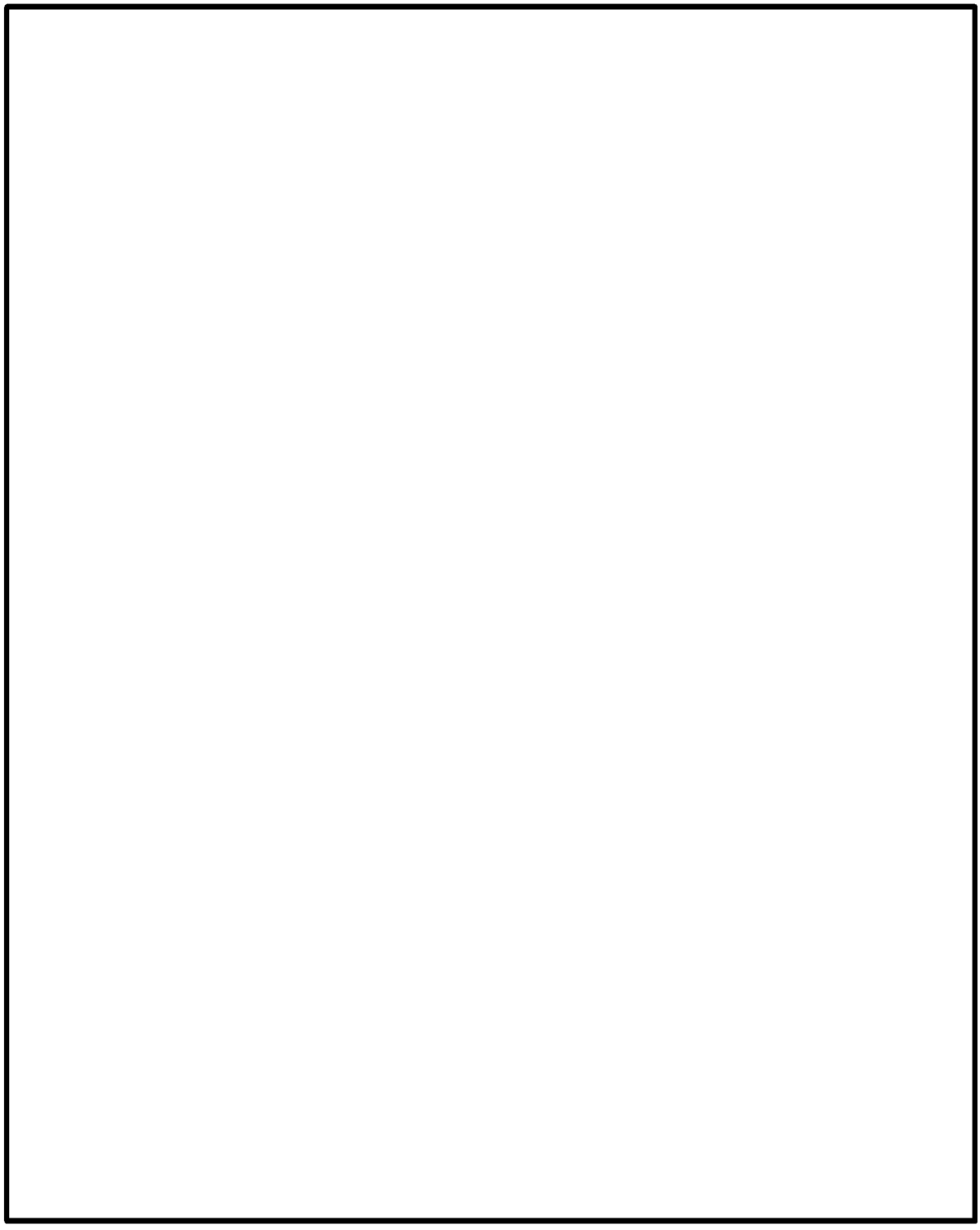

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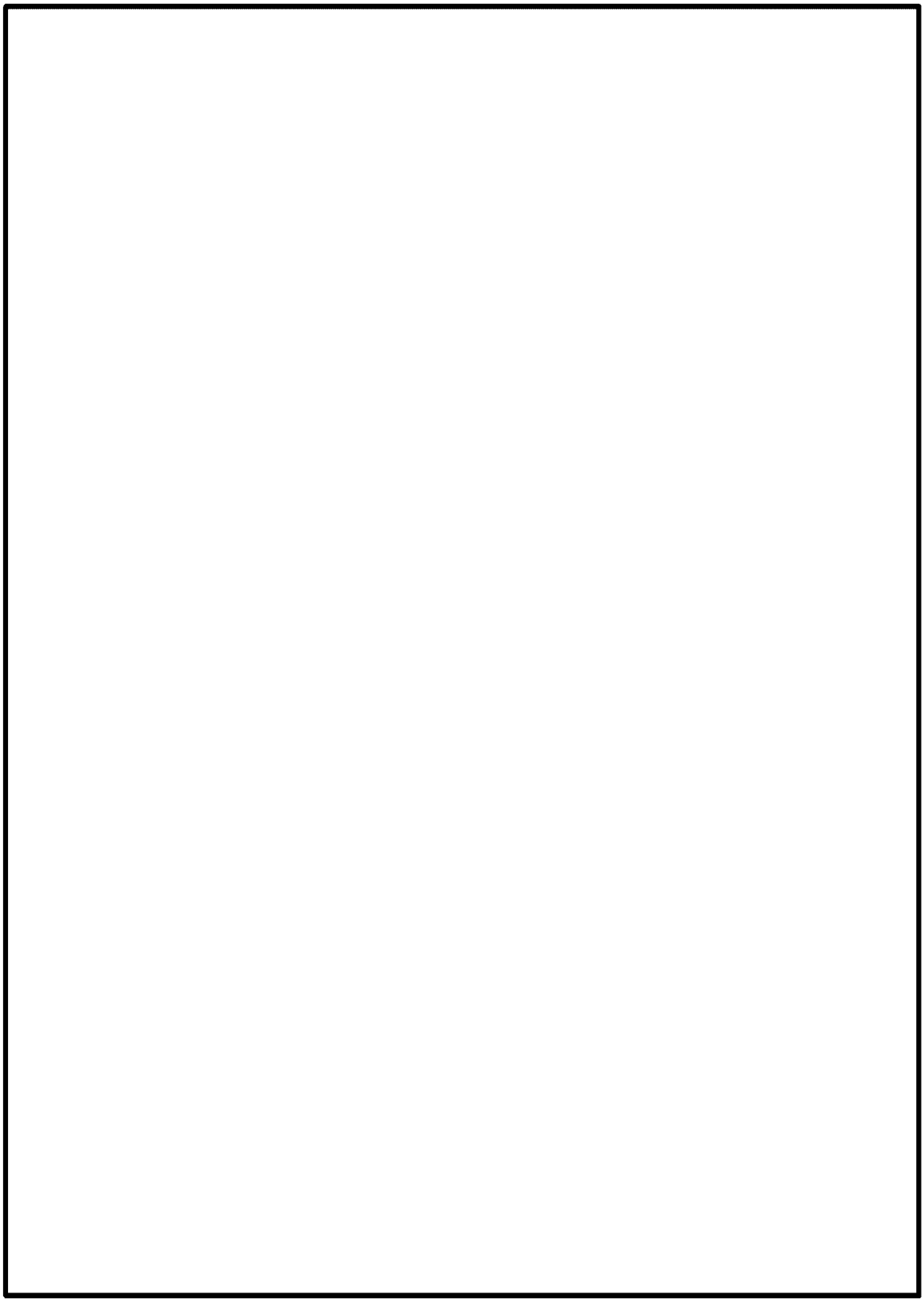
Residential Product Profile



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Detailed custom home lot size and price data for each of the communities is presented as Exhibit B to this report.

Built-for-Sale Products

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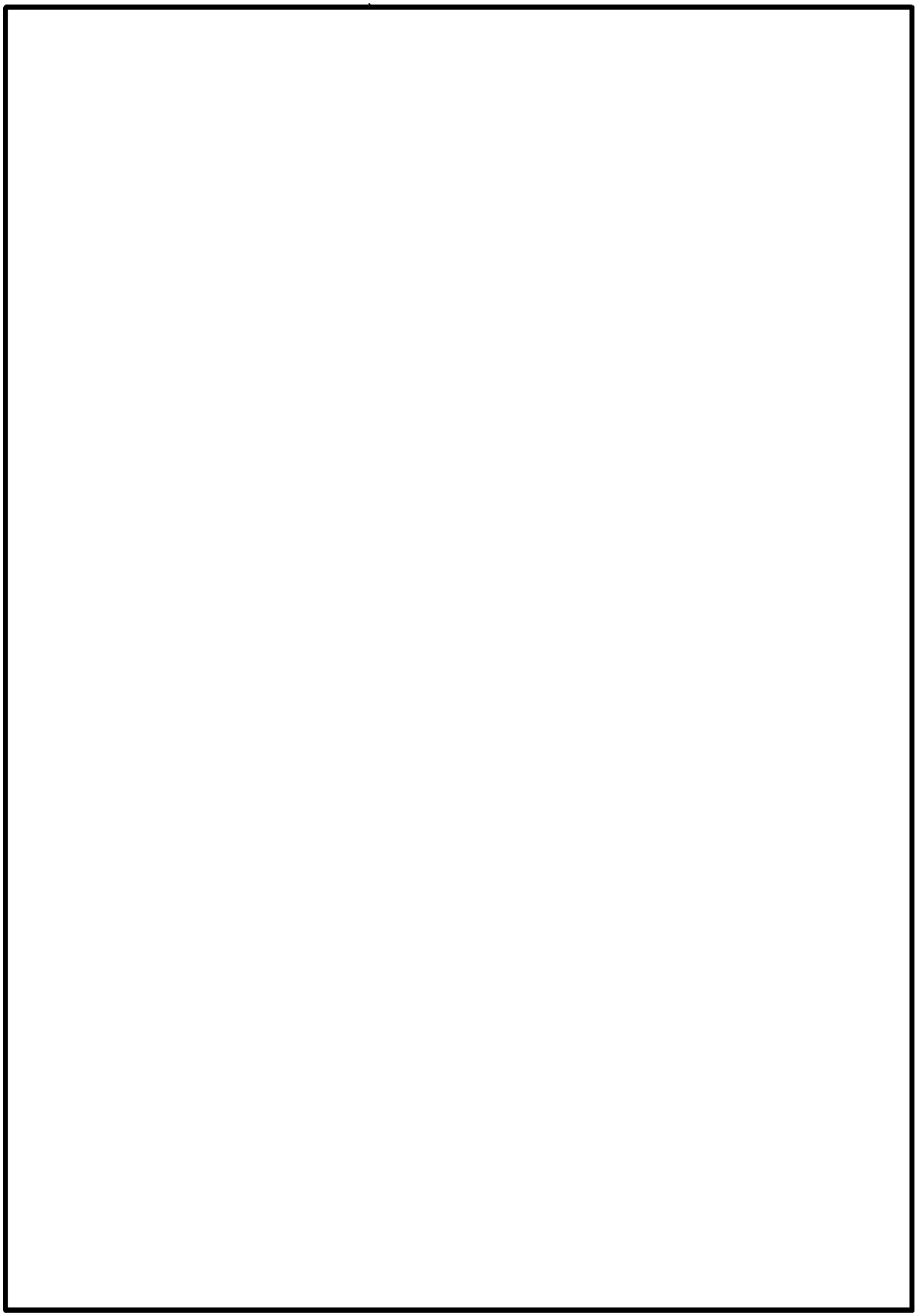

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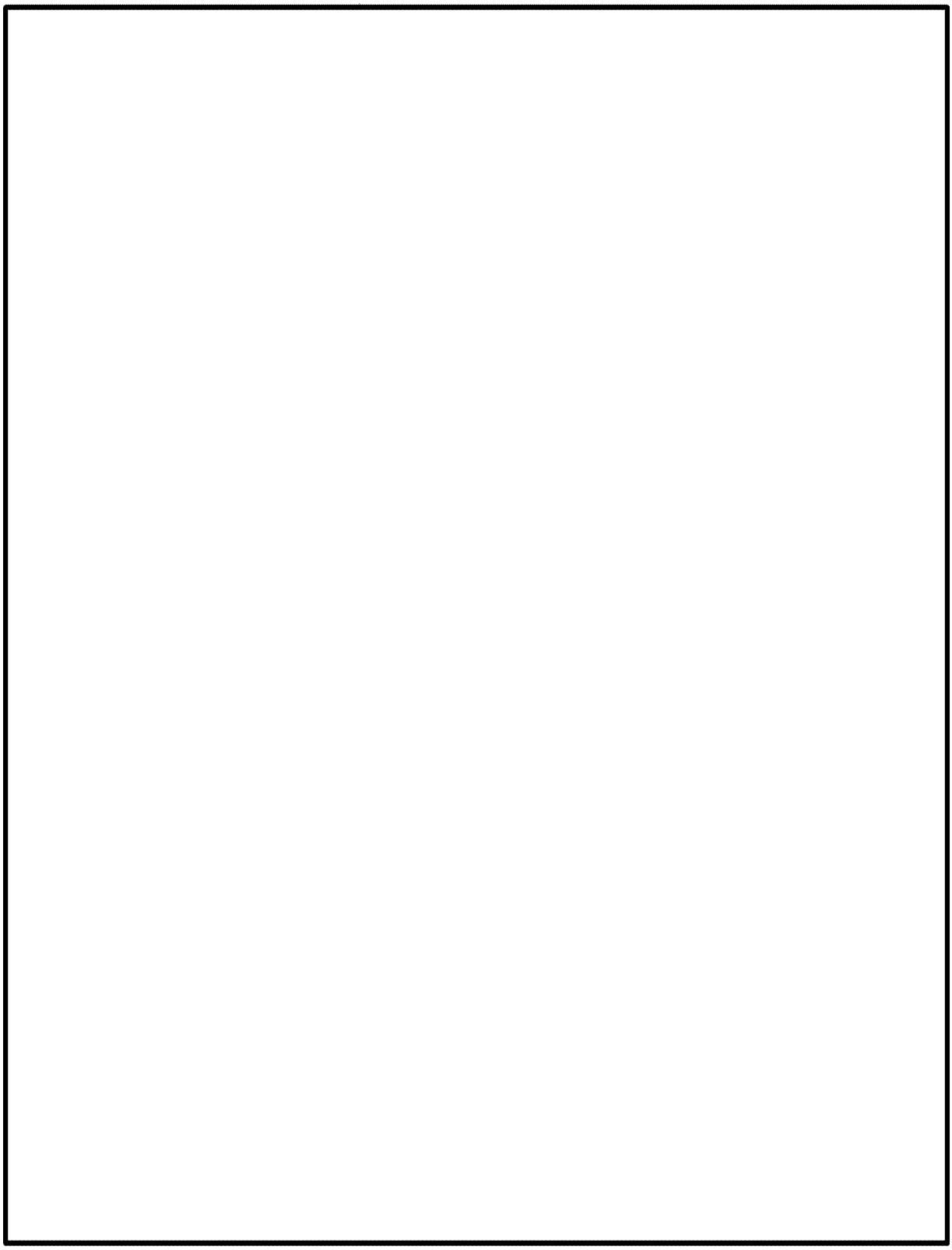

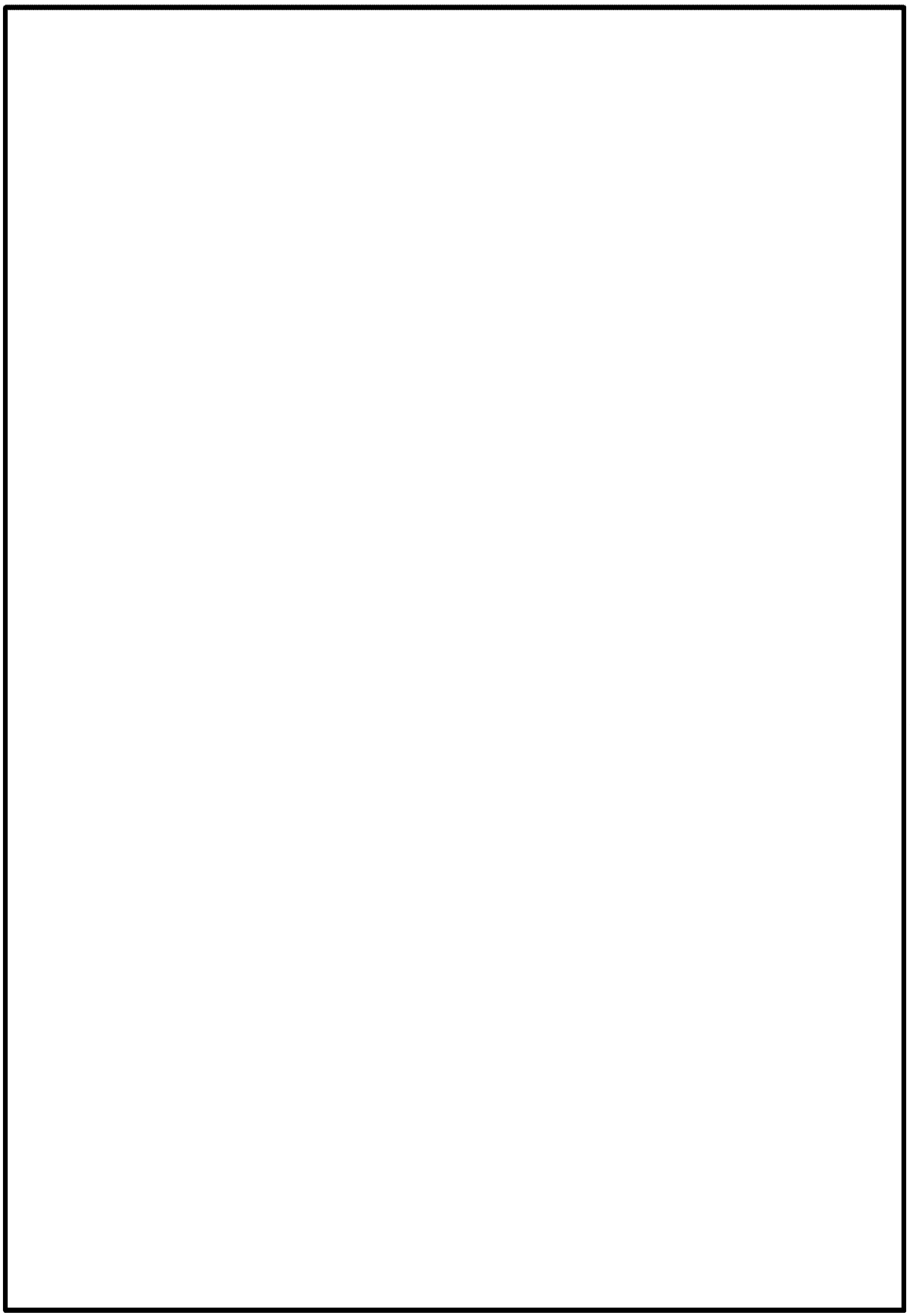

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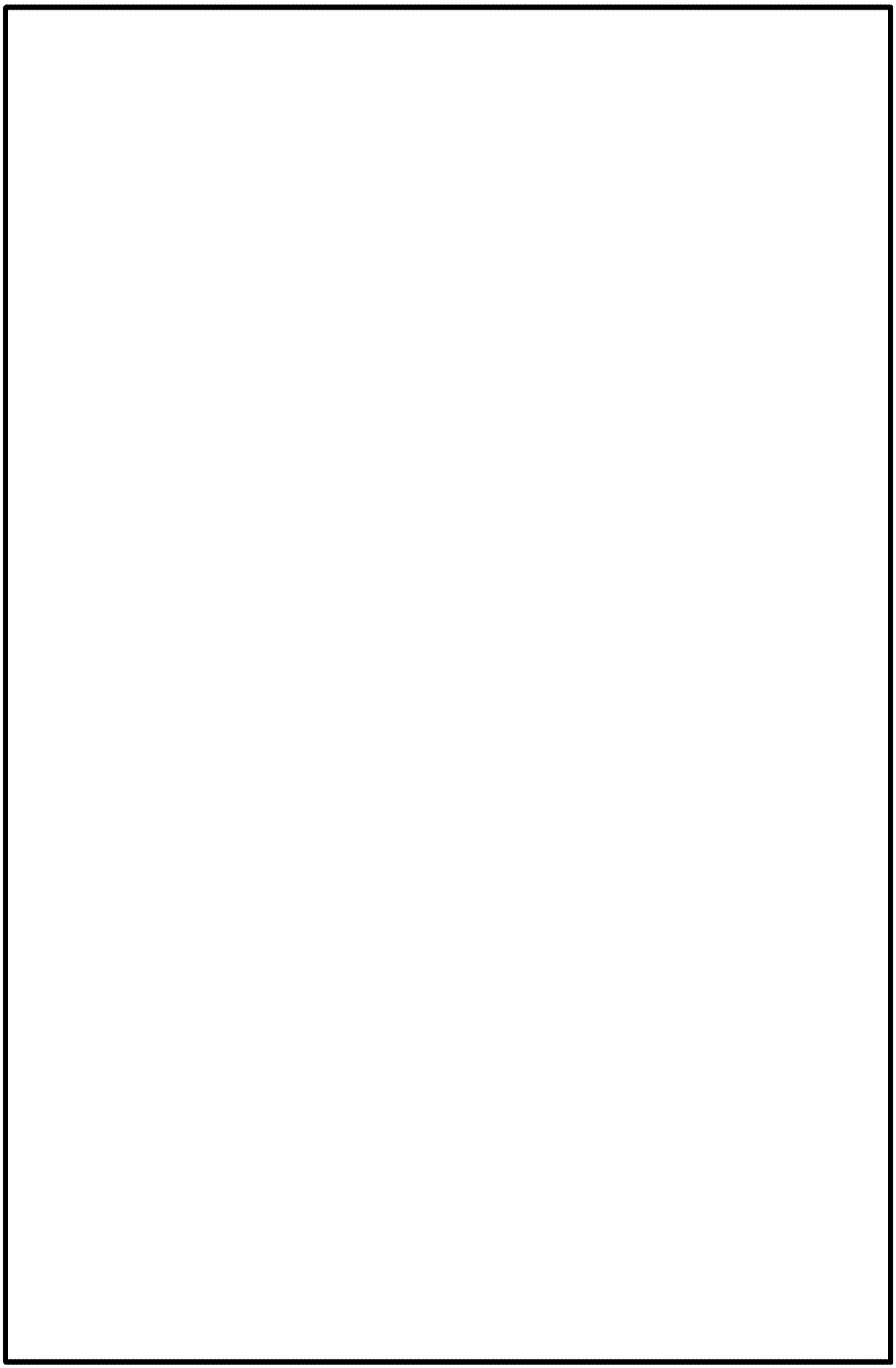

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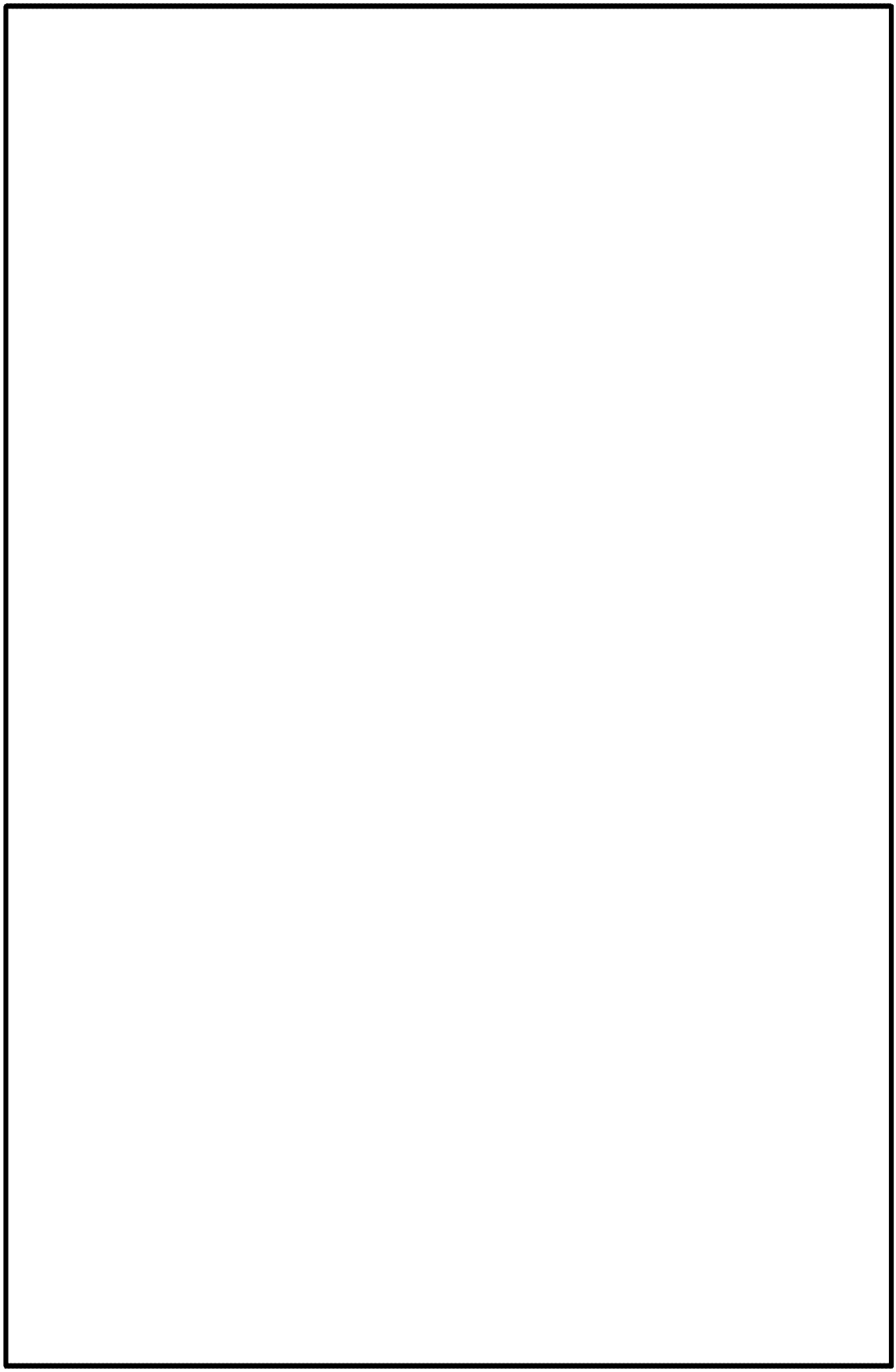

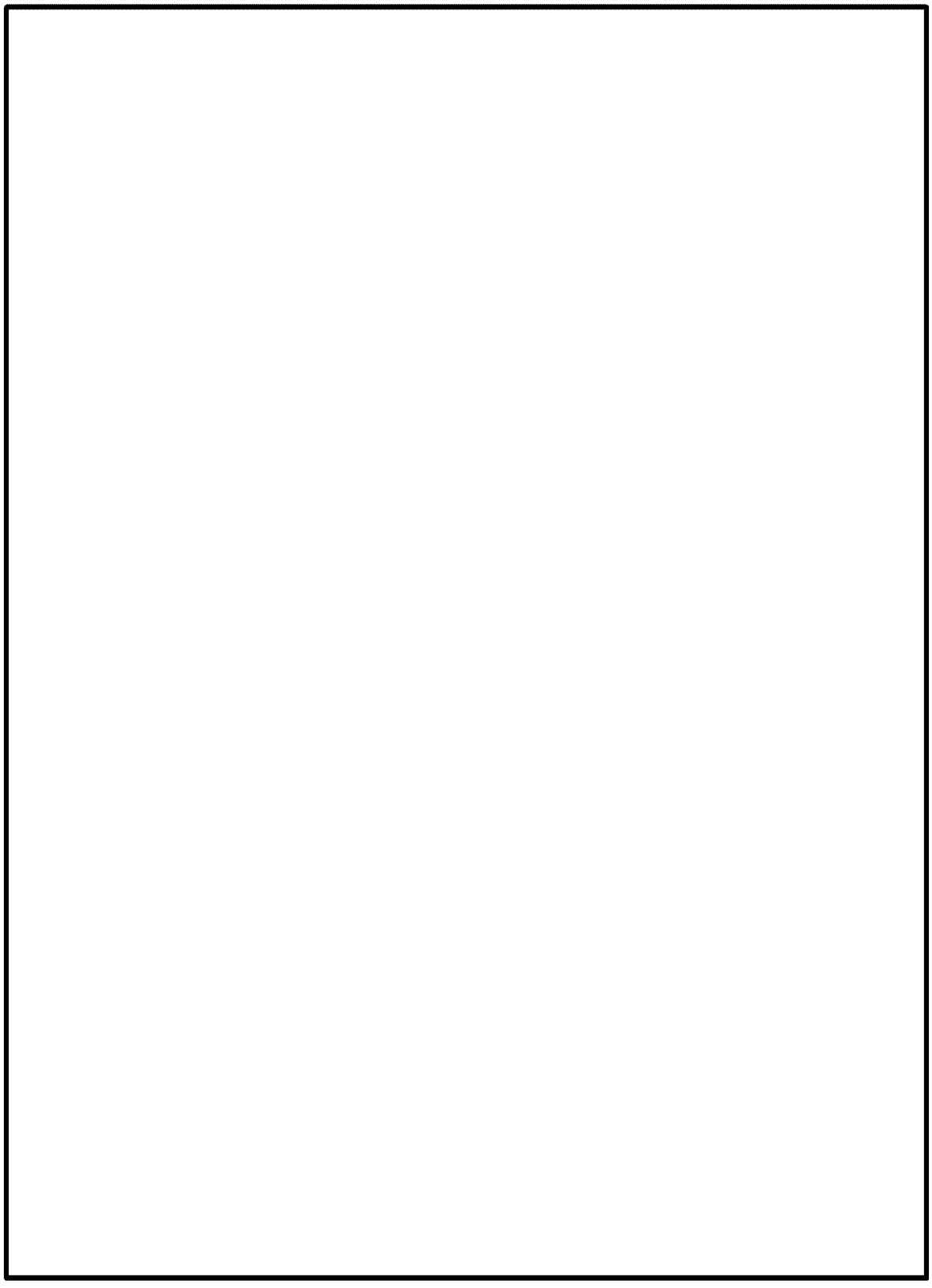

MARKET SURVEY AND ANALYSIS (Continued)

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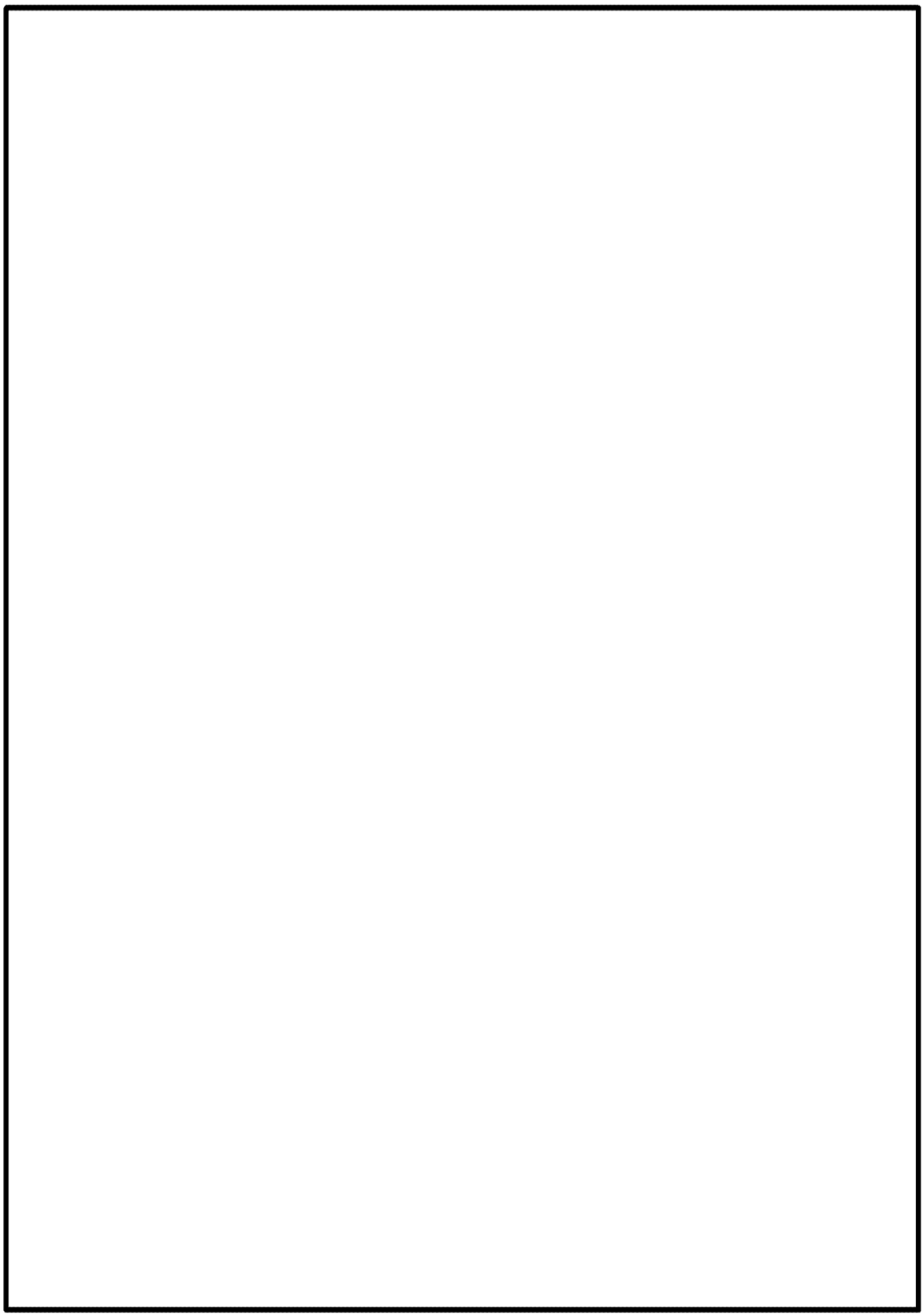

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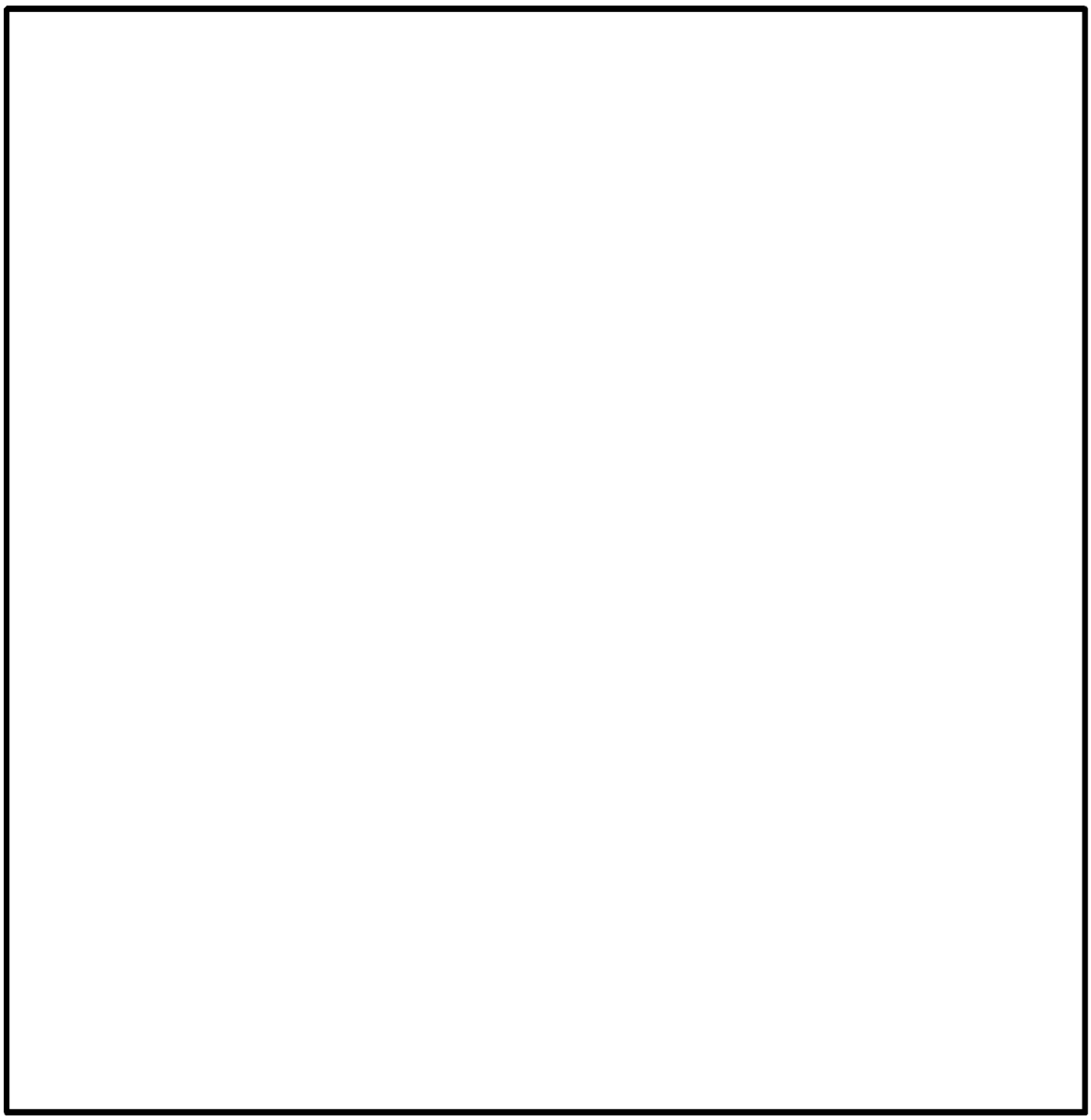

SECTION VI

CONCLUSIONS AND RECOMMENDATIONS

Section VI. CONCLUSIONS AND RECOMMENDATIONS

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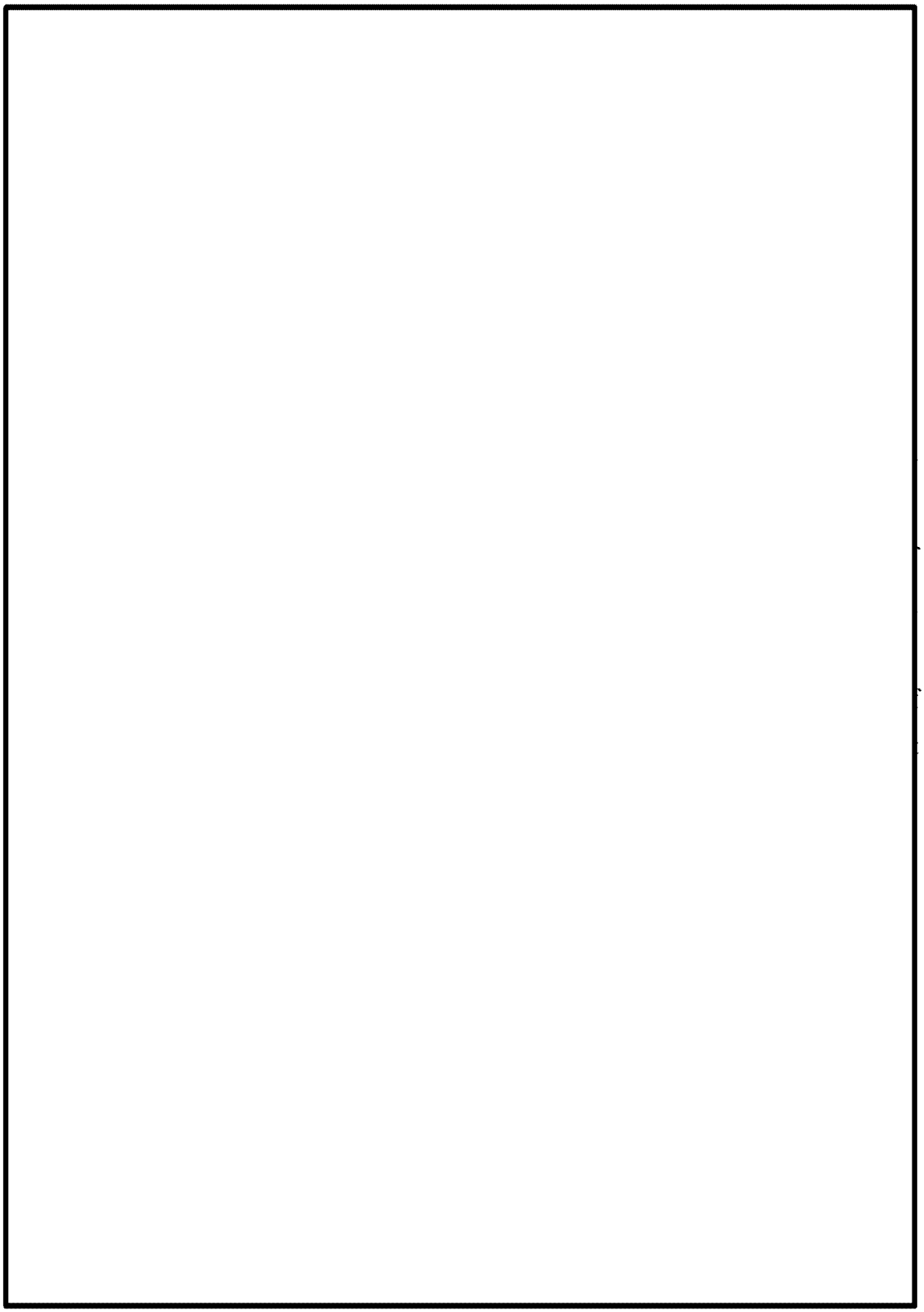

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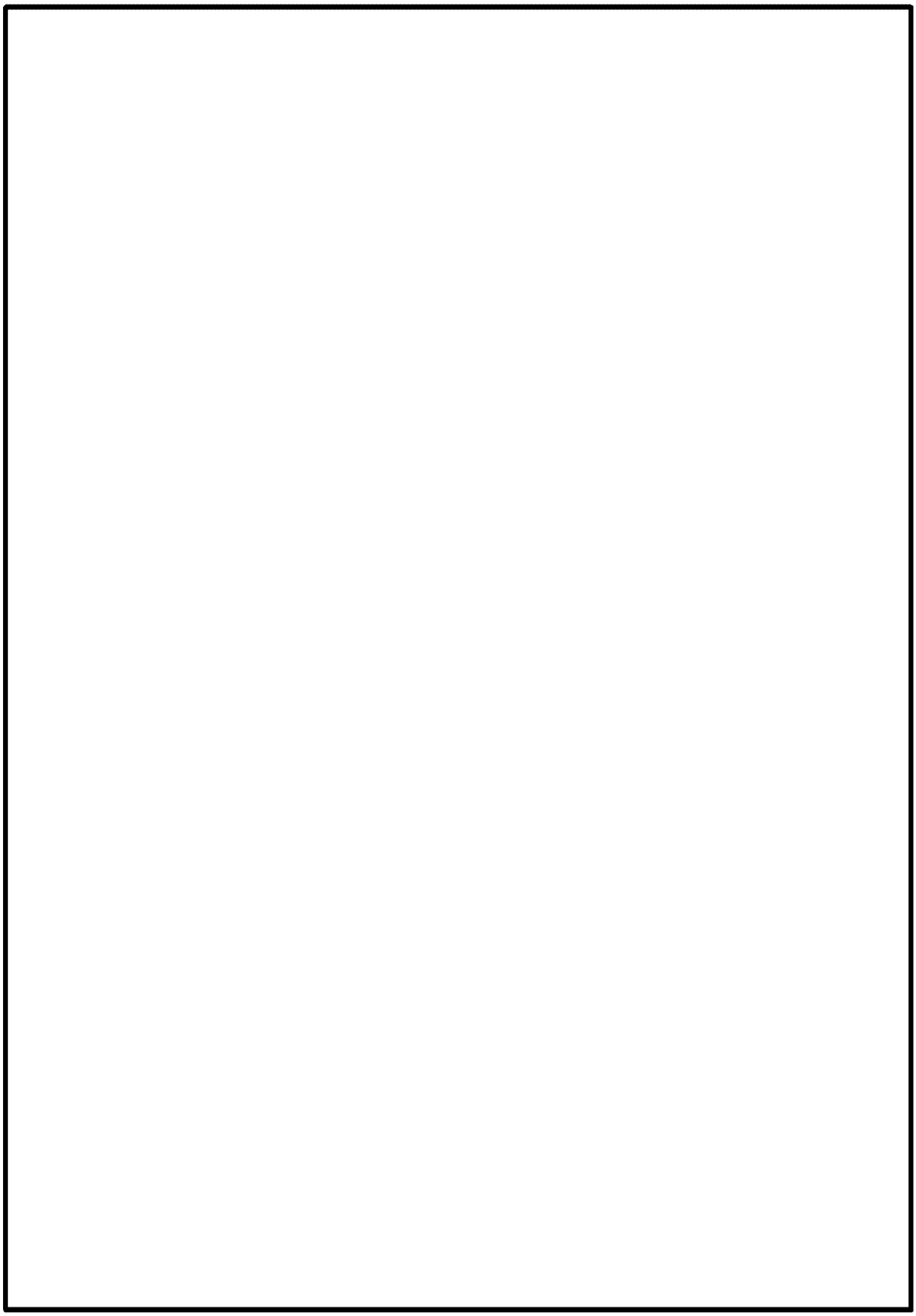

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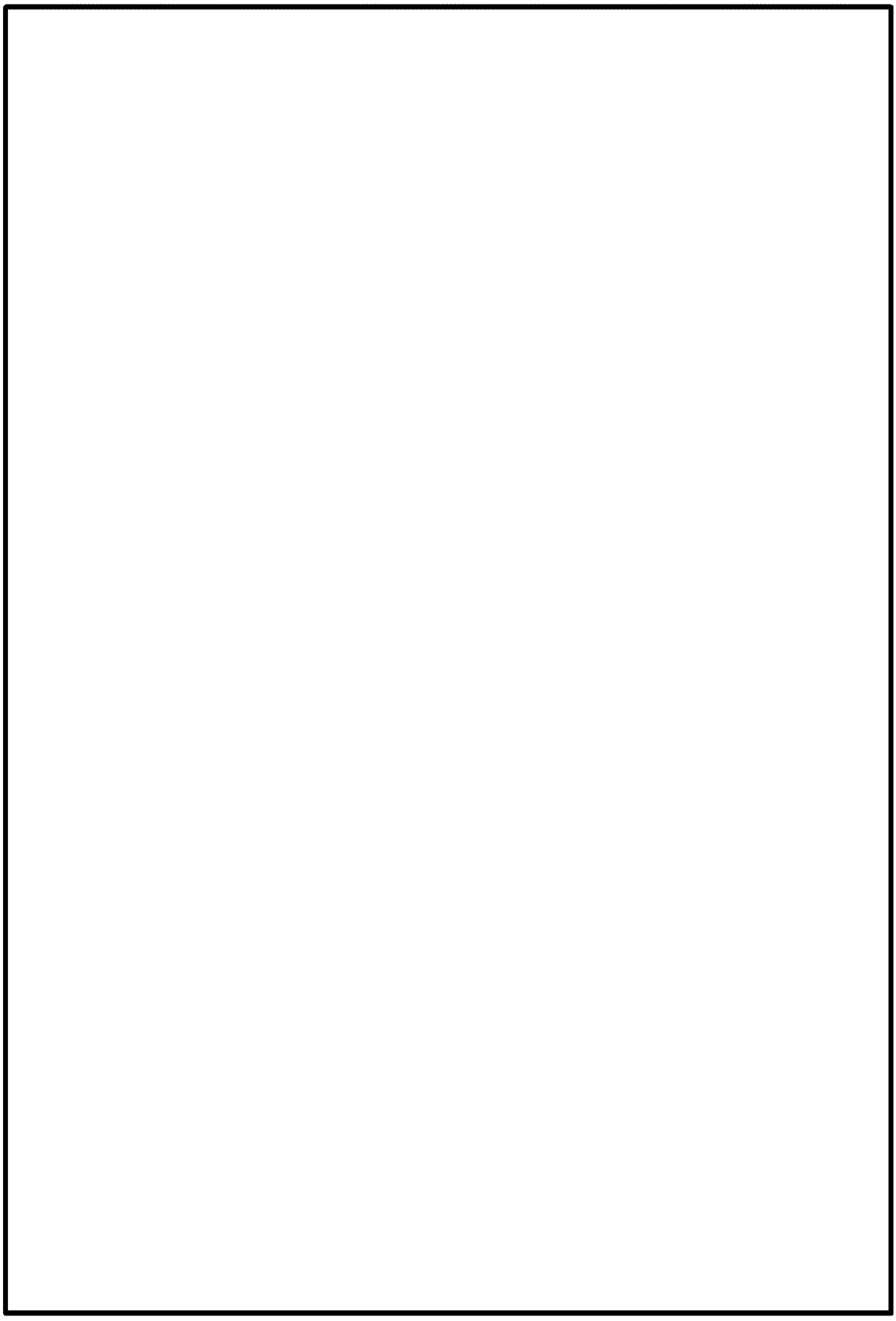

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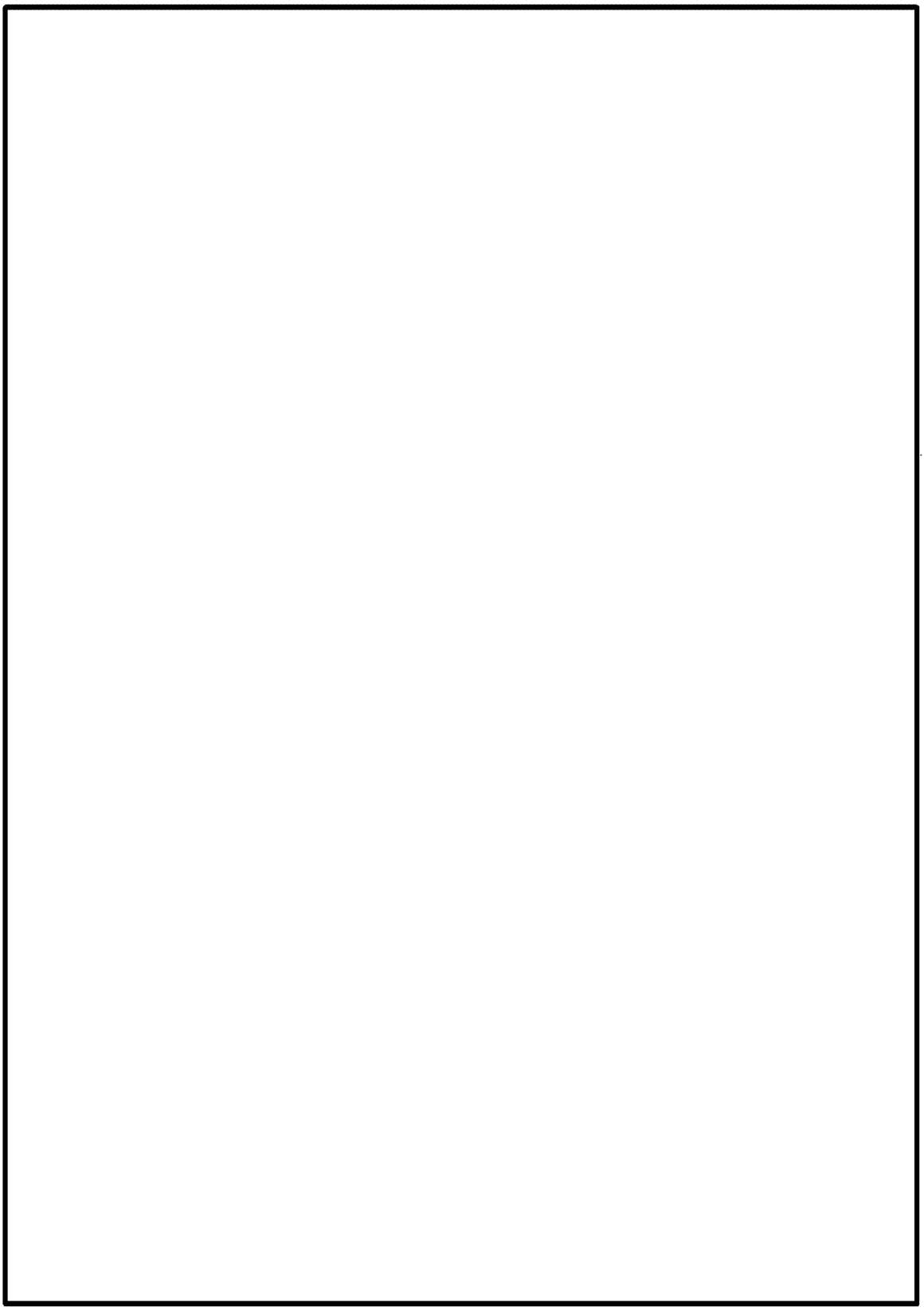

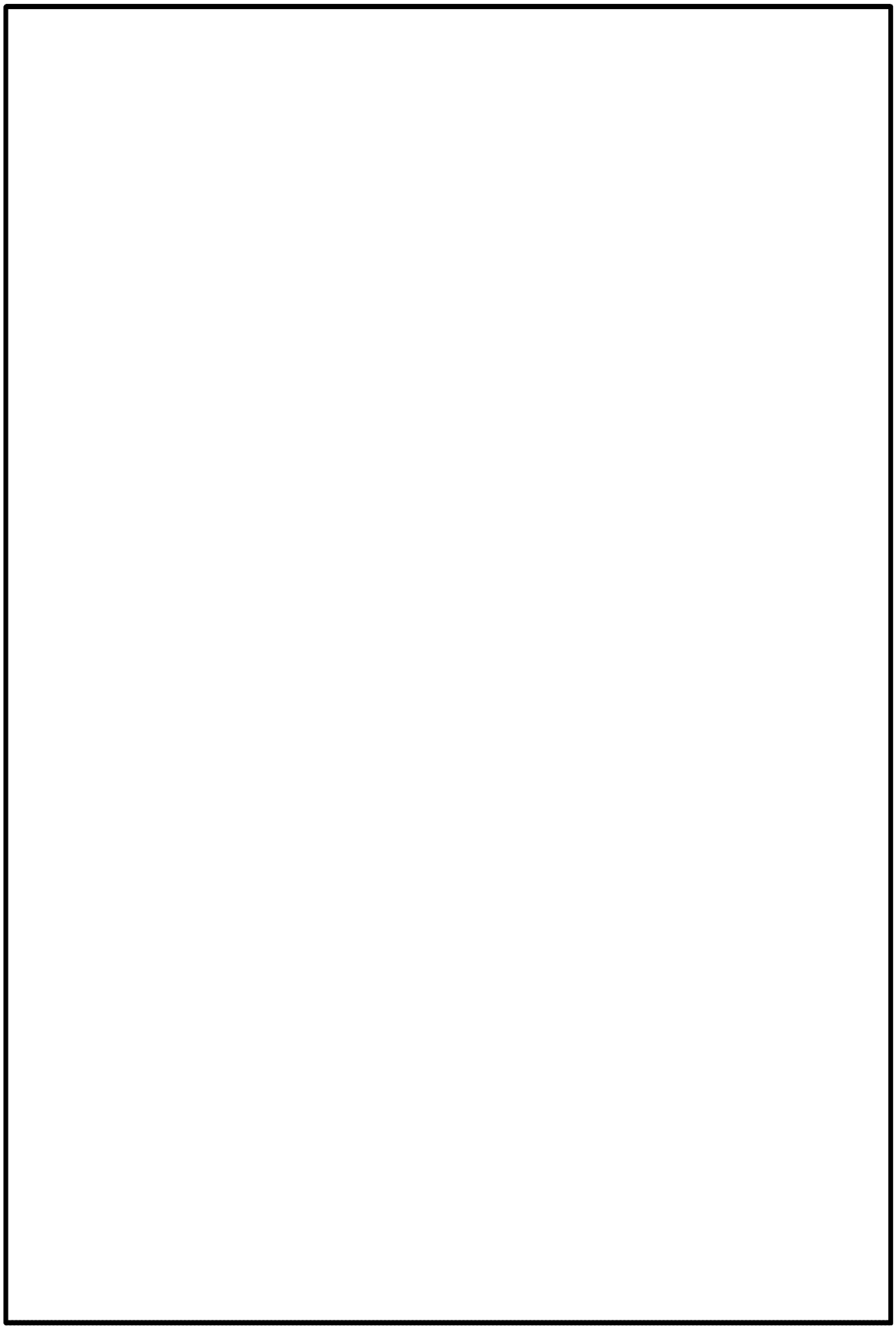

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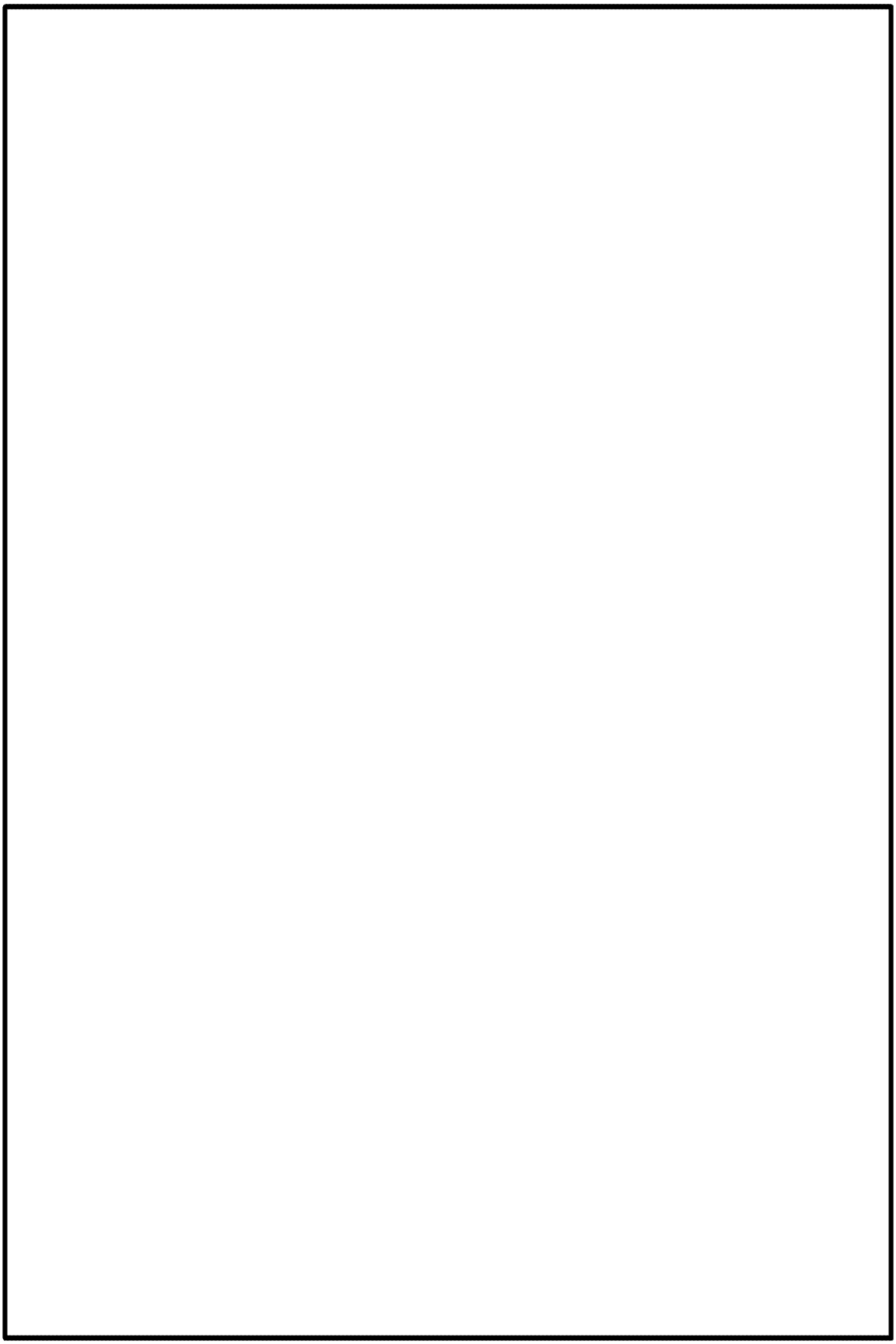
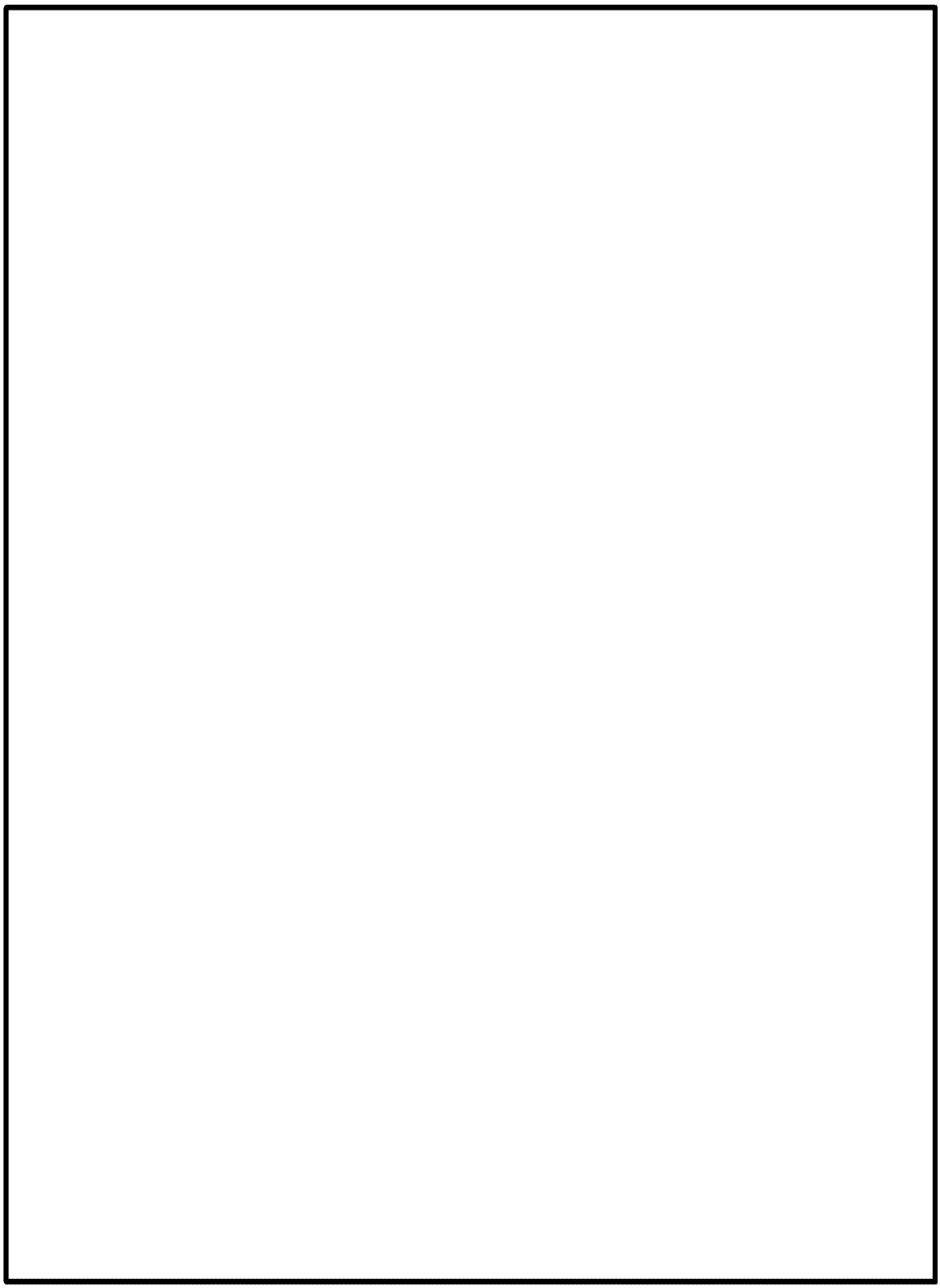
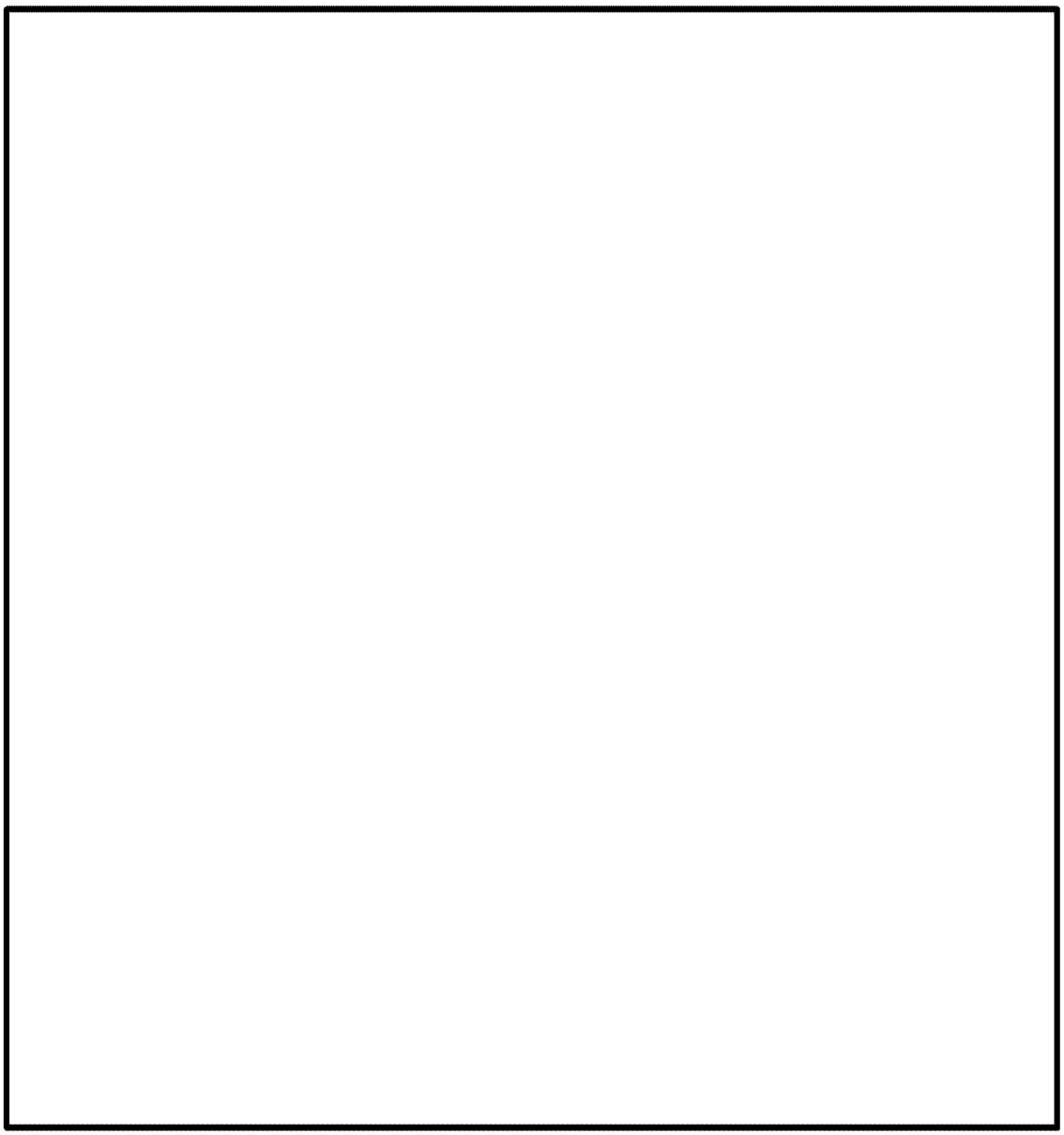






Our conclusions are founded in market-based data that are current as of the date of this report. Our recommendations recognize Mountain Air Country Club's established market position and success, and a significantly competitive environment, and assume a consistent and professional marketing program and a relatively stable economic environment.

EXHIBIT A

Golf Community Survey

Golf Community Survey
Re: Carolina Mountain Region

(b)(4)

Community	Location	Began	AARV*
[redacted]			

Source: RalphStewart Bowden, Inc., Real Estate Counselors, 0408

(b)(4)

Community Composition

Community	# Units	# Acres	Gross Density	# Ac/ Unit	# Golf Holes	# Res. Unit Per 18 Holes

Golf Community Survey
Re: Carolina Mountain Region

Unit Mix

(b)(4)

Community	Custom Home Lots	Detached Built-For-Sale	Attached Built-For-Sale
[redacted]			

(b)(4)

Golf Community Survey
Re: Carolina Mountain Region

Sales Activity

Community	% Sold	Est. # Sold	Inventory	EAAAR*

Golf Community Survey
Re: Carolina Mountain Region

Buyer Profile

(b)(4)

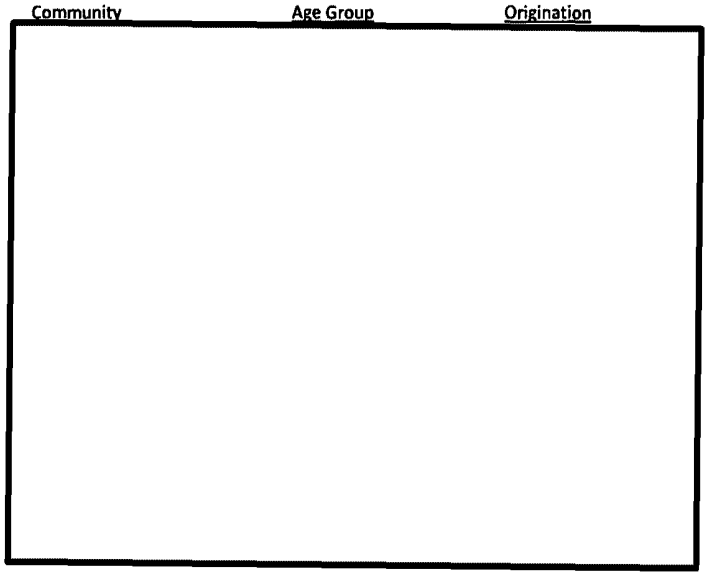


EXHIBIT B

Custom Home Building Lots

Golf Community Building Lot Product Survey

Re: North Carolina Mountain Region

(b)(4)

Building Lots

Community	Lot Orientation	Lot Size (Avg.) Standard	Estate	Patio

Source: RSBInc / 0408

Building Lot Product Survey

Re: North Carolina Mountain Region

Building Lot Pricing

(b)(4)

Community	Current Lot Price Range Low	High	Average Lot Price	Typical Custom Value	Average Price as % Home Value

EXHIBIT C

Detached Built-for-Sale Products

Built-for-Sale Product Survey
Re: Carolina Mountain Region

(b)(4) Detached BFS Products

Community	Location/ Orientation	# Units	EAMAR*

Built-for-Sale Product Survey
Re: Carolina Mountain Region

(b)(4)

Detached Products

Community	Building Config.	Unit Configuration	Lot Size

Built-for-Sale Product Survey
Re: Carolina Mountain Region

Detached Products

(b)(4)

Community	Unit Sizes Low	Unit Sizes High	Base Unit Prices Low	Base Unit Prices High	Prices Per Sq. Foot Low	Prices Per Sq. Foot High

EXHIBIT D

Attached Built-for-Sale Products

Built-for-Sale Product Survey
Re: Carolina Mountain Region

Attached BFS Products

(b)(4)

Community	Type	# Units	EAMAR*

Built-for-Sale Product Survey
Re: Carolina Mountain Region

Attached Products

(b)(4)

Community	Location / Orientation	Building Configuration	Unit Configuration

Built-for-Sale Product Survey
Re: Carolina Mountain Region

Attached Products

(b)(4)

Community	Unit Size Low	Unit Size High	Price Range Low	Price Range High	Prices Per Sq. Foot Low	Prices Per Sq. Foot High

EXHIBIT E

Private Club Profile

Private Club Survey

Re: Mountain Air CC

(b)(4)

Club	# Holes	# Dus	# Units/ 18 Holes	FG Cap	Cap:Units	Golfers/ 18 Holes	AARV

Private Club Survey

Re: Mountain Air CC

(b)(4)

Club	Initiation Fees		Annual Dues			Golf Fee:
	Full Golf	Ltd. Golf	Full Golf	Ltd. Golf	% Refund.	AARV

ADDENDUM

Statement of Professional Qualifications

RALPH STEWART BOWDEN, INC.
REAL ESTATE COUNSELORS
626 ELK RUN LANE
EARLYSVILLE, VIRGINIA 22936
(434) 974-7611 fax (434) 974-7612
e-mail: rsbclub@msn.com
www.bowdensmarketbarometer.com

PROFESSIONAL QUALIFICATIONS

MARKET ANALYSIS and STRATEGIC PLANNING

for

MASTER PLANNED COMMUNITIES
RESORT COMMUNITIES
GOLF and COUNTRY CLUBS
CLUB MEMBERSHIP

INTRODUCTION

Ralph Stewart Bowden, Inc., Real Estate Counselors, was established in 1987 to provide market analysis and strategic planning services to the community development, resort development and recreational development industries. The philosophy behind the business is to provide consulting services at a level of principal involvement that is atypical of larger, more institutionalized consulting firms. We normally serve only a small number of clients at any one time, providing for undistracted attention to our assignments and the ability to provide answers promptly. Having focused on these areas of the real estate development business for over fifteen years, we also have access to a network of specialists in other disciplines such as land planning, operations management, golf course design, clubhouse and residential architecture, marketing, legal and finance.

SERVICES

The company specializes in providing preliminary and ongoing strategic planning services, based upon market research and analysis, to large and small scale master planned, recreationally oriented developments, particularly Country Club communities, Resorts with a residential or club component, and Recreational development.

Historically, our efforts have focused on issues such as **Market Position, Scope of Amenities, Marketing Strategies, Demand Analyses, Product Profiles and Selection, Residential and Membership Pricing and Absorption, Due Diligence and Fiscal Impact Analyses, and Disposition Plans for Major Amenities**, particularly country clubs.

Typically, we represent an integral part of the planning process, participating as a member of the development or management team, along with land planners, attorneys and accountants, architects and operations managers. By complementing the talents represented by the development team, we can provide specialized insights into capital intensive, market sensitive areas of project development, and decision-making oriented perspective with respect to both opportunities and potential problems in the post-planning period of a development's life.

PROFILE OF EXPERIENCE

Ralph Stewart Bowden has been involved in real estate market research and analysis since 1972. Beginning the journeyman process in Florida, under the guidance of Hunter Moss, CRE, a noted expert in mortgage underwriting and financing, Bowden later gained broad based appraisal experience in New England. Bowden rejoined Hunter Moss & Company, which soon merged with a noted hospitality oriented accounting firm, and directed the firm's real estate and club community advisory services activities.

Ralph Stewart Bowden, Inc., Real Estate Counselors, was established in 1987. Bowden is a member of ULI- The Urban Land Institute, and has served on ULI's Residential, Recreational and Environmental Councils, as well as its Research Committee and the Recreational Development Handbook Committee. Bowden is also a member of the National Golf Foundation.

Judith A. She`, Associate Market Analyst with Ralph Stewart Bowden, Inc. since 1987, has been involved in real estate related activities since 1978. Prior to joining Bowden at Hunter Moss & Company in 1983, Ms. She` gained experience in residential and commercial market analysis with Engle Homes Corporation and Servico (Hotel) Management Corp. Subsequent to Hunter Moss and Company's merger with Pannell Kerr Forster (PKF) Ms. She` was promoted to Senior Consultant, concentrating her efforts in the areas of residential real estate and private club development and operations. Upon leaving PKF in 1987, She` re-associated with Bowden, providing comprehensive market research and analysis.

In 1991, Ms. She` developed *Bowden's Market Barometer*, a bi-monthly newsletter designed as a positive vehicle for the reporting of real estate, resort and golf industry trends. (**www.bowdensmarketbarometer.com**) In addition to her responsibilities as Managing Editor, Ms. She' researches and writes feature articles.

Since 1987, it has been our privilege to list the following among our clients.

Alcoa South Carolina
Arvida/JMB Corporation, FL
Centex Homes
Club Corporation of America
Colleton River Plantation, SC
Del Webb Corp., AZ
DKM Properties, NJ and DL
Elk River, NC
Guggenheim Brothers, FL
Grupo DINE, Punta Mita, Mexico
HMB Partners, TX
Indian Springs CC, CA
Isleworth Country Club, FL
Jupiter Island Club Members, FL
Lehman Brothers, NY
Medallist Golf Development
Old Marsh Partners, FL
Palm Harbor Yacht Center, FL
Quintero Golf & Country Club, AZ
Sandestin, FL
Snowshoe-Intrawest, WV
Stone Harbor Golf Club, NJ
Trillium, NC
Weyerhaeuser, NC
Amelia Island Plantation, FL
Casa de Campo, D. R.
Clifton Cay, Nassau
CMC Heartland Partners
Dataw Island Owners and Members
Desert Mountain Properties, AZ
Dominion Resources, VA and NC
GATX Capital Corp., FL
Gilman Paper Company, GA
Grupo Punta Cana, D. R.
Indian River G&CC, FL
International Paper Co., SC
J. E. Robert Company, FL
KSL Recreation Corp., CA
The Litchfield Company, SC
Mountain Air CC, NC
Orient Express, Keswick, VA
The Pete Dye Golf Club, WV
Royal Westmoreland GC, Barbados
Seven Springs, PA
Snyder Hunt, VA
Toll Brothers, (FL, NC, VA, CA)
The Virginian Golf Club, VA
Xerox Realty Corp., VA

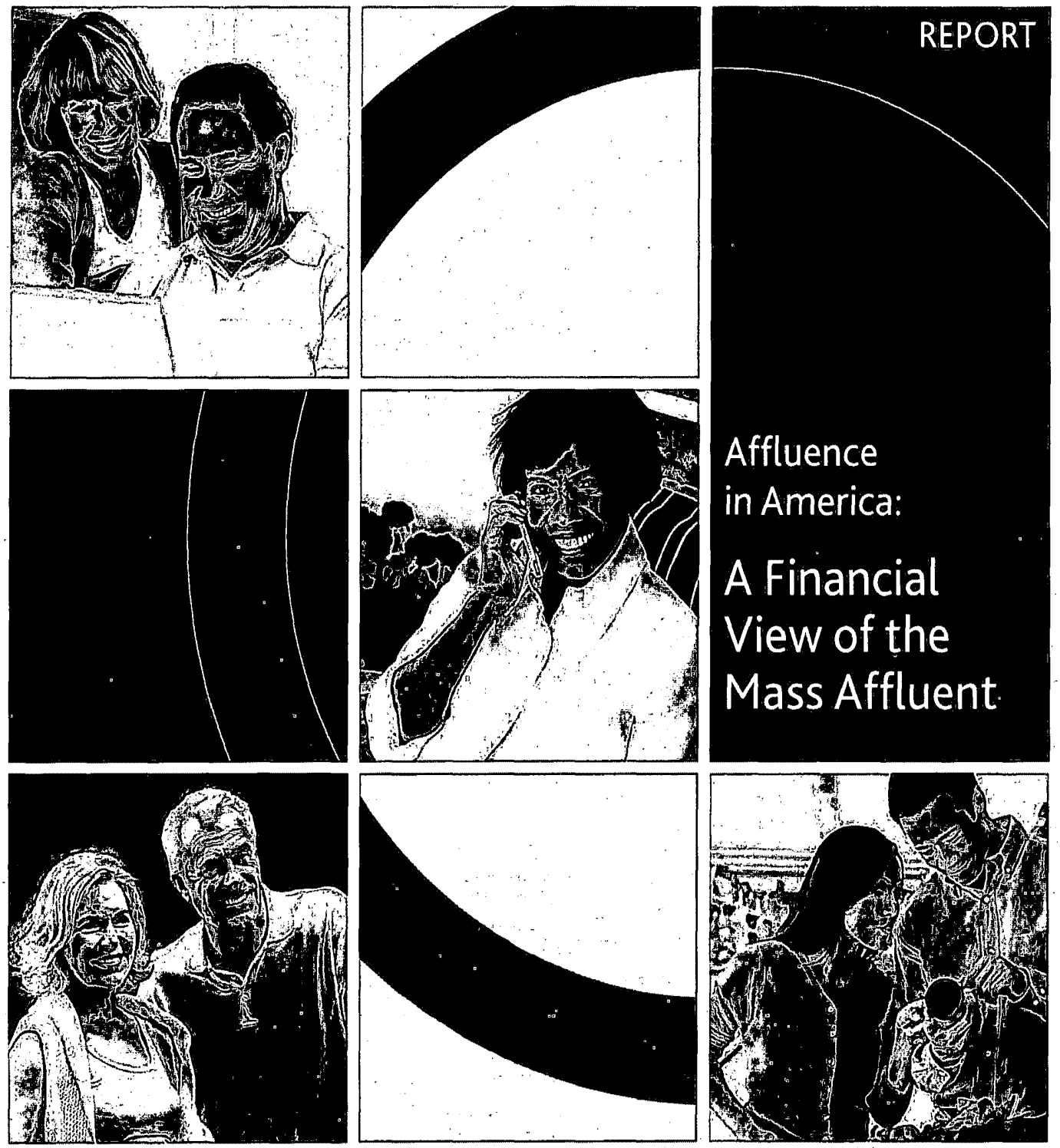
The following is a list of developments for which Bowden has provided consulting services since 1972, while a principal with Hunter Moss & Company, a principal with Pannell Kerr Forster, and since 1987, as president of Ralph Stewart Bowden, Inc.

Alabama	BlackWater
	Blount Springs
	Daniel Corporation, Fair Hope
Arizona	Arrowhead Country Club
	Desert Mountain
	Gainey Ranch
	Quintero Golf & Country Club
	Terravita
	Centex Destination Properties
Arkansas	The University Golf Club, University of Arkansas (CCA)
California	Indian Springs Country Club
	Mountainview CC at PGA West
	Norman Estates at PGA West
	Pacific Golf Club
	PGA West
	Pension Trust Fund for the Operating Engineers Union
	Riviera Golf & Country Club
	San Juan Hills Country Club
Colorado	Chenoa
Connecticut	Byron Brook Country Club
	Bulls Bridge Golf Club
	Yale Farm Golf Club
Florida	Aberdeen Country Club
	Amelia Island Plantation

Florida(cont'd)	The Bear's Club
	Black Diamond Ranch
	Boca Pointe Golf & Racquet Club
	Broken Sound
	Coral Creek Club
	Coral Ridge Country Club
	Grand Cypress Golf Resort
	Hammock Dunes
	Harmony (Equestrian)
	Hawk's Nest
	Heathrow
	Indian River Country Club
	Members of the Island Club (Jupiter Island)
	Moorings at Carrabelle
	John's Island
	Kings Bay Yacht & Country Club
	Lake Nona
	Mariner Sands
	Martin Downs
	Medalist Golf Club
	Mizner Country Club
	Monarch Country Club
	Naples Lakes Country Club
	Oakbrook Country Club
	Old Marsh Golf Club
	Orchid Island Golf & Beach Club
	Palm-Aire, Sarasota and Pompano
	Palm Beach Polo & Country Club
	Palm Harbor Marina & Yacht Center
	Sandestin, Burnt Pine Golf Club
	Sawgrass Country Club
	Seaside
	Shalimar Ponte
	Spencer / Rybovitch Boatyards
	The Reserve
	White Oak Plantation
	Williams Island Club
	Willoughby Golf Club
	Woodfield Country Club
	Woodmont Country Club
	Wyndemere Country Club
Georgia	Barnsley Gardens
	Currahee Club
	The Landings on Skidaway Island
	Hutchinson Island, Savannah
	Little Tybee Island
	Osprey Cove
	Birch River Golf Club
	Savannah Sheraton Resort & Country Club
	Sea Palms
Illinois	Hawthorne Woods Country Club
	Stonebridge
Indiana	Victoria National Golf Club
Kansas	Lions Gate Golf Club
Maine	Sprague Corporation

Maryland	The Chesapeake Sporting Club
	Stage Coach, Somerset Homes
	Summerfields at Snow Hill
Massachusetts	Cobb's Pond on the Bay
	The Down Island Golf Club
	Goodale Farms Golf Club
Michigan	Northville Golf Club
	Great Northern Golf Club
Missouri	Old Kinderhook Golf & Country Club
Montana	Silver Bow Club
New Jersey	Stone Harbor Golf Club
New Mexico	Campbell Farming
	High Desert
New York	Casperkill Country Club
	Colonial Springs Golf Club
	Hudson National Golf Club
	Keane Stud
Nevada	Silver Canyon Partnership
North Carolina	Altapass Club (proposed)
	Bald Head Island
	Brier Creek Country Club
	Broyhill-Blowing Rock
	Cullasaja
	Elk River Club
	Grove Park Inn
	Hiawassee River Club
	Lake Toxaway Village
	Longleaf Golf & Country Club
	High Hemlock
	Maggie Valley Club
	Mountain Air Country Club
	Olde Beau Country Club
	Santeetlah Lakeside
	Treyburn
	Trillium
	Uwharrie Point / Old North State Club
	Wolf Laurel
Pennsylvania	Diamond Run
	Hartefeld National Golf Club
	Heidleberg Country Club
	Seven Springs
	Spring Ridge Club
	Treesdale Country Club
South Carolina	Colleton River Plantation
	Country Club of Hilton Head
	Dataw Island
	DeBordieu Club
	Haig Point Club
	Oyster Reef
	The Reserve Golf Club at Litchfield
	Rosehill Plantation
	Wachesaw Plantation
	Webb Tract, Daufuskie Island
	Woodside Plantation (Phase III)
Tennessee	Redtail Mountain Club

Texas	City of Bryan / Traditions Golf and Country Club at University Ranch
	Comanche Trace Ranch and Golf Club
	The Dominion
	Falcon Point
	Ingleside Golf and Yacht Club (Corpus Christi)
	Onion Creek Country Club
	Spanish Oaks
Virginia	Bayville Farms Golf Club
	Belmont Country Club
	Brambleton
	Clevenger's Village- Centex
	Dominion Valley Country Club, Toll Brothers
	Keswick Estate and Club, Orient-Express Hotels
	Landsdowne, Xerox Corporation
	Links at Lake Anna
	Longlea
	Salt Ponds on the Bay
	Snyder Hunt – Proposed developments
	The River Club, Somerset Homes
	The Virginian Golf Club
	Tides Inn
West Virginia	Charles Pointe
	Overlook Sporting Club
	The Pete Dye Golf Club
Caribbean / Bahamas / Mexico/ Central America	Bahia Beach Resort and Club, Puerto Rico
	Carambola, St. Croix, V. I.
	Casa de Campo, Dominican Republic
	Clifton Cay, New Providence, Bahamas
	Cinnamon Hill Club, Rose Hall, Jamaica
	Costa Isabela, Puerto Rico
	Costa Careyes, Careyes, Mexico
	El Conquistador (LXR)
	The Embassy Club, Panama
	Emerald Bay, Great Exuma, Bahamas
	La Solana, Punta Mita, P. V. Mexico
	Los Suenos Resort, Costa Rica
	Palmas del Mar, Puerto Rico
	Peninsula de Papagayo, Guanacaste, Costa Rica
	Piramides del Rey, Cancun, Mexico
	Punta Cana Resort & Club, Dominican Republic
	Punta Mita, Puerto Vallarta, Mexico
	Royal Westmoreland Golf & Country Club, Barbados, BWI
	Spa Resort Site Search, Nicaragua


REPORT
Affluence
in America:
A Financial
View of the
Mass Affluent

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ABOUT THIS REPORT

In over 100 countries around the world, Nielsen provides the most complete understanding of what consumers watch and buy. In the U.S., Nielsen has delivered insights about consumers for almost 90 years. Affluence in America: A Financial Perspective of the Mass Affluent offers a fresh perspective on the affluent consumer segment of the U.S. economy. This report highlights the importance of this market and provides insights to help marketers succeed in the opportunities that lie ahead.

> "This report provides a general foundation for building effective strategies that will increasingly be the primary drivers of growth in virtually all product and service categories for the Mass Affluent. Understanding the distinctive patterns of demographics, lifestyles and consumption can lead the way to a sizeable and growing impact on total market share."

EXECUTIVE SUMMARY

In recent years, a new segment of wealthy Americans has emerged that represents 11 percent of all U.S. households. Known as the Mass Affluent, they typically were born during the post-war baby boom and grew up in middle-class households, earning rather than inheriting their money. For the financial services and retail industries, they represent a significant and highly sought-after market, especially now as they enter a pivotal period when many are rolling over 401(k) funds into retirement accounts and anticipating inheritances.

Based on an analysis by Nielsen, the Mass Affluent consists of seven distinct groups, each with its own lifestyles, media patterns and preferences when considering financial services. But, these high-earning households can be difficult to find and even harder to sell to. Many live in the suburbs beyond the major metros that have been the traditional centers of American wealth. And thanks to an explosion of financial media, they are sophisticated consumers who often tune out traditional marketing strategies. Perhaps most challenging of all, many simply don't think of themselves as rich.

Highlights of the Mass Affluent:

- They have income producing assets between $250,000 - $1,000,000
- Their estimated aggregated income producing assets total more than $7.5 trillion
- Two-thirds are over 55 years old
- Most are couples without kids or empty nesters
- They own their own home
- They work in Finance, Business and Management careers, or own their own business
- They are avid readers of newspapers, trade journals, travel and home-related magazines
- Possess multiple investment accounts including 401K, IRA, CDs and hold a fixed mortgage
- Adopters of high-end technology like digital recorders, video game consoles, smartphones and tablet devices
- They tend to shop less frequently than other groups, but spend more per shopping trip

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MEET THE MASS AFFLUENT

Who are they?

Affluence in America brings to mind lavish beach and ski vacations and first-class plane seats (when the company jet just won't do). But the last two decades have spawned another class of wealth whose members aren't typically found eating caviar or summering in Europe. This new crop of wealthy Americans was raised in middle-class suburbs and benefited from college educations and years of economic prosperity during the bull market of the 1990s. Today, they're the empty-nesters converting their kids' old rooms to home gyms, shopping at club warehouses, and workaholics fiddling with their smartphones on the express commuter train.

They are Mass Affluents. Nielsen P$YCLE, the segmentation system that classifies households into 58 types based on demographics and financial behaviors, defines this group as households within seven distinct segments with assets between $250,000 and $1,000,000.

They have a distinct lifestyle from the rest of the nation in terms of demographics, media consumption, financial attitudes and—most important to financial institutions —preferences for financial products and services.

Although amassing assets of $250,000 to $1 million may seem modest compared to the bank accounts of the big city elite, there are only six percent of US households with greater Income Producing Assets (IPA). Nielsen Income Producing Assets (IPA) is a measure of liquid wealth which includes the value of checking accounts, savings products, money market accounts and CDs, investment products, retirement accounts, and other asset classes that are relatively easy to liquidate. It does not include the value of any real estate owned by the household.

Financial Grouping Criteria

	Average Income	Income Producing Assets (IPA) Range
Mass Market	$50,722	Less than $250,000
Mass Affluent	$105,500	Between $250,000- $1,000,000
Affluent	$155,135	More than $1,000,000

The average income of a Mass Affluent household is more than double that of a Mass Market household and more than two-thirds the average reported by Affluent households.

Source: Nielsen Financial Track, 2011

Household Percent by Income Group

	Total	Mass Market	Mass Affluent	Affluent
Under $50,000	51.6	60.1	11.6	5.7
$50,000 - $100,000	32.6	30.6	46.4	34.2
$100,000 - $249,999	14.7	8.9	39.6	49.0
$250,000 - $499,999	0.8	0.2	1.7	7.4
$500,000+	0.4	0.1	0.7	3.7

While many Mass Affluent households (42%) have incomes greater than $100,000, the majority actually fall into the $50,000 to $100,000 range. The higher assets they have amassed may represent a lifetime of savings from a moderate income rather than an ultra high household income.

Source: Nielsen Financial Track 2011

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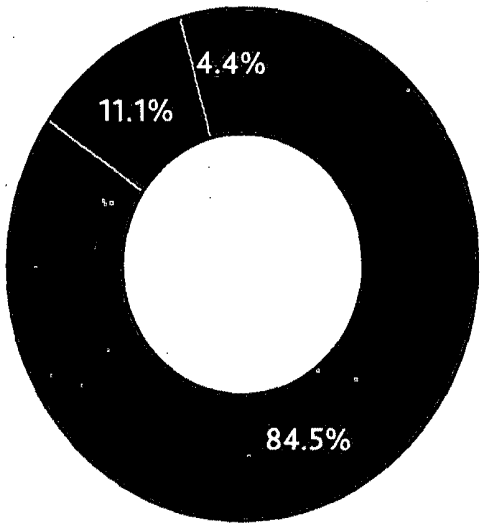
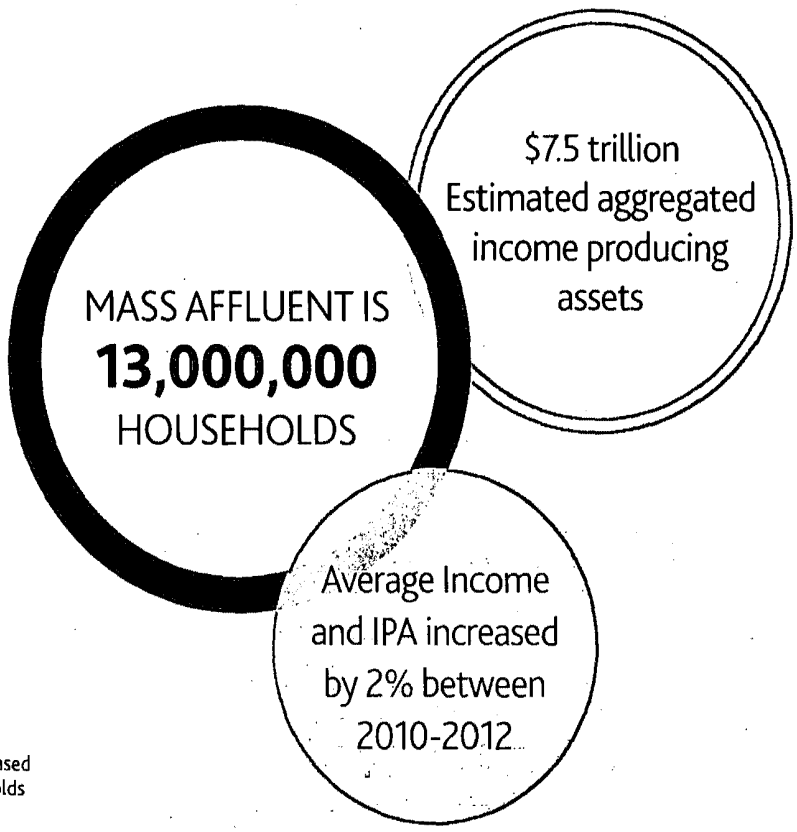
Affluence Groups – Percent of Market



● Mass Market ● Mass Affluent ● Affluent

More than 13 million households are classified as Mass Affluent based on their assets, representing approximately 11% of all US households or nearly three times as many as are classified as Affluent.

Source: Nielsen Income Producing Assets (IPA) 2011



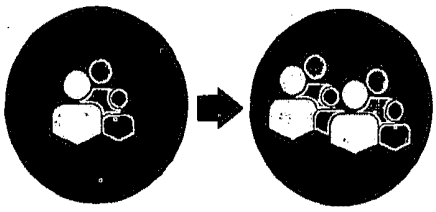
More than 13 million households are classified as Mass Affluent based on their assets, representing approximately 11% of all U.S. households or nearly three times as many as are classified as Affluent.

In addition to their above average assets, they also reported an average household income of $105,500 in 2011, more than 50% higher than the national average income of $62,912.[1]

There has been a common theory over the last few years that "the rich are getting richer." An analysis of recent income and asset data does show this to be true – total assets for these households have grown over the last two years – but it also reveals distinct differences between the Affluent and the Mass Affluent. While the average household IPA within the Affluent group has increased 2.6% compared to two years ago, the average household income for those households is actually down 3% over the past two years. The Mass Affluent group has seen both their average IPA and average household income increase by 2% each during this same period.

Most Mass Affluents are Baby Boomers, over age 55. Most of these married couples are empty nesters enjoying a quiet lifestyle, but some still have teenagers who haven't left the nest yet. They are primarily Caucasian – but 36% more likely than average to be Asian American. They are well-educated with bachelor's and post-graduate degrees which prepared them for white collar careers in management, business and finance. Given their strong professional careers, they often find themselves in leadership positions – both at work and in their communities.

The Mass Market appeals to many marketers because of the sheer number of households in that group. Households with less than $250,000 in IPA represent 85% of all U.S. households. Others seek to capture a portion of the Affluent Market and the high profit that often comes from relationships with those households. The Mass Affluent exists as a sweet spot between these two groups, offering marketers a larger, accessible audience with above average profit margins.



6 million households moved up from Mass Affluent to Affluent group since 2010

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THEY'RE SHRINKING IN NUMBER

While the data shows that the assets and income of the Mass Affluent have increased slightly in recent years, it also shows that the size of the group is shrinking. After initial post-recession rebounds by both the Affluent and Mass Affluent groups, the number of households classified as Mass Affluent is down from its peak in early 2010. The redistribution of households by affluence has resulted in a shift of about 5% of total households, or nearly 6 million households, from the Mass Affluent group to the Affluent group.

Marketers need a robust understanding of the Mass Affluents – who they are, where they live, what products they prefer and how to best market to them. To win over this group, marketers will need to understand how to sub-segment the types of households within this group, as well as develop new products and services, differentiated messages and varied channels to serve them. But as the largest affluent group in America, the Mass Affluent can offer significant return on these investments.

And not only is the size of this group shrinking, but their use of specific products and services has declined in recent years. As interest rates have declined, use of CDs and money market savings accounts are down more than ten percent among Mass Affluent households compared to two years ago. Negative equity and uncertainty in the housing market has also led to a significant decrease in use of home equity loans and HELOCs by this group.

But as a group, Mass Affluents are still more than twice as likely to use any type of retirement or investment product, including IRAs, 401(k) accounts and brokerage accounts. They are more likely than average to have their income direct deposited into their bank accounts. In terms of other channels of access, like ATM and mobile access, their usage rates are on par with the Mass Market.

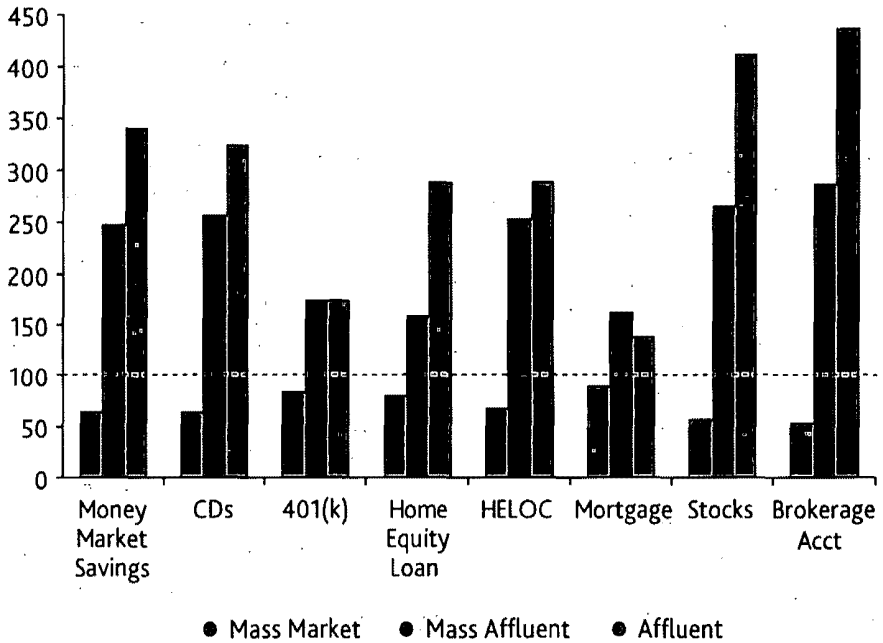
Change in Group Size Year Over Year

YOY 2011-2012

Even though the Mass Affluent group is shrinking, approximately 2% of the households have seen increases to IPA and income in the past two years. Additionally, 5% also moved up into the Affluent group.

Source: Nielsen Financial Track 2012

Financial Products by Affluence Groups



Brokerage Accounts are nearly 3 times more likely with the Mass Affluent group than the Mass Market. Index of 100 = U.S. average

Source: Nielsen Financial Track 2011

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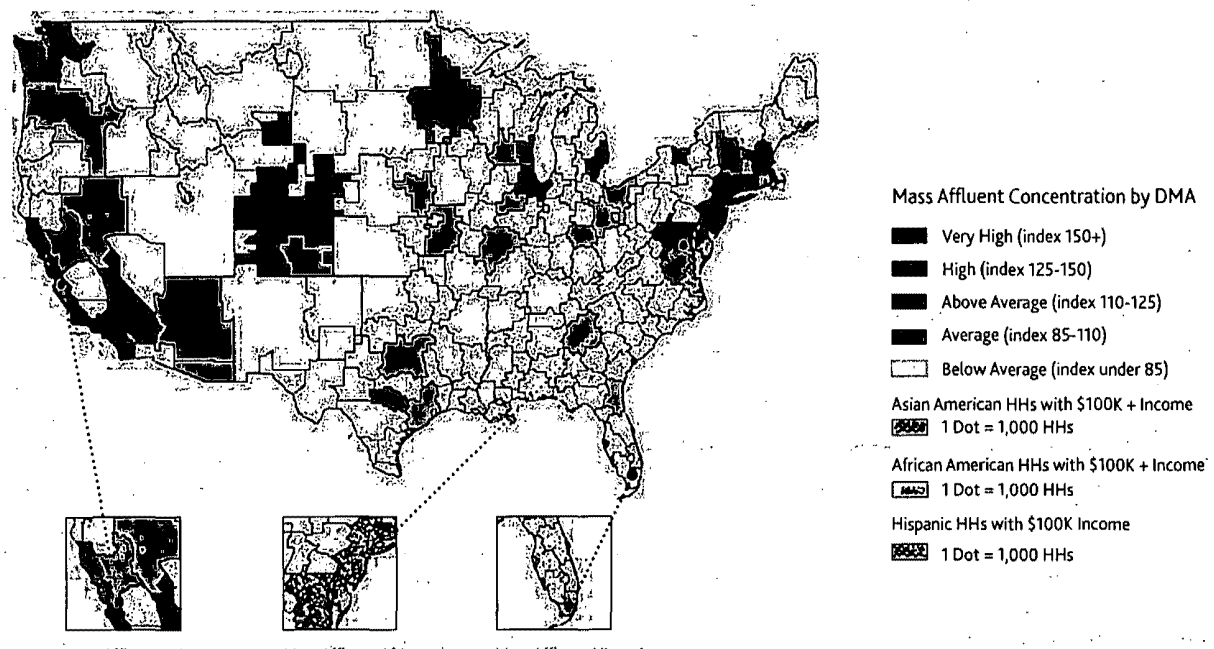
Where do they live?

Capturing these Mass Affluent consumers will not be easy. Whereas the well-off were once reliably concentrated in old money enclaves near the nation's big cities and in Sunbelt golf communities, today's prosperity is more dispersed. According to the analysis of high-asset households, the Mass Affluent is increasingly found beyond the nation's large metros and locating in smaller, exurban markets beyond the nation's major metros like San Francisco, Washington D.C. and the Tri-State area.

These top-ranked pockets of affluence include a number of "second cities" like Hartford, CT, Monterey and Santa Barbara, CA—places noted for both livability and affordability. These communities are home to newly-retired or partially retired Americans who want to be connected to a big city without having to live there.

To map America's new communities of wealth, our research identified households that own more than $250,000 in Income Producing Assets (IPA). These are the customers coveted by financial institutions because, unlike homes, cars or stamp collections, IPA can readily be used to invest in big-ticket financial products.

Mass Affluent Concentration by DMA and Ethnicity



Mass Affluent Asian Americans are most heavily concentrated in the San Francisco, Los Angeles and New York markets.

Mass Affluent African Americans are most heavily concentrated in the New York and Washington DC markets.

Mass Affluent Hispanics are most heavily concentrated in the Los Angeles, New York and Miami-Ft. Lauderdale markets.

The use of segmentation allows us to find where the Mass Affluent live on the ground – allowing financial institutions to reach this portion of the market more effectively for marketing purposes and determining opportunity in the market.

Source: Nielsen Pop-Facts Demographics 2012 (income dot density) and Nielsen P$YCLE (shading).

It makes little difference whether wealth is defined as high assets or strong earnings. A map of households earning over $100,000 a year is nearly identical to the map of heavy asset-owners. While some marketers hope to discover hidden wealth by reaching consumers with high assets or strong earnings, this analysis shows that the correlation between income and assets is undeniable: The Mass Affluent possess both large paychecks and healthy bank accounts.

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Top 10 Markets	% Penetration	Market Penetration Index
San Francisco	21.8%	216
Washington D.C.	18.6%	184
Hartford & New Haven, CT	18.2%	181
Boston	18.0%	179
New York	16.8%	167
Honolulu	16.6%	165
Baltimore	16.2%	161
Monterey-Salinas, CA	15.8%	157
San Diego	15.4%	153
Santa Barbara	15.2%	151

An Index of 100 represents an average propensity, therefore, the Mass Affluent are more than twice as likely to live in San Francisco area.

Source: Nielsen Pop-Facts Demographics 2012

Top 5 Markets for African Americans with $100K+ HH Income	% Penetration	Market Penetration Index
Washington DC	5.4%	462
Baltimore	3.7%	313
Atlanta	3.1%	264
Norfolk, VA	2.5%	217
New York	2.4%	208

Top 5 Markets for Asian Americans with $100K+ HH Income	% Penetration	Market Penetration Index
Honolulu	11.7%	1,105
San Francisco	7.9%	746
Los Angeles	3.3%	308
Washington DC	2.6%	242
San Diego	2.4%	230

Source: Nielsen Pop-Facts 2012
A Market Penetration Index of 100 represents average.

Top 5 Markets for Hispanics with $100K+ HH Income	% Penetration	Market Penetration Index
Miami-Ft. Lauderdale	6.2%	476
Los Angeles	4.5%	348
San Antonio	3.8%	291
San Francisco	3.4%	263
San Diego	2.9%	228

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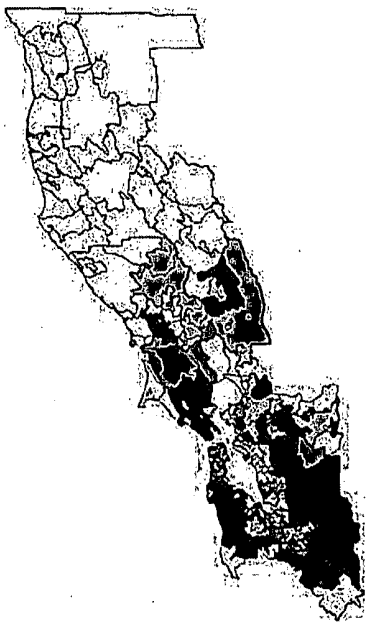
Mass Affluent in the San Francisco Market:



Mass Affluent Concentration by ZIP Code

- Very High (index 150+)
- High (index 125-150)
- Above Average (index 110-125)
- Average (index 85-110)
- Below Average (index under 85)

Asian American HHs with $100K Income
1 Dot = 1,000 HHs

African American HHs with $100K Income
1 Dot = 1,000 HHs

Hispanic HHs with $100K Income
1 Dot = 1,000 HHs

Through ties to P$YCLE® segmentation, we are able to locate the Mass Affluent on the ground by market. The San Francisco DMA has the strongest concentration of the Mass Affluent in the country. When we take a more granular view of the San Francisco market we see strong pockets of the Mass Affluent – in general and by race/ethnic groups.

Source: Nielsen Pop-Facts 2012 (for income dot density) and Nielsen P$YCLE 2011 (shading)

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THEIR LIFESTYLE

The Mass Affluent have money to partake the finer things in life. They enjoy cultural activities and often attend classical music and opera performances and visit museums and art galleries. They are also civic-minded and engaged with the community, making donations to charitable public service organizations like NPR and PBS. Pride of ownership is important to them– they keep their homes and yards in tip-top shape and are more than 28% more likely to pay more for brands they can trust.[ii]

Despite their demanding careers, they make time to stay healthy and active. They go sailing and cross country skiing and enjoy golf and tennis at their country clubs. Eating healthy, paying attention to nutrition and following an exercise routine is a priority for the Mass Affluent.

Mobile Patterns

Nielsen can confirm that income plays a role in the acquisition of still comparatively expensive smartphones and tablets. These devices are becoming the preferred tools for online access and economic transactions in the future due to portability and ease of use. Although it is relatively early for both devices, almost 60 percent of higher income consumers, like the Mass Affluent, own a smartphone and 31 percent own a tablet.

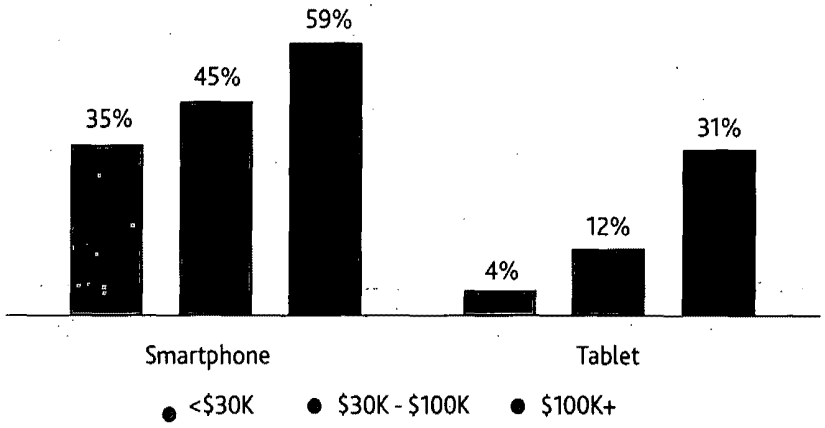
Lifestyle Behaviors of the Mass Affluent	Index
Belongs to a Country Club	287
Attends Classical/Opera Performance (1x/month)	272
Contributes to NPR	263
Buys Light Classical Music	251
Contributes to PBS	251
Belongs to a Civic Club	246
Goes Sailing	237

An Index of 100 represents an average U.S. household, therefore the Mass Affluent are more than twice as likely to participate in these lifestyle behaviors.

Source: MRI Sports & Leisure Profiles and Nielsen P$YCLE 2011

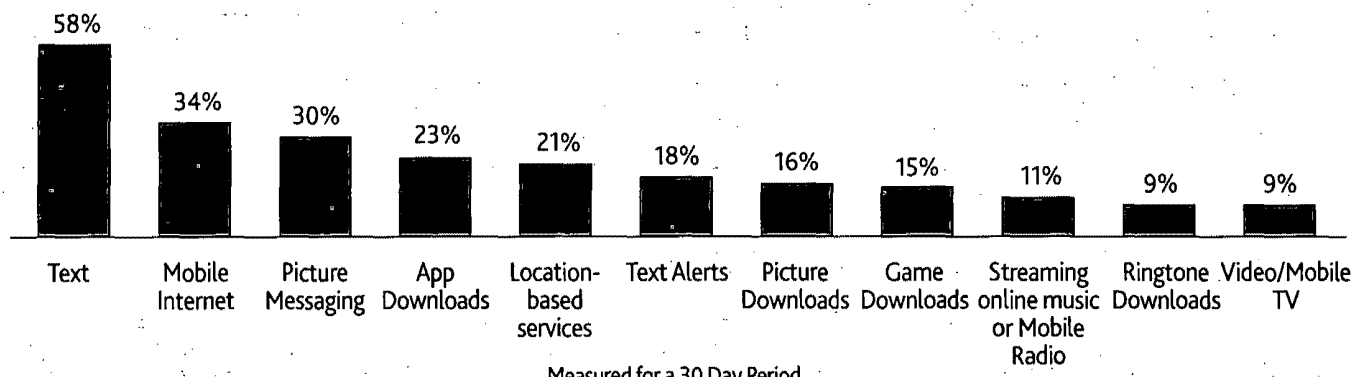
Smartphone and tablet penetration increases with income

Smartphone and Tablet Penetration by Income Groups



Source: Nielsen Smartphone - Q4 2011 Mobile Insights, Tablet Nielsen NPower May 2012

Mass Affluent Mobile Usage



Measured for a 30 Day Period

Source: Nielsen Mobile Insights, Q3/Q4 2011

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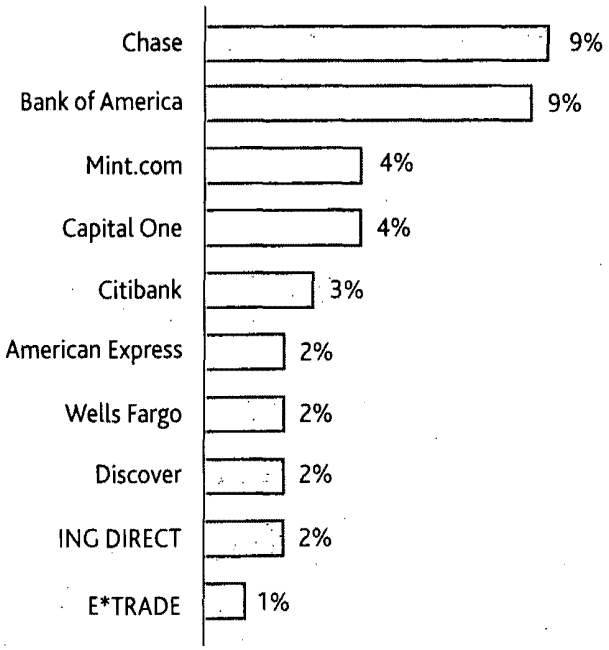
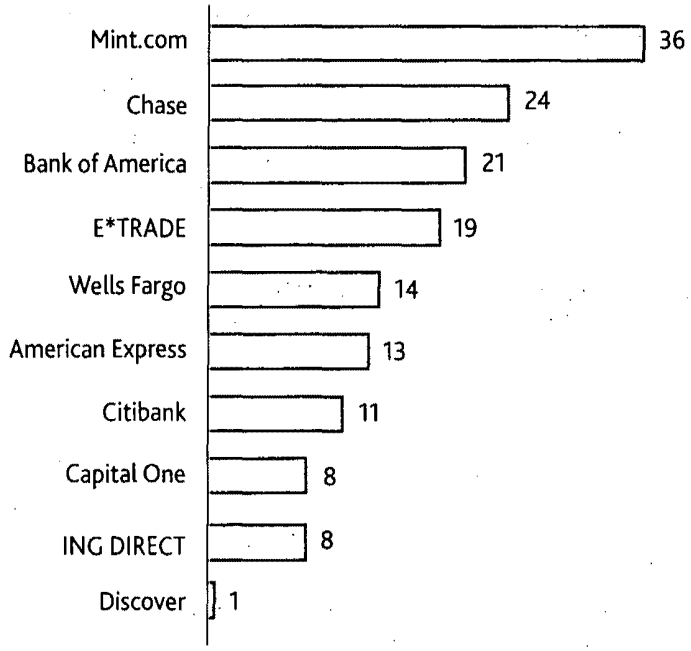
Financial Mobile App Usage

Active Reach, iOS+Android, Income $100K+



Avg Time Spent per Person (Minutes per Month) iOS+Android, Income $100K+



Source: Nielsen Mobile NetView, March 2012, Income $110k+; The chart on the left shows the percentage of individuals with incomes of $100k+ in the U.S. that accessed the iOS or Android mobile app in March 2012; the chart on the right shows the average time spent for these individuals on those apps in March 2012.

MEDIA CONSUMPTION

In addition to their demographic and lifestyle characteristics, the Mass Affluent have distinct media consumption patterns that allows unique opportunity to reach this audience. Being well-informed and staying up-to-date with current events are priorities to them. They consume news via TV, online and print. These proud homeowners also consume media focused on their home lives - watching HGTV, checking out the Food Network website and reading home design magazines.[iii]

Print

This group is made up of voracious readers. They fall into the upper half of all magazine and newspaper readers in the U.S. and are 61% more likely than average to read a daily newspaper. Their taste in reading material reflects their lifestyle. They are over twice as likely as the average U.S. household to read *Kiplinger's Personal Finance, Veranda and Conde Nast Traveler* in addition to the daily paper. They enjoy reading the Sunday newspaper, specifically the business/finance section, editorials and the travel section. They trust the information found in magazines more than any other media source, making print an excellent way to reach and communicate with them about financial topics.

Top Print for Mass Affluent	Index
KIPLINGER'S PERSONAL FINANCE	232
VERANDA	219
CONDE NAST TRAVEL	212
SUNSET	211
ARCHITECTURAL DIGEST	208
BARRON'S	207
COASTAL LIVING	207
WINE SPECTATOR	203
GOLF DIGEST	202
TRAVEL & LEISURE	198

Source: Nielsen P$YCLE/MRI Profiles 2011

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Radio

Radio is not the most efficient way to reach the Mass Affluent – they are about average for listening to radio compared to the rest of the nation. However, when they do listen to radio, these news junkies are likely to tune into the news stations or XM radio.[iv]

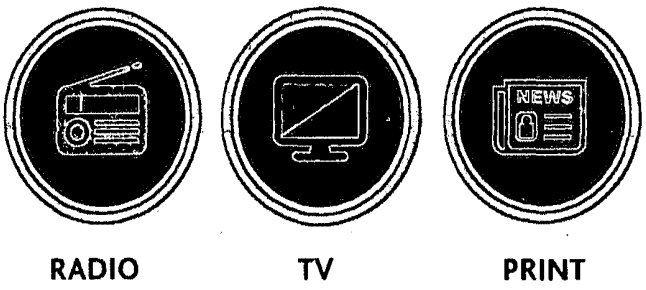
Television

This group is selective and spends less of their time watching television, compared to the rest of U.S. households. Mass Affluent households are 8% less likely to watch Broadcast TV and 25% less likely to watch Cable TV than the average U.S. household, watching just over 112 hours per month. However, when they do watch TV, they are more likely to watch programs recorded on their DVR and news, sports and home improvement channels. They are 56% more likely than the average U.S. household to watch CNBC and 40% more likely than the average U.S. household to watch the Golf Channel.

Higher income consumers are twice more likely to subscribe to premium cable packages and five times as likely to access television content via paid telecommunications services than lower income consumers, resulting in a multitude of choices available to the higher income group.

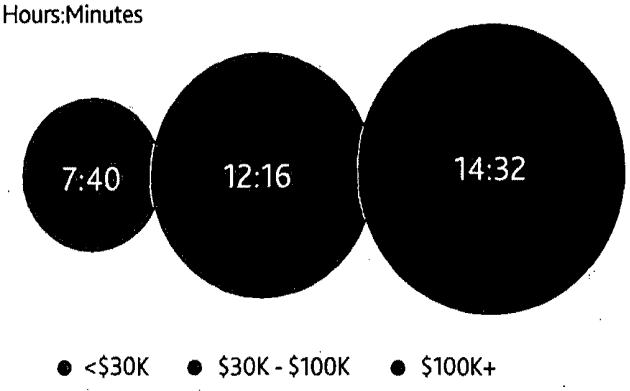
Top 10 Television Channels for Mass Affluent	Index
CNBC	156
SLEUTH	140
GOLF CHANNEL	140
FOX NEWS CHANNEL	122
SPEED	118
HD THEATER	117
NBC	116
MSNBC	108
HGTV	107
FOX BUSINESS NETWORK	106

Source: Nielsen People Meter, 2011



Time Spent Using a DVR

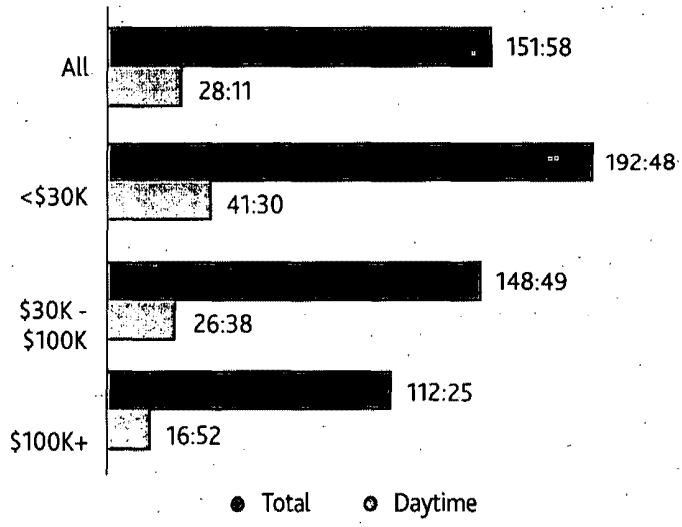
Hours:Minutes



Source: Nielsen NPower, Q4'11 Monthly Avg. Persons 2+ Total Day M-Su 6a-6a/Live+7

TV Viewing Across Income Groups

Hours:Minutes



Source: Nielsen NPower, Q4'11 Monthly Avg. Total Day M-Su 6a-6a/Daytime M-F 9a-5p

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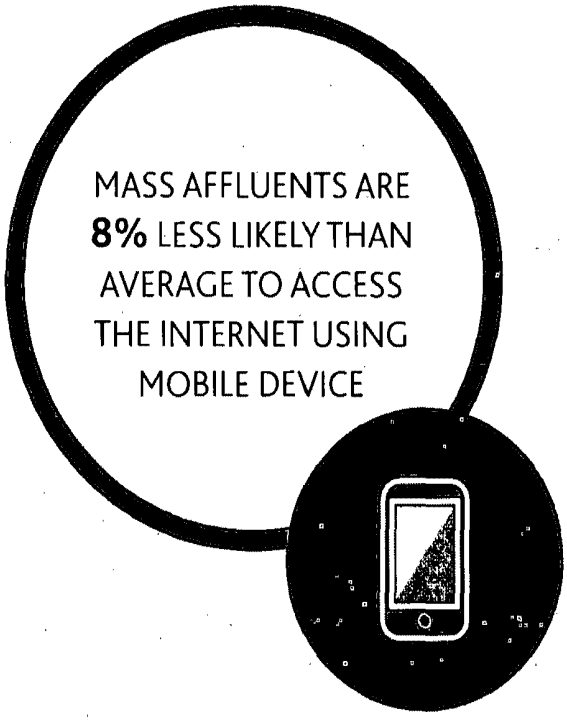
Online

Mass Affluents are engaged – going online multiple times per day. Given their demanding careers, they are 25% more likely than average to access the Internet from work. When they go online; business, finance and investments are top of mind. They stay informed on financial topics and their accounts by visiting sites like American Express, Bankrate and MSN Money.

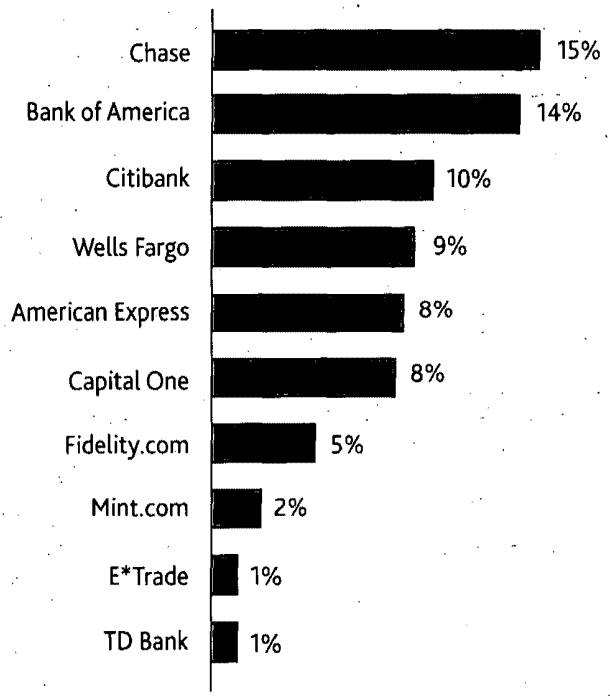
High income consumers (with incomes above $100K), like the Mass Affluent, fit an average of 3 hours and 36 minutes of online streaming into their monthly schedules, and spend an average of 23 hours a month online. They receive business and financial newsletters via email and watch business-related news videos online, and are 75% more likely than the average U.S. household to visit American Express online. The Mass Affluent also use online sites to track their investments, pay bills and register their gift cards.[v] As indicated in the Mobile charts previously, those with higher incomes are spending similar amounts of time per month on financial services apps as they are on the financial websites, and app audiences are only marginally smaller than online audiences.

In addition to their focus on business and finance, these consumers plan their next vacation on TripAdvisor, research recipes on the Food Network, and read reviews on Yelp before their next evening out. While they have embraced new technologies, they are not the most tech-savvy. They are 8% less likely than average to access the Internet using their mobile device.

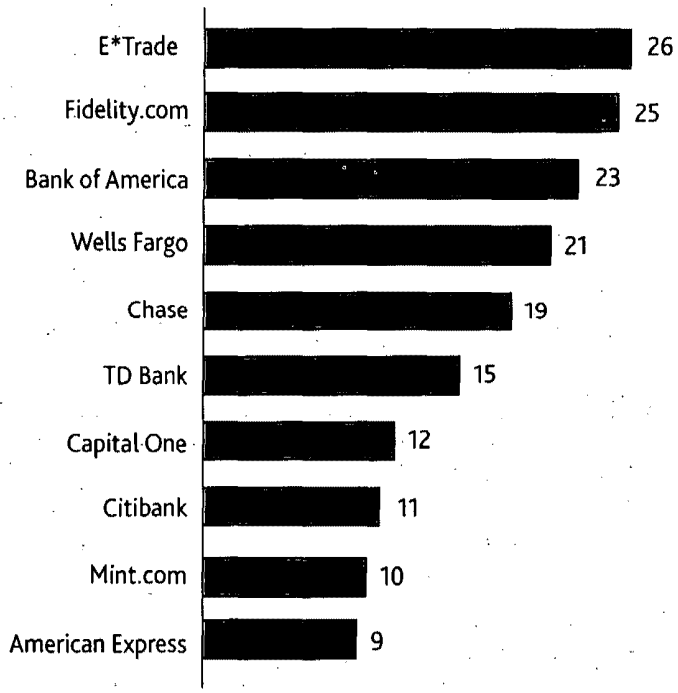


Financial Online Usage

Active Reach (%), Online Usage



Avg. Time Spent Per Person (Minutes per Month), Online Usage



Source: Nielsen Netview
March 2012, $100K+, Total Panel; The chart on the left shows the percentage of individuals with incomes of $100k+ in the U.S. that accessed the website in March 2012; the chart on the right shows the average time spent for these individuals on that site in March 2012.

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THE RICH ARE DIFFERENT – FROM EACH OTHER

For the purpose of this analysis, the primary driver for classification as a Mass Affluent household was household IPA between $250,000 and $1 million. But in reviewing the characteristics of this group, it quickly becomes apparent that this group, like most groups, is not monolithic. To more closely examine the differences in their product usage behaviors and their channel and media preferences, this analysis divides the Mass Affluent households into seven distinct groups based largely on differences in their age, income and family composition. The table to the right outlines the characteristics of each group by segment.

Households in segments 02, 03, 06, 10, and 11 are typically older than average, with ages predominately 55 and older and either single or empty-nesters. Segment 07 households are more likely to have children at home and segment 05 households are mostly made of couples without children that are in the 45-54 age range.

P$YCLE® Segments	IPA	Income	Description
02 Globetrotters	Elite	Upper-Mid	Mature Mostly w/o Kids
03 Business Class	Elite	Wealthy	Older Mostly w/o Kids
05 Power Couples	Elite	Wealthy	Older w/o Kids
06 Civic Spirits	Elite	Upper-Mid	Mature w/o Kids
07 Family Fortunes	Elite	Wealthy	Older w/ Kids
10 Capital Accumulators	Elite	Upscale	Older Mostly w/o Kids
11 Savvy Savers	High	Lower-Mid	Mature w/o Kids

Source: Nielsen P$YCLE 2011. P$YCLE® is a household segmentation system that groups consumers into 58 segments based on income producing assets and a wide variety of financial and investment behaviors. The 58 P$YCLE segments fit within 12 lifestage groups based on age family structure, income and assets. Older is defined as 45-64 and Mature is 65+ years old.

Households by Ethnic Group

CAUCASIAN

MASS AFFLUENT 88.9%

15% more likely than average

Total U.S. HHs 77.4%

ASIAN

MASS AFFLUENT 3.3%

36% more likely than average

Total U.S. HHs 2.4%

AFRICAN AMERICAN

MASS AFFLUENT 4.1%

65% less likely than average

Total U.S. HHs 11.6%

HISPANIC

MASS AFFLUENT 5.3%

54% less likely than average

Total U.S. HHs 11.3%

This data is based on the percentage of households in the U.S. Caucasian households make up 88.9% of the Mass Affluents, which is 15% greater than total Caucasian households (77.4%). African Americans make up 4.1% of the Mass Affluent households, which is 65% less than their national average of 11.6%.

Source: Nielsen P$YCLE 2011

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THE DISTINCT SEGMENTS OF THE MASS AFFLUENT

02 Globetrotters: Members of Globetrotters have reached an age over 65 years old and a level of financial comfort. Many have six-figure incomes that allow them to indulge their passion for foreign travel. Consisting mostly of suburban couples, households in this segment have amassed substantial IPA, such as variable-rate annuities, government securities, and corporate/municipal bonds. Admittedly risk-averse in their financial behavior, they buy a variety of insurance products, including long-term care, medical and residential coverage. But playing it safe doesn't apply when it comes to exploring other countries; members of Globetrotters have been known to take more than three foreign trips a year. And many get their news about world events from *U.S. News & World Report and Condé Nast Traveler*.

03 Business Class: Business Class is known for its lavish spending style and country club lifestyle. But many of its fifty-something executive couples have begun to divert their high incomes to build up long-neglected nest eggs. Segment households rank highly for having Keogh plans, cash management accounts, and unit investment trusts. But they have only one-third the level of income-producing assets of The Wealth Market, and many are trying to make up for lost time by aggressively investing in stocks, mutual funds, and investment-style insurance. Located mostly in pricey suburban areas, Business Class scores high for business and pleasure travel, high-end catalog shopping, listening to classical radio and reading business publications.

05 Power Couples: The most affluent Younger Years segment, Power Couples seems to have it made: six-figure incomes, designer-decorated houses, and high balances in their income-producing assets. As investors, these mostly 45 to 54-year-old couples boast retirement accounts containing a well-diversified mix of options, stocks, and mutual funds. Typically college-educated and holding management jobs, they also tend to be cultured consumers who travel the world, subscribe to publications like Forbes and Architectural Digest, and shop at swanky stores like Lord & Taylor and Nordstrom. When it comes to managing their money, however, they put their faith in the pros, exhibiting high rates for using asset managers, estate planners, and full-service brokers. Internet savvy, they track how well their investments are doing online.

06 Civic Spirits: They may be retired, but they're not retiring. The over-65-year-old couples who make up Civic Spirits tend to be community activists who participate in civic events, write newspaper editors, and contact elected officials at high rates. Their financial behavior is less adventurous, with households preferring investments like CDs, corporate/municipal bonds, government securities, and annuities, particularly those purchased for tax shelters. Civic Spirits members also rank high for buying long-term care insurance and residential insurance for their condos. When they're not volunteering, these Americans keep up with their civic interests by watching news programs on television, tuning in to news/talk radio stations, and reading mature market magazines.

07 Family Fortunes: The members of Family Fortunes rank at the top in many financial categories: investing in futures and options, owning mutual funds and U.S. Savings Bonds, and acquiring first mortgages worth over $150,000. They need to: these 45-64-year-old suburbanites have more children than any other P$YCLE segments. While primarily Caucasian, Family Fortunes are twice as likely as average to be Asian American. With high incomes and expensive homes, they make a prime target for high-value life and homeowners insurance. No segment has more college-educated residents, and they enjoy an energetic lifestyle: traveling around the world, shopping at high-end department stores, owning luxury vehicles, and enjoying pricey sports like skiing and tennis. Not surprisingly, their favorite media outlets include business and travel magazines, which they read at the highest rate in the nation.

Nielsen P$YCLE is a segmentation system that classifies households into 58 types based on demographics and financial behaviors. Mass Affluents can be found primarily within these seven segments.

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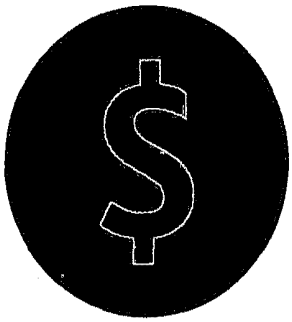
10 Capital Accumulators: Capital Accumulators is a collection of 45-64 year-old suburbanites dedicated to growing their IRAs and 401(k) retirement accounts. They're twice as likely as average Americans to own securities, mutual funds, and real estate investments. Many households are home to white-collar professionals who have parlayed upper middle class incomes into substantial income-producing assets. They tend to lead very active lifestyles, traveling abroad, skiing at exclusive resorts and paying for investment advice from stockbrokers and financial planners. With their brains and bucks, Capital Accumulators consume a variety of media, reading the *Wall Street Journal and Cigar Aficionado*, and watching pay-per-view movies at high rates.



11 Savvy Savers: The living is easy in Savvy Savers, a segment of well-invested retirees scattered across the nation's suburban and exurban communities. These cautious investors rank near the top for owning CDs, money market funds, municipal bonds, and fixed- and variable-rate annuities. Together, these assets provide them sizable nest eggs, though they pursue only lower-midscale lifestyles, characterized by watching golf on TV and socializing at the fraternal order. These are the folks who take full advantage of senior discounts and are coupon users at drugstores, grocery stores, movie theaters, and restaurants. When they go on vacation, they're typically value-oriented travelers who drive to a domestic destination and stay at a Comfort Inn.

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HOW DO I REACH THEM?

While the Mass Affluent may be all around us, marketers find themselves challenged to reach these splintered audiences. They're also discovering that they are sophisticated customers who often prefer to manage their own money through financial websites like The *Motley Fool* and *TheStreet.com*.

Their prosperity has been affected by the nation's economic slow down of the past several years, but it has cushioned them, more than most—making them more desirable to financial companies. With the competition among banks, brokerages and insurance companies increasing, the battle for a share of their wallets has become fierce. Now more than ever, financial services companies need a robust understanding of —who they are, where they live, what products they prefer and how best to market to them.

WHY IS SEGMENTING IMPORTANT?

While Mass Affluents are relatively similar in terms of their asset size and income, and can be reached using traditional mass marketing techniques, when examining them a little closer, it becomes apparent that they are not monolithic.

In order to win the hearts, and wallets, of the Mass Affluent, marketers need to understand the differences between the various subsets of this group and connect with them in meaningful ways. With a clear picture of the distinct consumers in hand, marketers can create the right customer experience, provide the right products, and communicate the right messages through the right channels, ensuring that their brand will resonate and attract these highly sought after consumers.

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THE DAY IN THE LIFE OF A TYPICAL "FAMILY FORTUNE" HOUSEHOLD

OUR LIFE

My name is Karen and my husband is David. We have three kids; one is off to college, Jessica is in her junior year of high school and Maggie is in third grade. We are comfortable and secure, but we've acted responsibly and played by the rules to get to this place in life. We live in the suburbs outside San Francisco - we enjoy the quiet lifestyle, but also want to be close to the urban energy, gorgeous parks and vibrant culture of the city. My neighbors are a mix of business executives, small business owners, doctors and lawyers with big jobs and sophisticated tastes.

MORNING

David and I start our morning with chai lattes. Then I focus on getting our teenager off to school. David is off to work at 7:00 and I never miss my morning Yoga class. Now that the kids are in school, I enjoy taking this time for myself. Jessica is on her phone morning, noon and night. I usually text her to come downstairs for breakfast each morning. Sometimes I check Facebook to stay in touch with my kids, nieces and nephews, but I'm much more comfortable keeping in touch with my colleagues on LinkedIn. My teen keeps me online and up-to-date with the latest technology. I may be getting older but I still want my kids to think I'm cool. I've been using Internet banking for a while, but have just started checking my accounts via my mobile. I still don't feel completely at ease with it, but I even used my phone to find an ATM the other day!

WORK

David works at a financial firm downtown and I work in sales. We do our best balancing time between our busy careers and spending laid-back time together. Even though we enjoy our careers, we don't want to work forever. We've been planning for retirement with IRAs and 401k plans. Saving and planning are important to us – we don't like risk and surprises when it comes to our finances. We had educational savings plans set up for all our kids when they were still in diapers.

EVENINGS

Most evenings we enjoy quiet time together catching up on the latest issues of our favorite magazines with a glass of wine by the fireplace. I try to make dinner every night – eating healthy is important to our family. If we feel especially motivated after dinner, we'll head down to our country club and challenge each other to a tennis match. On the weekends when we can convince our son to come home from college and our daughter to break-away from her friends, we host dinner or catch a play at the local theatre. For long weekends, we head to our condo in Lake Tahoe to relax and do some skiing. We bought the property as an investment, but still try to enjoy it when it's not rented out.

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CONCLUSION

Mass Affluents account for an important share of consumer expenditures and given their sophistication, selective media consumption and increasing spending capacity, they are easily one of the most difficult segments to reach in the marketplace. Marketers will need to understand the what, where, how and why of their role in tomorrow's consumption space.

The diversity of wealthy Americans makes segmentation essential for marketers hoping to reach them. By grouping customers according to unique segments, financial services and retail companies can successfully match their products, services, channels and messages to the specific needs—and desires—of Mass Affluent households. Marketers will need to use strategic marketing solutions to find and win over these under-the-radar wealthy households.

Finally, it is instructive to recognize that unique and useful vehicles for reaching the Mass Affluent exist around their media consumption and technology adoption. Given their importance for future growth for financial institutions and retailers, utilizing preferences and purchasing behaviors is essential for any strategy or marketing plan to be successful.

About the Data

The analysis for this paper is based on several sources: Nielsen Financial Track, a syndicated survey of financial behavior conducted in the U.S.; P$YCLE, a segmentation system that uses demographics and financial behaviors to classify U.S. households into 58 consumer segments; Mediamark Research & Intelligence (MRI), a leading consumer survey company that collects data on the adult public's use of media, product consumption and lifestyles and attitudes; and Pop-Facts® Demographics, current-year estimates and five-year projections for hundreds of demographic line items, enabling you to keep up-to-date with the changes that impact your market.

[i,ii] Nielsen Financial Track 2012

[iii] Nielsen P$YCLE

[iv] Nielsen Financial Track 2012

[v] MRI Radio Profiles 2011

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REPORT

Housing Trends Update for the 55+ Market

Housing Trends Update for the 55+ Market

New Insights from the American Housing Survey

January 2011

NAHB

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57 Greens Farms Road
Westport, CT 06880
MatureMarketInstitute@MetLife.com

National Association of Home Builders

The National Association of Home Builders (NAHB) is a Washington, D.C.-based trade association representing 160,000 members involved in home building, remodeling, multi-family construction, property management, subcontracting, design, housing finance, building product manufacturing, and other aspects of residential and light commercial construction. Known as "the voice of the housing industry," NAHB is affiliated with more than 800 state and local home builders associations around the country. NAHB's builder members will construct about 80% of the new housing units projected for 2011.

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Executive Summary

The Baby Boomers, conventionally defined as those born in 1946 through 1964, have had an impact on society, from their childhood to their transition into retirement. This generation is now age 47 to 65, straddling the key threshold of age 55, when housing can legally be age-restricted and therefore designed specifically to serve them. In 2009, recognizing the importance of these developments for the housing industry, the MetLife Mature Market Institute and the National Association of Home Builders (NAHB) undertook and reported a study, *Housing for the 55+ Market: Trends and Insights on Boomers and Beyond,* which looked at the trends reported in the American Housing Survey (AHS). They have partnered again on a research project that closely examines the 55+ population—the Boomers as well as older cohorts—from the most recent AHS regarding their choice in homes and communities as well as how they finance them. The result, *Housing Trends Update for the 55+ Market,* makes this report one of the most comprehensive studies dedicated to this segment of the housing market.

The report is based on data from the most recent installments of the AHS, which is funded by the U.S. Department of Housing and Urban Development and conducted in odd-numbered years by the U.S. Census Bureau. Although the data cover all types of housing and households, the report focuses especially on households age 55 or older, those living in age-qualified active adult communities, other non-age-qualified 55+ owner-occupied communities (not explicitly age-restricted but nevertheless occupied primarily by people age 55+), and age-restricted rental communities. In select cases, data is also presented on housing characteristics for households under age 55 for comparison. The most recent AHS data come from interviews that took place in the midst of the 2008–2009 economic recession and provide insights into how the economic downturn affected the 55+ market. The report also looks closely at trends that emerged during the eight-year period from 2001 to 2009.

In particular, *Housing Trends Update for the 55+ Market* analyzes where 55+ households live, characteristics of their homes and communities, and level of satisfaction with the homes and communities. The report also looks at 55+ households who change addresses, finding out why they moved and from where, as well as other key demographic information, such as household size, education, race, and income. Also covered are characteristics of new construction, including the dollar value, basic characteristics, motivations of the buyer or renter, comparisons to the previous home, and how new home purchases are financed. A separate section is devoted to the relatively new phenomenon of reverse or home equity conversion mortgages. Finally, the report looks at the market share of 55+ households and presents a forecast of home sales and new construction for this segment of the market in 2011 and 2012.

Key Findings

- The majority of 55+ households do not live in age-qualified (i.e., age-restricted) or other communities occupied mostly by 55+ households. The shares of households in different types of 55+ communities have been relatively stable since 2005; however, that implies an increase in demand for housing in 55+ communities going forward, as the share of households age 55+ is projected to grow annually, and to account for nearly 45% of all U.S. households by the year 2020.
- The 2008–2009 recession made 55+ new home buyers more practical. Aesthetic reasons for choosing a housing unit, such as exterior appearance and the unit view became less important. Financial reasons gain their importance in other 55+ communities and non-communities.
- The recent housing downturn made a significant impact on how 55+ households finance their new home purchases. Those making a down payment had to rely more frequently on savings and cash on

hand rather than a sale of a previous home. For example, only 55% of the new age-qualified active adult home buyers who made a down payment reported that it came from the sale of a previous home, significantly down from 92% in 2007. Other 55+ home buyers registered similar difficulties selling their previous residences in 2009.

- By some measures, the neighborhoods in which 55+ households live have improved. Compared to earlier years, more 55+ households report having access to satisfactory shopping in 2007 and 2009; fewer report having a problem with street noise.
- Most 55+ households continue to be happy with the homes and communities they live in, but this is especially true for 55+ households living in age-qualified adult housing, who on average rate their home a 9.0 on a scale of 1 to 10 (1=worst; 10=best).
- The primary reasons for moving to a 55+ owner-occupied community continue to be family or personal reasons, and the desire to have a higher quality home. In multi-family communities, family was the number one reason as well, but reducing costs came in second.
- Similarly, when 55+ households choose a particular community, their decision is most often driven by the desire to be close to family and friends. Design and looks also rank high but lost their importance to some extent during the recent economic downturn.
- Although not cited as often as the top three reasons, proximity to work is on the rise as a reason for choosing an active adult community. The share citing proximity to work has increased with each survey, from 2% in 2001 to nearly 12% in 2009, suggesting that active adult communities are attracting more residents while they are still in the workforce.
- Consistent with this pro-work tendency, the share of 55+ single-family customers who work at home continues to rise, even during the economic downturn. Although the reason for this can't be determined with certainty, changes in technology may be making businesses more willing and able to let employees work at home. The trend is likely to continue as more and more tech-savvy Baby Boomers cross the age 55 threshold. The implication for builders of active adult housing is that demand for office space inside the home is likely to rise.
- Between 2007 and 2009, coincident with the most recent economic recession, average income for 55+ households in the market for housing declined, more significantly among those moving to multi-family properties—from an average of over $36,000 in 2007 to under $34,000 in 2009.
- Despite the drop in income for other categories of 55+ households, income for age-qualified active adult customers continued to rise, to an average of more than $80,000 in 2009. Partially, this can be attributed to a rising number of high-income households attracted to this market segment. In 2009, more than 27% of age-qualified active adult customers earned $100,000 or more, compared to less than 5% in 2001.
- Customers who buy homes in age-qualified active adult or other 55+ communities look at an average of 12 homes, usually in more than one neighborhood before making the purchase. In contrast, more than half of customers moving into age-restricted rental apartments look at only one or two housing units in only one neighborhood.
- Median values of homes purchased show that no category of the 55+ community was immune to the recent downturn in housing markets. All experienced price declines since a peak that occurred either in 2005 or 2007.
- However, the median price of a new age-qualified active adult home in 2009 was still $300,000, only about 6% below its 2005 peak of $320,000. The gap between the median value of new age-qualified active adult and other types of homes purchased by 55+ buyers widened, as the percentage declines for the other types was larger.

- When 55+ households buy new homes, they tend to trade up in quality but not necessarily in price. In 2009, more than half of 55+ buyers reported that they were moving into a better unit. Fewer than half of the same buyers, however, reported that their new homes cost more than the old ones.
- A small but growing share of older households is taking advantage of reverse mortgages. Less than 1% of 55+ households reported having a reverse mortgage or home equity conversion mortgage in 2009. Even so, the reverse mortgage share has increased with every survey and in 2009 was almost eight times greater than in 2001.
- Almost two-thirds of reverse mortgage borrowers are between ages 62–79, with an average age of 77. Although only about 1% of all 55+ homeowners, more than 241,000 seniors hold a reverse mortgage, a 54% increase from 2007.
- About 54,000 housing starts in 55+ communities are projected in 2011. Although up 30% from the number estimated for 2010, this still represents a relatively modest level of 55+ production. Starts in 55+ communities are projected to increase another 46%, to roughly 79,000 housing units, in 2012.

Methodology

The information in this report is based on the 2009 American Housing Survey (AHS), the most recent release of this ongoing data collection, and observed trends in the AHS between 2001 and 2009. The AHS is designed by the U.S. Department of Housing and Urban Development (HUD) and the U.S. Census Bureau to capture a relatively large amount of information about the physical characteristics of the units in which Americans live. Characteristics are tabulated not only by the age of the occupants and structure type, but by community type. Based on the information available in the AHS, three types of 55+ communities can be defined: age-qualified active adult communities, other non-age-qualified 55+ owner-occupied communities (those that are not explicitly age-restricted but nevertheless are occupied by adults age 55 +), and age-restricted rental communities. The AHS first began asking the relevant questions on 55+ communities in 2001; therefore, this is the earliest that trends in these types of communities can be tracked.

The decision to examine particular types of 55+ communities in detail is based not only on the availability of responses to particular questions in the AHS, but also on the ability to capture a sufficient number of observations to analyze. The AHS is a survey of all housing in the U.S., and some types of 55+ housing communities comprise a relatively small share of the total housing stock. The definitions of 55+ community types employed here capture at least 20 observations in each cell, even when the analysis is restricted to recent movers or new construction, and it was considered inadvisable to partition the data more finely than this.

Each of the chapters in this report focuses on a different aspect of the 55+ housing market. Chapter 1 describes the existing 55+ communities and housing characteristics. Chapter 2 studies the demand side of the 55+ housing market by examining characteristics and mobility trends of 55+ recent movers. Chapter 3 analyzes the supply side of the market by looking at the new construction serving the 55+ housing market. Chapter 4 examines how senior households use reverse and home equity conversion mortgages. Chapter 5 presents 55+ market projections into 2011.

Chapter 1

55+ Neighborhoods and Housing Characteristics

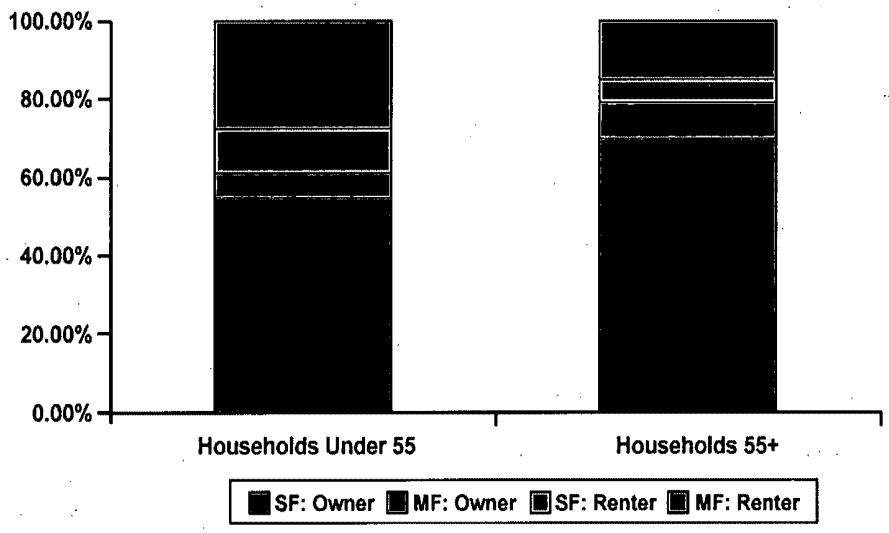
This chapter presents detailed information on where older households live, including characteristics of the communities and how satisfied they are with them. The information in this chapter is intended to increase understanding of the 55+ housing market in terms of the surrounding neighborhood and what community characteristics may attract consumers.

Where 55+ Households Live by Tenure and Structure Type

Most 55+ Households Own Single-Family Detached Homes

Homeownership rates are very high among households headed by someone age 55 or older. Consistent with this tendency, well over two-thirds of 55+ households own single-family detached homes. This is well above the share for younger households, as Figure 1.1 below shows. An additional 9% of 55+ households own multi-family condominiums, which is also noticeably above the share for younger households.[1]

Figure 1.1: **Distribution of Single-Family and Multi-Family Housing in 2009**

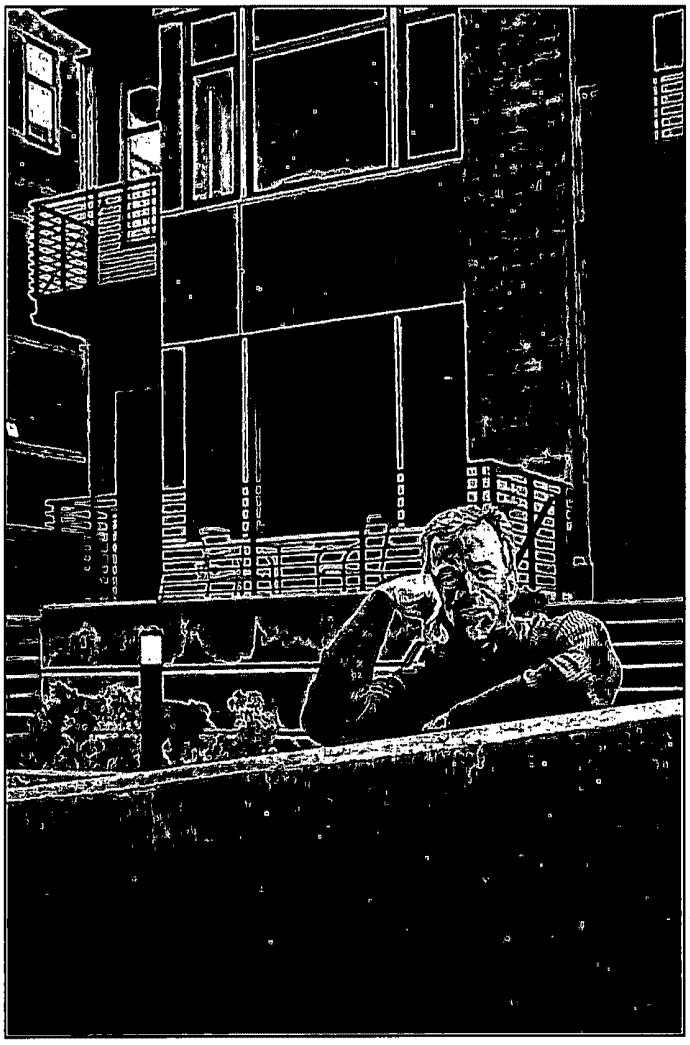


Renters Shifting Somewhat to Single-Family Housing

The 55+ homeownership rate has been extremely stable in the post-2000 period, remaining close to 80% (counting 55+ owners of both single-family and multi-family homes). In comparison, single-family ownership for those under 55 has been stable at about 54% to 55%. However, there has been some change in the share of renters in different structure types. In particular, a smaller share of renters are now in multi-family structures, a greater share in single-family detached housing. This is true for both 55+ and under-55 renters, but is especially noticeable among younger households, as their renting of single-family detached homes jumped by almost a full percentage point between 2007 and 2009 (see Table 1.1).

Table 1.1: **Household Tenure and Structure Type 2001–2009**

	Share of Households Under 55				Share of Households 55+			
	Multi-Family		Single-Family Detached		Multi-Family		Single-Family Detached	
	Owner	Renter	Owner	Renter	Owner	Renter	Owner	Renter
	%				%			
2001	6.05	29.89	54.29	9.77	9.13	15.80	70.65	4.42
2003	6.12	29.16	54.57	10.14	9.09	15.50	70.86	4.55
2005	6.51	28.35	54.91	10.23	9.46	15.56	70.57	4.41
2007	6.51	28.40	54.20	10.89	9.02	15.74	70.56	4.68
2009	6.33	27.57	54.31	11.79	9.01	15.38	70.56	5.04



Where 55+ Households Live by Community Type

Over a period of years, NAHB economists have worked with HUD and the Census Bureau to improve the quality of the data that the federal government collects on 55+ housing markets. One result of these efforts is that, beginning in 2001, the AHS began asking respondents whether the building or neighborhood they live in is age-restricted, and if not, whether it is occupied mostly by people age 55+.

This new question gives us the opportunity to distinguish 55+ communities from other community types. The question on age restriction is important because age-restricted (or, as it is often called in the industry, age-qualified) communities may have different amenities designed to attract older people, and it will be useful to know what these amenities are. The second part of this question, designed to identify communities that have attracted people age 55+ even though these communities are not age-qualified, also provides useful information. Some of these communities are likely to be close substitutes for age-qualified properties, in which case they represent a significant part of the 55+ housing supply. By using the age-restricted status and information on communities occupied mostly by residents age 55+, along with information on structure type and ownership status, we classify different types of communities as shown in Table 1.2. This classification scheme was devised to handle the new data available in the AHS and does not necessarily agree with terminology and definitions used elsewhere in the industry.

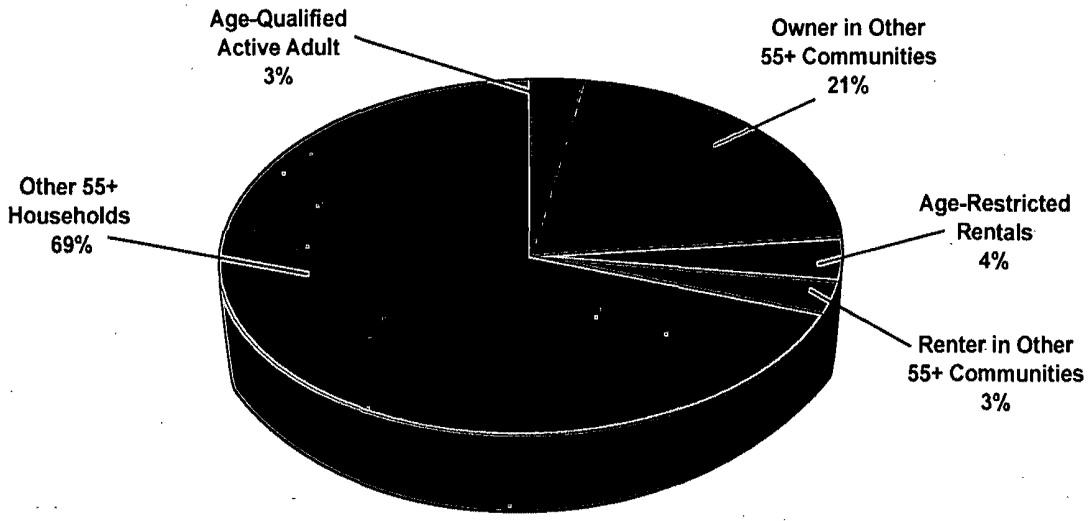
Table 1.2: **Households by Community Type and Homeownership: 2009**

Community Type	Multi-Family		Single-Family Detached		Total
	Owner	Renter	Owner	Renter	
Age-Qualified Active Adult	422,100	0	668,351	0	1,090,451
Owner in Other 55+ Communities	913,961	0	7,316,256	0	8,230,217
Age-Restricted Rentals	0	1,523,483	0	65,807	1,589,290
Renter in Other 55+ Communities	0	860,958	0	511,649	1,372,607
Other 55+ Households	2,212,076	3,647,037	19,928,352	1,433,106	27,220,570
Total 55+ Households	**3,548,137**	**6,031,478**	**27,912,959**	**2,010,562**	**39,503,135**
Under-55 Households	**4,137,580**	**18,170,635**	**35,411,272**	**7,744,399**	**65,463,885**
Total	**7,685,716**	**24,202,113**	**63,324,230**	**9,754,961**	**104,967,020**

Most 55+ Households Do Not Live in Age-Qualified Active Adult or Other 55+ Communities

As shown in Table 1.2, age-qualified active adult housing accounts for just over a million of the 39.5 million 55+ households in the U.S. in 2009. "Other" 55+ owner-occupied communities— identified by homeowners who reported their neighbors are mostly 55 and older, although the neighborhoods (or the buildings for multi-family residents) are not explicitly age-qualified— account for 8.2 million. Sixty-nine percent of 55+ households, however, live in communities that are neither age-qualified nor occupied mostly by people over age 55 (see Figure 1.2).

Figure 1.2: **55+ Household Distribution in 2009**



Age-qualified active adult and age-restricted rentals are two specific community types that clearly represent distinct segments of the housing market. The "other 55+ owner-occupied community" category is somewhat nebulous, but it accounts for a relatively large share of the 55+ households and is thus too large and potentially important to ignore. These three community types—age-qualified active adult, other 55+ owner-occupied community, and age-restricted rentals—are analyzed in the rest of this chapter. Other community types that can be identified either contain too few households to tabulate or do not isolate a distinct enough part of the housing market to tabulate.

Age-Qualified Active Adult Share Stable Since 2005

As shown in Tables 1.3 and 1.4, the share of 55+ households choosing to live in age-qualified active adult communities was on the rise through 2007 and remained in the vicinity of 3% since 2005. Technically, the data show slight declines in both the share and number of households in age-qualified active adult communities in 2009, but that could easily be attributable to sampling error.

According to the NAHB long-term forecast, the share of 55+ households is expected to grow to nearly 45% by 2020. As the number of Baby Boomer households appropriate for active adult housing increases over the next decade, the number of residents in these communities is likely to rise, even if their share among 55+ households remain stable.

***Table 1.3:* 55+ Household Distribution by Community Type**

Community Type	2001	2003	2005	2007	2009
	%				
Age-Qualified Active Adult	2.2	2.0	2.7	3.0	2.8
Owner in Other 55+ Communities	19.0	15.1	18.9	19.0	20.8
Age-Restricted Rentals	3.2	2.9	3.7	4.0	4.0
Renter in Other 55+ Communities	3.8	3.2	3.5	3.2	3.5
Other 55+	71.8	76.8	71.1	70.8	68.9

***Table 1.4*: Number of Households by Community Type**

Community Type	2001	2003	2005	2007	2009
Age-Qualified Active Adult	732,727	689,082	1,018,742	1,155,882	1,090,451
Owner in Other 55+ Communities	6,374,299	5,205,327	7,005,812	7,377,108	8,230,217
Age-Restricted Rentals	1,060,883	1,003,332	1,372,424	1,563,126	1,589,290
Renter in Other 55+ Communities	1,280,281	1,106,286	1,312,481	1,262,596	1,372,607
Other 55+	24,080,224	26,553,808	26,393,129	27,515,100	27,220,570
Total 55+ Households	**33,528,414**	**34,557,835**	**37,102,588**	**38,873,812**	**39,503,135**
Under-55 Households	**65,514,116**	**64,430,550**	**64,828,879**	**64,899,382**	**65,463,885**
Total	**99,042,530**	**98,988,385**	**101,931,467**	**103,773,194**	**104,967,020**

Presence of Community Amenities

Many Households Report Having Access to Open Spaces and Recreational Facilities

The AHS contains data on a substantial number of community characteristics. Table 1.5 shows amenities that developers of 55+ housing may provide (e.g., recreational services) or take into account when planning the project (e.g., a location near water). Among these particular amenities, open space within half a block and recreational facilities are the most common. Almost 43% of the 55+ households in single-family detached homes live within half a block of open space (roughly the same as for younger households). A slightly smaller share (36%) of the 55+ households in multi-family structures have open spaces in their communities, and this percentage also does not vary much by age.

More than 53% of 55+ multi-family households reported having recreational facilities in their communities, and this percentage increases with age. A smaller share, about 41%, of single-family detached households reported having recreational facilities in their communities. Recreational facilities include any of the following: a community center or clubhouse, golf course, walking/jogging trails, private or restricted-access beach, park, or shoreline. Clearly, it would be useful to be able to distinguish golf courses from walking trails, but the Census Bureau needs to lump all recreational amenities into one category in order to preserve respondent confidentiality.

Table 1.5: **Community Amenities in 2009: Single-Family Detached and Multi-Family Households**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
Single-Family Detached			%			
Open space within ½ block	42.8	44.6	44.7	43.9	37.5	42.7
With recreational facilities	39.5	40.7	41.4	40.2	39.4	40.5
Community services provided	17.9	17.8	17.6	18.0	19.8	18.3
Building not on the waterfront but water within ½ block	13.5	15.1	15.3	13.6	10.1	13.5
Gated community	5.3	5.0	5.6	6.1	5.2	5.6
Building located on the waterfront	2.1	3.3	4.0	4.5	3.9	4.1
Multi-Family			%			
Open space within ½ block	34.7	36.4	35.2	34.9	37.3	35.8
With recreational facilities	45.7	46.5	45.0	55.0	61.6	53.1
Community services provided	18.0	19.7	18.7	23.6	36.2	25.8
Building not on the waterfront but water within ½ block	12.4	12.5	11.6	11.8	12.7	12.0
Gated community	19.7	19.7	19.1	21.3	22.3	20.7
Building located on the waterfront	1.9	2.8	2.9	3.8	5.1	3.8

Most Age-Qualified Active Adult and Age-Restricted Rental Communities Provide Recreational Facilities

Although the incidence of most community amenities does not vary much with the age of the head of household, there are substantial differences based on the type of community. For example, well over 70% of age-qualified active adult or age-restricted rental communities provide recreational facilities, while only 46% of other 55+ owner-occupied communities provide recreational facilities (see Table 1.6).

Table 1.6: **Community Amenities in 2009 by Community Type**

	Age-Qualified Active Adult	Other 55+ Owner-Occupied Communities	Age-Restricted Rental
	%		
With recreational facilities	74.5	46.4	78.9
Open space within ½ block	40.5	44.8	37.2
Community services provided	34.7	19.8	57.1
Gated community	35.0	6.9	28.4
Building not on the waterfront but water within ½ block	18.8	14.5	11.1
Building located on the waterfront	6.3	6.3	3.8

Another example is the presence of community services, which, as defined in the AHS, include shuttle buses and day care centers. The share of households in apartment buildings with community services does increase somewhat with age, but the greatest differences are seen when looking across community types. Age-restricted rental communities have the highest incidence (57%) of community services, while only 20% of other 55+ owner-occupied communities provide community services.

Age-Qualified Active Adult Homes Are More Often Near Water, in a Gated Community, and in Communities with Recreational Facilities

Homes in age-qualified active adult communities are more likely to be located near (within half a block or 300 feet) a body of water, although only an average share of the homes are actually on the waterfront. In the case of active adult homes, of course, the community may be on a waterfront even though this is not the case for every home in the community. According to a previous NAHB article, being on waterfront increases property value more than any of the other neighborhood characteristics identified in the AHS.[2]

The AHS also asks respondents whether their communities are surrounded by walls or fences preventing access by persons other than residents. If the answer is yes, the home is classified as being in a gated community. According to this definition, in 2009, 35% of age-qualified active adult homes are in gated communities, in contrast to only 6% for 55+ single-family detached households in general.

More 55+ Owners Locating Near Open Spaces

As Tables 1.7 and 1.8 show, having open space within half a block is becoming more common, thus developing into a universal trend covering all types of 55+ housing and communities. In addition, the AHS shows that age-qualified active adult communities are more likely than other communities to provide recreational facilities, although in 2007 and 2009 the share turned out to be even higher in age-restricted rental communities.

Table 1.7: **Trends in Amenities: 55+ Single-Family Detached and Multi-Family Households**

	2001		2003		2005		2007		2009	
	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached
	%									
Open space within ½ block	27.5	35.8	28.7	36.9	32.7	39.0	33.9	41.6	35.8	42.7
With recreational facilities	45.3	31.6	45.8	29.9	44.5	29.3	51.5	37.9	53.1	40.5
Community services provided	27.7	20.3	27.1	18.5	26.7	17.6	28.4	19.1	25.8	18.3
Building not on the waterfront but water within ½ block	11.0	11.8	11.7	12.4	11.7	13.0	11.5	12.9	12.0	13.5
Building located on the waterfront	3.8	3.9	3.2	3.9	3.4	3.7	3.3	4.0	3.8	41.0
Gated community	14.7	3.1	14.4	3.3	13.7	3.3	18.6	5.7	20.7	5.6

Table 1.8: **Trends in Amenities by Community Type**

	2001			2003			2005			2007			2009		
	Age-Qualified	Other 55+ Owner	Age-Restricted Rental	Age-Qualified	Other 55+ Owner	Age-Restricted Rental	Age-Qualified	Other 55+ Owner	Age-Restricted Rental	Age-Qualified	Other 55+ Owner	Age-Restricted Rental	Age-Qualified	Other 55+ Owner	Age-Restricted Rental
	%														
With recreational facilities	81.2	37.0	70.2	77.1	37.8	74.4	73.2	34.7	70.6	74.3	44.3	75.2	74.5	46.4	78.9
Community services provided	43.9	22.1	52.1	43.3	20.5	51.5	34.9	18.6	55.5	36.7	22.0	56.8	34.7	19.8	57.1
Open space within ½ block	33.9	35.2	25.9	35.1	34.7	33.8	33.5	39.9	34.7	37.6	42.5	39.5	40.5	44.8	37.2
Gated community	30.9	5.2	21.3	35.9	4.8	21.6	30.6	5.3	22.3	33.6	7.5	27.8	35.0	6.9	28.4
Building not on the waterfront but water within ½ block	21.0	13.0	9.5	19.0	13.8	14.3	18.4	13.7	12.6	16.6	13.3	11.2	18.8	14.5	11.1
Building located on the waterfront	4.8	6.8	3.8	6.0	5.8	1.8	3.7	6.1	4.0	4.9	6.5	3.2	6.3	6.3	3.8

Presence of Other Community Characteristics

55+ Households Less Likely to Live Near Neighborhood Nuisances

The AHS collects information on a variety of other neighborhood characteristics. Many of these are characteristics that develop over time and are not necessarily planned for by developers, such as heavy street noise. Tables 1.9 and 1.10 show that many of these nuisances (crime, trash, abandoned buildings) are less common among older households. This is consistent with the notion that households seek to move into locations free from particular nuisances and, as a household ages, it tends to be more successful at this.

Table 1.9: **Other Community Characteristics in 2009: Single-Family Detached Households**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
Nearby Characteristics	%					
Single-family home within ½ block	97.0	95.7	96.0	94.9	95.8	95.6
Public elementary school within 1 mile	61.7	62.1	63.9	60.9	52.7	62.5
Business within ½ block	24.6	22.3	21.0	18.1	19.6	19.8
Parking lot within ½ block	18.6	17.8	16.4	14.0	13.6	15.0
Railroad/airport/4-lane hwy within ½ block	14.3	13.3	13.3	12.9	13.0	13.1
Mobile home within ½ block	9.2	8.6	10.3	11.6	10.7	10.8
Factories within ½ block	4.0	3.5	3.3	3.1	2.3	3.0
Other Characteristics	%					
Majority of neighbors 55+	14.2	20.3	23.9	28.4	31.7	27.1
Apartment building in neighborhood	14.0	12.6	12.2	10.5	11.9	11.6
Nearby units are younger	9.4	10.6	11.8	12.3	16.0	13.0
Nearby units are older	8.0	8.0	8.3	6.8	7.0	7.5
Characteristics That Are Satisfactory	%					
Satisfactory neighborhood shopping	97.6	97.9	97.2	97.0	97.4	97.2
Satisfactory police protection	93.2	93.3	93.5	93.8	94.7	93.9
Satisfactory public transportation	49.4	49.6	45.5	42.4	46.4	44.8
Nuisance Characteristics	%					
Roads within ½ block need repairs	37.9	37.8	37.4	36.5	36.8	37.0
Heavy street noise	21.1	20.6	20.4	19.8	19.4	20.0
Community crime	18.0	16.9	14.1	13.0	10.4	12.8
Trash within ½ block	8.0	6.5	6.2	5.5	5.1	5.7
Buildings with bars on window within ½ block	7.3	7.5	6.7	7.3	7.3	7.0
Abandoned buildings in neighborhood	6.8	5.6	5.8	5.8	3.9	5.3

Table 1.10: **Other Community Characteristics in 2009: Multi-Family Households**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
Nearby Characteristics			%			
Public elementary school within 1 mile	78.4	79.3	82.8	69.9	100.0	81.6
Single-family home within ½ block	71.5	73.3	73.0	71.9	71.4	72.2
Parking lot within ½ block	67.0	61.5	63.5	57.7	67.6	63.3
Business within ½ block	61.7	60.1	58.4	54.1	53.4	55.7
Railroad/airport/4-lane hwy within ½ block	29.4	29.2	27.2	25.2	24.9	25.9
Factories within ½ block	8.5	9.6	8.4	7.0	5.4	7.0
Mobile home within ½ block	3.7	3.9	3.4	2.8	2.7	3.0
Other Characteristics			%			
Apartment building in neighborhood	80.5	77.5	71.4	70.3	71.5	71.2
Nearby units are younger	12.7	12.0	11.3	10.3	9.4	10.4
Nearby units are older	9.1	8.2	8.1	11.6	12.4	10.4
Majority of neighbors 55+	6.6	15.3	17.0	25.6	34.7	23.8
Characteristics That Are Satisfactory			%			
Satisfactory neighborhood shopping	97.5	96.9	97.0	97.7	98.3	97.6
Satisfactory police protection	92.6	93.0	93.4	94.6	97.6	95.1
Satisfactory public transportation	80.8	81.6	81.7	78.5	76.4	79.1
Nuisance Characteristics			%			
Roads within ½ block need repairs	45.9	44.4	43.4	38.7	34.6	39.3
Noise from walls/ceilings	38.4	31.1	28.9	21.3	14.6	22.3
Heavy street noise	30.5	31.6	30.5	25.8	20.2	25.9
Community crime	25.6	23.9	22.3	19.4	10.9	17.8
Buildings with bars on window within ½ block	19.4	24.5	20.8	21.7	14.7	19.1
Trash within ½ block	16.2	15.0	10.2	9.6	5.5	8.5
Abandoned buildings in neighborhood	8.6	8.7	7.3	6.1	2.9	5.6

55+ Households Experiencing Better Shopping, Less Street Noise

Tables 1.11 and 1.12 show the incidence of various community characteristics from 2001 to 2009. The incidences of most characteristics have remained relatively stable across years, without many obvious trends in one direction or the other. One exception is that more 55+ households now report access to satisfactory shopping. The percentages with satisfactory shopping jumped for 55+ households in both single-family and multi-family housing in 2007, and remained high in 2009. Meanwhile, the share of 55+ households reporting problems with heavy street noise has declined. The year-to-year reductions in street noise have not been extremely large, but consistent since 2001. Where the percentage shifts moderately in a particular year in a way that has no obvious explanation, it's important to remember that these results come from a survey that is subject to sampling errors which are a source of variation in the numbers.

One area where there is a clear distinction between communities is in satisfaction with public transportation. Many fewer single-family households are likely to report access to satisfactory public transportation in comparison to multi-family households. Multi-family housing and public transportation systems both tend to be more common in certain locations, such as large cities or the Northeast Census region.

Table 1.11: **Trends in Other Characteristics: 55+ Single-Family Detached Households**

	2001	2003	2005	2007	2009
Nearby Characteristics			%		
Single-family home within ½ block	90.1	90.3	92.0	94.4	95.6
Business within ½ block	14.9	13.9	14.6	18.4	19.8
Mobile home within ½ block	10.0	8.8	9.8	10.3	10.8
Parking lot within ½ block	8.6	8.7	9.8	13.1	15.0
Railroad/airport/4-lane hwy within ½ block	8.5	8.6	9.1	12.0	13.1
Factories within ½ block	2.2	2.0	2.1	2.6	3.0
Other Characteristics			%		
Majority of neighbors 55+	26.4	22.6	23.4	24.7	27.1
Nearby units are younger	12.5	12.2	13.0	13.1	13.0
Apartment building in neighborhood	9.5	8.6	8.8	10.8	11.6
Nearby units are older	7.6	6.8	7.5	7.5	7.5
Characteristics That Are Satisfactory			%		
Satisfactory police protection	92.9	93.0	92.5	93.0	93.9
Satisfactory neighborhood shopping	78.8	79.3	78.8	97.5	97.2
Satisfactory public transportation	46.6	46.0	45.5	44.4	44.8
Nuisance Characteristics			%		
Roads within ½ block need repairs	30.5	33.0	34.0	35.5	37.0
Heavy street noise	25.9	24.3	23.2	21.7	20.0
Community crime	10.6	9.9	10.6	11.1	12.8
Trash within ½ block	6.1	5.7	5.6	5.5	5.7
Buildings with bars on window within ½ block	6.1	6.1	5.2	6.6	7.0
Abandoned buildings in neighborhood	3.2	3.2	3.1	3.6	5.3

Table 1.12: **Trends in Other Characteristics: 55+ Multi-Family Households**

	2001	2003	2005	2007	2009
Nearby Characteristics			%		
Parking lot within ½ block	47.4	49.0	48.1	59.9	63.3
Business within ½ block	44.3	42.5	44.1	52.8	55.7
Railroad/airport/4-lane hwy within ½ block	17.4	18.0	17.9	24.3	25.9
Factories within ½ block	4.6	5.0	4.2	6.5	7.0
Mobile home within ½ block	2.5	1.9	2.5	2.8	3.0
Other Characteristics			%		
Apartment building in neighborhood	61.2	60.1	61.5	69.6	71.2
Majority of neighbors 55+	27.9	23.6	24.8	22.6	23.8
Nearby units are older	11.3	10.0	11.1	10.4	10.4
Nearby units are younger	10.4	10.1	10.0	11.2	10.4
Characteristics That Are Satisfactory			%		
Satisfactory police protection	95.4	94.8	94.8	94.8	95.1
Satisfactory neighborhood shopping	90.2	90.0	90.3	98.0	97.6
Satisfactory public transportation	79.0	80.4	78.2	78.8	79.1
Nuisance Characteristics			%		
Heavy street noise	33.4	33.1	30.0	27.4	25.9
Roads within ½ block need repairs	32.3	33.3	33.6	37.4	39.3
Noise through wall/ceiling	19.1	19.8	19.7	21.0	22.3
Community crime	18.2	18.3	16.1	16.3	17.8
Buildings with bars on window within ½ block	12.7	11.7	11.5	18.1	19.1
Trash within ½ block	8.8	9.3	8.1	8.5	8.5
Abandoned buildings in neighborhood	5.1	4.5	3.9	4.5	5.6

Age-Restricted Rental Properties Are Usually Near Parking Lots...and the Tendency Is Becoming More Common

Again, there are substantial differences in the incidence of various neighborhood characteristics based on community type. Parking lots, which are commonly found near multi-family buildings in general, are even more common near age-restricted rental structures. In 2009, 82% of the age-restricted rental units, and 63% of 55+ multi-family residences in general, are located within half a block of a parking lot, compared to 15% for single-family detached homes occupied by 55+ households (see Tables 1.11–1.15).

Among the community nuisances, roads that need repair and street noise are the top two nuisances reported in all community types. Although all communities share similar percentages of having these nuisances, residents in age-qualified active adult homes are less likely to report these nuisances. Over time, the issue of bad roads in need of repairs is becoming more widespread, while heavy street noise seems to be subsiding across all community types.

Table 1.13: **Trends in Other Characteristics by Community Type: Age-Qualified Communities**

	2001	2003	2005	2007	2009
Nearby Characteristics			%		
Single-family home within ½ block	67.7	66.3	71.8	78.8	83.6
Parking lot within ½ block	24.7	24.0	18.5	27.4	27.6
Business within ½ block	11.9	12.5	8.2	16.9	20.5
Railroad/airport/4-lane hwy within ½ block	10.2	9.4	7.5	10.5	13.9
Mobile home within ½ block	4.0	2.5	4.2	7.2	5.9
Factories within ½ block	1.9	1.2	1.2	1.2	1.2
Other Characteristics			%		
Apartment building in neighborhood	22.2	19.9	16.7	25.1	23.0
Nearby units are older	9.8	5.3	6.5	8.5	6.7
Nearby units are younger	6.2	4.3	4.4	6.5	6.4
Characteristics That Are Satisfactory			%		
Satisfactory police protection	97.5	97.3	97.0	97.1	97.8
Satisfactory neighborhood shopping	89.5	91.8	86.5	98.8	98.7
Satisfactory public transportation	52.0	49.2	44.3	49.2	49.7
Nuisance Characteristics			%		
Roads within ½ block need repairs	17.0	19.2	17.8	25.4	22.7
Heavy street noise	14.1	12.5	11.4	15.3	13.8
Noise from walls/ceiling	10.1	8.9	8.3	8.8	6.8
Community crime	6.7	7.2	5.9	10.8	14.1
Buildings with bars on window within ½ block	5.8	3.5	3.3	4.9	7.1
Trash within ½ block	2.8	1.0	1.8	1.6	3.2
Abandoned buildings in neighborhood	0.8	1.1	1.0	3.0	1.7

Table 1.14: **Trends in Other Characteristics by Community Type: 55+ Owner-Occupied Communities**

	2001	2003	2005	2007	2009
Nearby Characteristics			%		
Single-family home within ½ block	84.7	87.1	88.5	91.9	93.4
Business within ½ block	17.4	15.9	18.6	20.7	23.8
Parking lot within ½ block	13.2	13.0	14.0	17.2	19.0
Mobile home within ½ block	9.8	8.5	9.5	11.1	12.0
Railroad/airport/4-lane hwy within ½ block	8.9	10.1	9.7	12.6	14.4
Factories within ½ block	2.1	2.1	2.5	2.8	3.2
Other Characteristics			%		
Apartment building in neighborhood	14.0	13.4	13.4	13.9	15.9
Nearby units are younger	11.3	11.2	10.8	11.4	12.1
Nearby units are older	9.5	7.8	8.2	9.0	9.7
Characteristics That Are Satisfactory			%		
Satisfactory police protection	93.4	93.5	92.2	92.1	93.3
Satisfactory neighborhood shopping	78.3	80.4	78.1	97.1	97.0
Satisfactory public transportation	48.5	48.2	47.9	45.0	44.3
Nuisance Characteristics			%		
Roads within ½ block need repairs	28.0	31.0	32.1	34.5	36.2
Heavy street noise	27.1	25.2	25.8	23.3	21.8
Noise from walls/ceiling	14.3	12.8	11.9	14.0	15.8
Community crime	10.3	11.5	11.8	10.8	12.9
Buildings with bars on window within ½ block	7.3	7.5	6.6	7.8	7.7
Trash within ½ block	6.0	4.6	5.2	5.8	5.9
Abandoned buildings in neighborhood	3.4	3.7	4.1	3.7	5.4

Table 1.15: **Trends in Other Characteristics by Type of Community: Age-Restricted Rental Communities**

	2001	2003	2005	2007	2009
Nearby Characteristics			%		
Parking lot within ½ block	69.2	71.7	70.6	81.3	81.6
Single-family home within ½ block	62.2	56.6	58.2	68.7	71.4
Business within ½ block	53.3	45.1	50.2	60.5	64.1
Railroad/airport/4-lane hwy within ½ block	21.0	17.9	20.6	30.4	31.7
Factories within ½ block	4.3	4.0	4.2	7.3	6.5
Mobile home within ½ block	3.7	1.7	2.3	3.5	3.7
Other Characteristics			%		
Apartment building in neighborhood	64.7	59.8	62.9	73.7	77.1
Nearby units are older	24.5	23.9	23.5	23.5	20.2
Nearby units are younger	9.6	9.7	8.5	12.4	10.9
Characteristics That Are Satisfactory			%		
Satisfactory police protection	96.0	96.0	96.1	96.7	96.5
Satisfactory neighborhood shopping	87.5	88.2	89.5	99.2	98.1
Satisfactory public transportation	81.9	79.7	77.6	80.5	81.5
Nuisance Characteristics			%		
Roads within ½ block need repairs	29.8	27.2	31.7	34.2	37.0
Heavy street noise	29.8	25.3	23.4	19.0	22.0
Community crime	14.0	13.4	11.7	11.3	14.9
Noise from walls/ceilings	11.5	13.1	13.4	14.9	17.3
Buildings with bars on window within ½ block	9.1	6.1	5.9	11.9	14.6
Trash within ½ block	6.5	5.0	5.0	7.2	5.5
Abandoned buildings in neighborhood	3.6	2.9	2.8	3.7	4.1

Overall Rating of Current Community and Homes

Higher Ratings for Older Households

Respondents were asked in the AHS to rate their current communities and homes on a scale of 1 to 10—with 10 being the best, 1 the worst. Although overall community and home ratings are high in general, the older the household, the higher they are (see Table 1.16). Comparing satisfaction by structure type, the average rating is higher for 55+ households in single-family detached homes than for those in multi-family housing units, 8.7 compared to 8.3 (see Table 1.16(a–d) in the Appendix for complete breakdown of ratings on the 1–10 scale).

The high average ratings across Table 1.16 are consistent with the low incidences of community nuisances reported by older households and suggest that developers of age-qualified housing for older residents have a substantial hurdle to overcome in attracting these residents away from their current homes and neighborhoods, with which they are generally quite satisfied.

Table 1.16: **Overall Rating of Current Community & Home in 2009**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
Average Community Rating						
Single-Family Detached	8.0	8.2	8.3	8.5	8.6	8.4
Multi-Family	7.5	7.6	7.8	8.2	8.7	8.2
Average Home Rating						
Single-Family Detached	8.2	8.4	8.5	8.7	8.8	8.7
Multi-Family	7.6	7.8	7.9	8.4	8.7	8.3

(On a Scale of 1 to 10; 1=worst, 10=best)

On a Scale of 1 to 10, Age-Qualified Active Adult Homes Rate a 9

Tables 1.17 and 1.18 show ratings by community type and emphasizes the threshold most age-qualified active adult developments must achieve to attract residents. As high as the ratings are among 55+ households in general, they are even higher in these communities. Residents in age-qualified active adult communities on average rate the community an 8.9 and the house a 9.0.

Table 1.17: **Overall Rating of Current Community by Community Type in 2009**

	Age-Qualified Active Adult	Other 55+ Owner-Occupied Communities	Age-Restricted Rental
	%		
1	0.2	0.5	0.4
2	0.3	0.2	0.2
3	0.2	0.3	1.2
4	0.5	0.4	0.3
5	1.3	3.2	4.0
6	2.2	3.3	3.8
7	5.4	10.4	9.4
8	25.6	25.1	21.1
9	18.5	19.1	15.0
10	45.9	37.6	44.5
Average	8.9	8.6	8.6

(On a scale of 1 to 10; 1=worst, 10=best)

Table 1.18: **Overall Rating of Current Home by Community Type in 2009**

	Age-Qualified Active Adult	Other 55+ Owner-Occupied Communities	Age-Restricted Rental
	%		
1	0.0	0.3	0.0
2	0.0	0.1	0.0
3	0.0	0.1	0.5
4	0.2	0.6	0.3
5	1.9	2.2	2.9
6	2.3	2.1	3.8
7	5.1	8.3	9.2
8	24.0	25.2	21.2
9	20.2	18.1	17.3
10	46.4	43.0	44.7
Average	9.0	8.8	8.8

(On a scale of 1 to 10; 1=worst, 10=best)

Table 1.19 shows average ratings of communities and homes from 2001 through 2009. The average ratings for various types of housing are generally stable over this period.

***Table 1.19:* Trends in Average Ratings of Communities and Homes**

	2001	2003	2005	2007	2009
Average Rating of Current Community					
55+ Single-Family Detached	8.4	8.4	8.5	8.5	8.4
55+ Multi-Family	8.1	8.1	8.2	8.2	8.2
Age-Qualified Active Adult	8.8	9.0	8.9	8.8	8.9
Other 55+ Owner-Occupied Communities	8.5	8.6	8.6	8.6	8.6
Age-Restricted Rental	8.3	8.5	8.7	8.7	8.6
Average Rating of Current Home					
55+ Single-Family Detached	8.6	8.6	8.7	8.7	8.7
55+ Multi-Family	8.3	8.3	8.4	8.3	8.3
Age-Qualified Active Adult	8.9	9.0	8.9	8.9	9.0
Other 55+ Owner-Occupied Communities	8.7	8.7	8.7	8.8	8.8
Age-Restricted Rental	8.6	8.8	8.8	8.7	8.8

(Scale of 1 to 10; 1=worst, 10=best)

Chapter 2

55+ Recent Movers

This chapter studies the current 55+ housing market by looking at the 55+ households who moved recently. Moving is one of the most common ways to adjust housing consumption, and the reasons for moving can reflect the actual need for housing. In addition to examining reasons for moving and mobility trends, this chapter provides detail on demographics, income, and other characteristics of 55+ movers. It presents information on household size, education and race of the household head, household income, etc. The information provided in this chapter creates a better understanding of the demand side of the current 55+ housing market.

To get a sample large enough to make detailed comparisons, the AHS sample included households who moved within the past two years.

Reasons for Moving

Family Reasons Are Important

The AHS asks respondents who moved recently the reasons they moved. Multiple reasons are permitted, so the percentages may not total 100.

The reasons for moving are tabulated for households who moved into single-family detached homes and into multi-family units separately (see Table 2.1 and Table 2.2). In both cases, family-/personal-related reasons are cited most frequently by 55+ households. Such family reasons may include the desire to live close to another family member or other relatives. Generally speaking, the older the household head, the more likely the household is to move because of family-related reasons.

Higher Quality Units and Less Expense Are Attracting 55+ Households

For the recent 55+ movers into single-family detached homes, another important reason for moving is better quality housing units. This is true for the under-55 households even more so. Many 55+ households moving into multi-family homes also are looking for higher quality units, but less expensive housing is even more important for many of them. Less expensive housing includes cases where respondents are moving because they want less expensive homes to maintain as well as cases where they are looking for lower rents.

Older Households Are Less Interested in Moving into a Larger Place

Young households under age 45 moving into single-family detached housing indicate wanting a larger place more frequently than any other reason, more than 18%. For the older households, there are fewer and fewer who are still considering moving because they need a larger place (see Table 2.1).

Table 2.1: **Reasons Households Chose to Move in 2009: Single-Family Detached Households**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
	%					
Family-/personal-related	7.0	10.5	15.7	21.5	38.6	19.7
Want a better quality house/apartment	11.5	13.1	10.5	9.5	6.0	9.7
Want a larger place	18.1	10.4	10.0	7.5	0.0	8.3
Change in marital status	6.3	8.1	5.0	1.8	10.6	4.8
Establish own household	14.8	9.4	4.3	2.8	1.7	3.7
Change jobs	10.4	11.0	10.6	4.6	3.0	8.3
Want less expensive housing	3.7	4.4	6.3	6.0	4.3	6.0
Change owner/renter status	10.5	7.8	7.8	4.4	0.0	6.1
Closer to work/school	9.1	6.4	3.2	2.8	3.8	3.2
Financial-/employment-related	3.5	5.5	3.8	5.8	1.2	4.0
Private company/person wanted it	1.6	2.3	2.0	1.7	4.2	2.2
Disaster loss in previous unit	0.5	0.6	0.8	3.5	0.0	1.4
Forced by government	0.8	0.2	0.7	0.6	0.0	0.6
Other reasons	15.8	19.9	26.3	32.7	32.3	28.5

Many Older Households Reported Moving for Reasons Not Captured by the Survey

For both single-family detached and multi-family residents, a large percentage of them reported moving because of "other reasons." It is possible that some of 55+ households in the AHS are moving because of the safety and health concerns, although the AHS is not designed to provide this information.

Table 2.2: **Reasons Households Chose to Move in 2009: Multi-Family Households**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
	%					
Family-/personal-related	7.9	8.8	12.4	15.6	24.5	16.4
Want a better quality house/apartment	9.2	13.1	10.8	10.3	7.6	9.8
Want a larger place	9.1	7.0	5.9	4.7	2.1	4.6
Change in marital status	5.8	9.5	5.9	6.1	9.7	7.0
Establish own household	14.7	8.2	7.9	6.3	4.2	6.5
Change jobs	11.8	10.0	5.8	2.2	0.6	3.5
Want less expensive housing	8.2	10.0	12.0	12.8	7.8	11.1
Change owner/renter status	2.5	4.2	4.7	4.2	2.7	4.0
Closer to work/school	16.4	8.0	5.5	4.1	4.1	4.8
Financial-/employment-related	4.4	6.2	6.3	5.7	2.0	5.0
Private company/person wanted it	2.4	4.2	4.2	4.3	2.4	3.7
Disaster loss in previous unit	0.7	1.4	1.3	0.5	0.0	0.7
Forced by government	0.7	0.9	1.8	1.5	0.0	1.2
Other reasons	16.8	18.9	30.9	34.3	41.7	34.6

Age-Qualified Active Adult Customers Are Not Likely to Be Looking for a Larger Home

In many cases, the share of movers reporting a particular reason for moving is broadly similar within a structure type (single-family detached or multi-family), regardless of whether the housing is age-qualified or not. There are exceptions, however. For example, larger units are less often desired by households moving into age-qualified active adult housing compared to 55+ households moving into single-family detached housing in general. In 2009, less than 4% of households moving into age-qualified active adult homes reported moving because they wanted larger housing units (see Table 2.3), compared to more than 8% of 55+ households moving into single-family detached homes in general (see Table 2.1).

Many Households Moving into Age-Restricted Rental Homes Are Looking for Less Expensive Housing

Table 2.3 shows that movers into age-restricted rentals search for less expensive housing more often than movers into age-qualified or other 55+ communities. They are also more likely to move because of family- and personal-related reasons.

Table 2.3: **Reasons Households Chose to Move in 2009 by Community Type**

	Age-Qualified Active Adult	Other 55+ Owner-Occupied Communities	Age-Restricted Rental
	%		
Family-/personal-related	21.2	19.4	28.4
Want a better quality house/apartment	8.3	13.6	10.3
Want a larger place	3.7	6.3	1.9
Change in marital status	8.1	7.4	6.7
Establish own household	2.1	3.3	5.6
Change jobs	5.1	3.8	0.0
Want less expensive housing	5.5	4.9	12.6
Change owner/renter status	2.3	8.6	2.1
Closer to work/school	3.8	2.3	3.8
Financial-/employment-related	3.5	3.5	5.7
Private company/person wanted it	0.0	0.0	3.3
Disaster loss in previous unit	0.0	2.0	0.3
Forced by government	0.0	0.0	0.0
Other reasons	51.4	33.5	38.7

Trends in Reasons for Moving

When the Economy Is Bad, 55+ Households Are Less Interested in a Large Single-Family Home...Those Moving into Multi-Family Units Are More Concerned about Finding a Less Expensive Home

Tables 2.4 and 2.5 show trends in major reasons for moving. In some cases, there is at least some relationship between economic conditions and the reasons people move. In the recession years of 2001 and 2009, for example, fewer than usual 55+ households moved because they wanted larger housing units and more of them moved because they wanted a less expensive place to live. When the economy improved in 2003, relatively more 55+ households started to look for larger housing units and the budget became less of a concern. Better-quality housing and family reasons consistently remain two top reasons for moving of single-family households. For multi-family households, however, concerns about less-expensive housing often take over better-quality housing issues, especially in the recession years.

As shown in Table 2.5, those moving into age-qualified active adult communities have been looking for a larger place less and less frequently; meanwhile, family-/personal-related and change of jobs reasons have been on the rise.

Table 2.4: **Trends in Reasons Households Choose to Move by Structure Type**

	2001		2003		2005		2007		2009	
	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family
	%									
Family-/personal-related	20.7	15.8	18.3	19.8	21.8	19.3	16.9	14.7	19.7	16.4
Want a better quality house/apartment	14.0	10.8	12.5	10.1	13.3	9.7	12.8	9.7	9.7	9.8
Want a larger place	7.9	5.9	9.9	5.7	8.8	6.1	8.3	5.4	8.3	4.6
Change in marital status	7.0	9.1	6.4	8.5	7.1	7.1	4.2	9.0	4.8	7.0
Change owner/renter status	6.9	6.2	4.9	5.1	4.1	4.1	4.6	3.4	6.1	4.0
Closer to work/school	6.3	5.9	4.8	4.8	4.0	4.5	4.8	6.0	3.2	4.8
Establish own household	5.7	6.6	5.1	5.5	6.6	6.0	4.5	5.3	3.7	6.5
Change jobs	5.2	4.7	4.0	3.7	5.4	4.3	5.6	3.7	8.3	3.5
Want less expensive housing	5.1	13.4	4.2	9.2	4.5	10.5	4.3	9.5	6.0	11.1
Financial-/ employment-related	3.3	5.8	2.7	4.9	3.1	6.4	3.5	5.9	4.0	5.0
Private company/ person wanted it	1.5	4.2	3.0	2.7	2.2	2.8	2.8	3.3	2.2	3.7
Forced by government	1.0	1.7	0.4	1.1	0.6	0.5	0.5	0.1	0.6	1.2
Disaster loss in previous unit	0.4	1.5	1.0	0.3	0.6	0.8	1.4	2.0	1.4	0.7
Other reasons	35.4	34.8	31.6	31.6	33.0	34.8	28.5	31.9	28.5	34.6

Table 2.5: **Trends in Reasons Households Choose to Move by Community Type**

	2001			2003			2005			2007			2009		
	Age-Qualified	Other 55+ Owner	Age-Restricted Rental	Age-Qualified	Other 55+ Owner	Age-Restricted Rental	Age-Qualified	Other 55+ Owner	Age-Restricted Rental	Age-Qualified	Other 55+ Owner	Age-Restricted Rental	Age-Qualified	Other 55+ Owner	Age-Restricted Rental
	%														
Family-/personal-related	13.5	15.4	22.6	18.9	15.9	29.3	17.8	22.5	24.9	18.6	20.7	22.3	21.2	19.4	28.4
Want a better quality house/apartment	10.1	13.8	11.0	9.6	10.1	14.6	17.6	10.1	12.8	8.4	8.1	13.3	8.3	13.6	10.3
Want less expensive housing	9.3	5.8	18.2	5.5	6.5	13.5	4.7	7.4	16.2	7.5	5.5	13.1	5.5	4.9	12.6
Change in marital status	8.0	7.4	10.3	5.2	10.9	7.8	7.9	5.8	6.2	9.6	5.7	7.8	8.1	7.4	6.7
Want a larger place	5.9	8.0	4.0	4.9	9.9	3.1	1.3	10.1	3.4	0.0	8.5	3.7	3.7	6.3	1.9
Financial-/ employment-related	5.4	3.7	6.4	3.3	3.2	4.0	3.1	2.2	9.6	10.2	3.1	6.0	3.5	3.5	5.7
Change owner/ renter status	5.4	6.1	7.8	3.8	2.1	7.8	0.0	6.2	2.3	2.3	5.6	3.8	2.3	8.6	2.1
Establish own household	3.1	6.8	4.2	4.1	2.4	5.7	5.1	3.6	4.6	2.7	4.2	4.7	2.1	3.3	5.6
Closer to work/school	2.2	8.2	1.7	4.2	4.8	2.2	1.7	4.5	1.8	2.8	3.7	4.6	3.8	2.3	3.8
Change jobs	0.0	4.0	2.4	2.4	1.8	0.0	0.0	4.6	1.7	4.0	5.7	1.9	5.1	3.8	0.0
Private company/ person wanted it	0.0	0.7	4.6	2.2	0.8	0.7	0.0	0.9	3.4	0.0	2.0	3.0	0.0	0.0	3.3
Disaster loss in previous unit	0.0	0.0	1.5	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.5	1.8	0.0	2.0	0.3
Forced by government	0.0	1.0	1.4	0.0	0.0	1.9	0.0	0.4	0.0	0.0	0.0	0.6	0.0	0.0	0.0
Other reasons	56.4	40.8	46.0	47.1	44.0	33.8	56.6	39.3	38.6	53.0	38.0	34.0	51.4	33.5	38.7

Reasons for Choosing a Community

Many 55+ Households Choose Communities for Their Design and Looks, Especially Age-Qualified Active Adult Communities

Consistent with reasons for moving, being close to friends and family is the most often cited reason for choosing a community by households moving into single-family detached homes, especially those ages 65 and older. Almost equally large share of 55+ households chose a community because they liked the design. The design and community looks are most valued by movers ages 65 to 74 but quickly lose their importance with 75+ seniors. The housing unit itself is the third most common reason for choosing a community cited by 55+ movers (see Table 2.6).

Table 2.6: **Reasons for Choosing a Community in 2009 by Structure Type**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
Movers into Single-Family Detached Units			%			
Close to friends/relatives	21.3	19.7	18.7	28.9	46.9	24.4
Like the design/looks	24.0	24.4	24.4	26.0	9.6	23.1
Like the housing unit	24.2	23.1	24.1	15.8	24.0	22.0
Close to work	27.8	24.3	19.1	7.9	5.8	14.8
Close to leisure activities	7.1	5.1	6.0	7.5	6.8	6.4
Good schools	16.7	12.4	4.3	2.1	1.5	3.5
Other public services	2.8	2.2	2.4	5.7	4.8	3.5
Convenient public transportation	3.0	1.7	1.7	0.5	2.7	1.5
Other reasons	17.1	21.7	26.5	30.7	16.9	26.5
Movers into Multi-Family Units			%			
Close to friends/relatives	22.1	21.2	28.3	35.6	39.7	33.2
Like the design/looks	15.5	17.2	23.5	20.4	19.7	21.7
Close to work	38.3	33.8	22.3	11.4	4.6	14.8
Like the housing unit	8.6	8.8	12.5	12.7	12.4	12.5
Close to leisure activities	9.4	8.4	8.8	11.1	5.9	8.6
Convenient public transportation	7.0	10.4	10.7	6.9	5.0	8.2
Other public services	4.3	6.9	7.1	7.8	7.8	7.4
Good schools	11.0	8.5	3.6	1.3	0.0	2.1
Other reasons	21.0	20.4	24.5	21.8	26.7	24.4

The reasons 55+ households who moved into multi-family homes chose a community are broadly similar to the reasons motivating 55+ households moving into single-family homes, although movers into apartments are more likely to cite family reasons, and the decision is less influenced by the housing unit itself. In addition, multi-family movers cite a location near public transportation and other public services somewhat more often than single-family detached movers. The AHS does not provide detail on what other public services may include. No matter which home structures (single-family or multi-family) movers chose, a large portion of the households reported "other reasons" for choosing a community. Again, it is possible that many older customers may be looking for a safe community or a community with easy access to medical services, among other considerations.

The reasons cited by respondents who moved into age-qualified active adult communities (see Table 2.7) are similar to those reported by 55+ movers into single-family detached housing. The differences are that age-qualified active adult customers put a much greater emphasis on the community design and looks, and are more likely to seek leisure activities. The share who was attracted by leisure activities is close to 11% among those moving into age-qualified active adult housing, while only 6% of the 55+ households living in single-family detached homes reported moving because of closeness to leisure activities.

Compared to the residents in other communities, fewer of those moving into age-restricted rental units are motivated by the community design and the housing units themselves. Instead, other public services and convenient public transportation become important factors for attracting independent living residents. For example, more than 9% of the households in age-restricted rental communities reported choosing a community because of the public services and about 8% because of the convenient public transportation, these shares are 3% and 2% respectively among households in other 55+ owner-occupied communities (see Table 2.7).

***Table 2.7:* Reasons for Choosing a Community in 2009: Movers into 55+ Communities**

	Age-Qualified Active Adult	Other 55+ Owner-Occupied Communities	Age-Restricted Rental
	%		
Like the design/looks	33.5	31.9	19.6
Close to friends/relatives	23.4	21.5	37.4
Like the housing unit	22.3	28.8	15.6
Close to work	11.8	10.7	3.1
Close to leisure activities	10.6	11.6	9.2
Convenient public transportation	6.1	2.1	8.2
Other public services	3.2	2.7	9.4
Good schools	0.4	2.7	0.3
Other reasons	27.8	25.5	29.5

Being Close to Work Is Becoming Increasingly Important for Age-Qualified Active Adult Customers

While shares of households reporting various reasons for choosing an age-qualified active adult community stayed stable over time, being close to work is now cited more frequently. As shown in Table 2.8, these communities now attract higher shares of younger adults who are still working and thus more concerned about a convenient commute to work.

Table 2.8: **Trends in Reasons for Choosing a Community: Movers into Age-Qualified Active Adult Communities**

	2001	2003	2005	2007	2009
	%				
Like the design/looks	47.6	35.3	44.1	53.6	33.5
Like the housing unit	35.2	27.1	22.2	27.7	22.3
Close to leisure activities	23.1	24.5	21.9	24.1	10.6
Close to friends/relatives	19.7	23.0	28.3	39.9	23.4
Other public services	4.8	4.5	3.2	7.2	3.2
Close to work	2.0	3.2	6.4	8.8	11.8
Good schools	0.0	0.0	0.0	0.0	0.4
Convenient public transportation	0.0	0.0	2.3	2.4	6.1
Other reasons	22.4	28.6	24.4	20.1	27.8

Table 2.9: **Trends in Reasons for Choosing a Community: Movers into Other 55+ Owner-Occupied Communities**

	2001	2003	2005	2007	2009
	%				
Like the design/looks	37.8	35.3	43.9	33.6	31.9
Like the housing unit	37.4	28.5	32.8	27.3	28.8
Close to friends/relatives	24.7	27.3	22.7	30.5	21.5
Close to leisure activities	16.0	14.3	13.7	19.5	11.6
Close to work	8.5	10.1	14.4	16.2	10.7
Other public services	6.4	2.6	3.8	5.3	2.7
Convenient public transportation	3.5	1.7	3.1	2.9	2.1
Good schools	2.5	1.5	4.2	3.1	2.7
Other reasons	17.2	17.9	15.2	19.9	25.5

Table 2.10: **Trends in Reasons for Choosing a Community: Movers into Age-Restricted Rental Communities**

	2001	2003	2005	2007	2009
	%				
Close to friends/relatives	34.2	36.9	36.2	38.4	37.4
Like the design/looks	22.9	23.8	21.2	21.4	19.6
Other public services	20.9	6.7	8.1	9.2	9.4
Like the housing unit	15.6	12.0	14.1	14.6	15.6
Close to leisure activities	10.5	10.1	6.4	12.9	9.2
Convenient public transportation	9.5	5.3	6.8	6.9	8.2
Close to work	4.6	1.5	3.1	6.1	3.1
Good schools	0.7	0.3	0.0	0.2	0.3
Other reasons	31.2	25.8	27.6	23.7	29.5

Table 2.11: **Trends in Reasons for Choosing a Community**

	2001		2003		2005		2007		2009	
	Single- Family Detached	Multi-Family	Single- Family Detached	Multi-Family	Single- Family Detached	Multi-Family	Single- Family Detached	Multi-Family	Single- Family Detached	Multi-Family
	%									
Like the design/looks	32.0	25.5	27.1	22.5	30.3	26.3	31.8	21.3	23.1	21.7
Like the housing unit	31.8	15.6	25.5	13.8	28.4	15.6	26.7	14.4	22.0	12.5
Close to friends/ relatives	25.8	28.1	19.9	30.0	20.3	27.1	24.7	34.2	24.4	33.2
Close to leisure activities	11.6	10.1	7.2	7.1	7.4	8.1	11.9	9.6	6.4	8.6
Close to work	11.4	14.8	10.2	11.8	12.1	13.2	16.6	18.2	14.8	14.8
Good schools	5.1	2.8	3.4	1.3	3.8	1.6	5.5	1.6	3.5	2.1
Other public services	4.5	10.9	2.5	3.9	3.2	7.2	5.2	7.9	3.5	7.4
Convenient public transportation	2.0	8.7	1.3	5.3	1.7	7.2	2.8	7.2	1.5	8.2
Other reasons	20.3	27.2	21.5	20.6	22.4	25.5	16.8	22.2	26.5	24.4

Age Distribution by Community Type

Age-Restricted Rental Communities Attract Mostly Households Well Above the Age 55 Cut-Off

Compared to age-qualified active adult or other 55+ owner-occupied, age-restricted rental communities attract relatively older households. As shown in Table 2.12, a significantly higher share (almost 23%) of the households who moved into age-restricted rental communities is 85 and older; the majority of these customers (more than 60%) are 75+. In contrast, in the age-qualified active adult housing market, the age distribution is concentrated in the younger age brackets with the majority in the 55 to 69 bracket. Other 55+ owner-occupied communities attract even younger customers. Sixty-four percent of customers in this market are under age 65 and only 4% are over age 80 (see Table 2.12).

Table 2.12: **Age of Households Moving into 55+ Communities: 2009**

	Age-Qualified Active Adult	Other 55+ Owner-Occupied Communities	Age-Restricted Rental
	%		
Under 55	2.1	10.7	0.6
55 to 59	16.1	26.4	5.4
60 to 64	7.6	26.4	13.7
65 to 69	29.6	16.5	14.3
70 to 74	9.5	5.9	10.5
75 to 79	16.3	10.0	17.0
80 to 84	8.3	0.6	15.8
85+	10.4	3.7	22.8

Age-Qualified Active Adult Communities Are Increasingly Attracting Households Under Age 60 Who Are Still Working

As Table 2.13 shows, the share of households in age-qualified active adult communities younger than 60 almost doubled from 2001 to 2007, even though declined slightly in 2009. At the same time other 55+ owner-occupied communities continue to attract even higher shares of younger households.

Table 2.13: **Trends in Age of Households Moving into Age-Qualified Active Adult and Other 55+ Owner-Occupied Communities**

	2001		2003		2005		2007		2009	
	Age-Qualified	Other 55+ Owner	Age-Qualified	Other 55+ Owner	Age-Qualified	Other 55+ Owner	Age-Qualified	Other 55+ Owner	Age-Qualified	Other 55+ Owner
	%									
Under 55	0.0	1.3	0.0	0.8	0.0	9.8	1.1	14.5	2.1	10.7
55 to 59	11.1	31.5	17.8	26.2	17.2	26.2	19.6	24.8	16.1	26.4
60 to 64	22.6	25.9	20.1	29.0	15.6	17.7	18.3	20.5	7.6	26.4
65 to 69	24.6	13.8	19.9	18.5	14.6	18.7	27.2	15.1	29.6	16.5
70 to 74	13.2	10.8	19.6	11.4	19.8	10.7	12.4	12.3	9.5	5.9
75 to 79	12.9	10.2	10.2	6.7	19.3	6.5	12.5	5.1	16.3	10.0
80 to 84	9.3	6.7	7.8	5.0	5.6	7.5	5.4	4.8	8.3	0.6
85+	6.3	0.0	4.6	2.4	7.9	2.8	3.7	2.9	10.4	3.7

Current Market: Household Size and Type

55+ Single-Family Detached Customers Are Most Often Two-Person Households

As shown in Table 2.14, the average household size decreases for older households in both the single-family detached and multi-family housing market. In the single-family detached market, it drops from 3.1 persons per household under age 45 to 1.8 persons per household age 75+.

Table 2.14: **Household Size in 2009: Movers into Single-Family Detached & Multi-Family Units**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
Single-Family Detached			%			
1 person	13.7	19.5	23.6	26.5	41.4	26.3
2 persons	27.6	33.8	49.7	52.1	43.5	49.6
3 persons	20.9	18.0	12.7	14.2	12.5	13.0
4 or more	37.8	28.6	14.1	7.2	2.5	11.1
Average	3.1	2.8	2.3	2.1	1.8	2.2
Multi-Family			%			
1 person	34.1	50.0	58.6	68.5	82.6	67.5
2 persons	32.4	28.6	28.6	28.1	16.7	25.3
3 persons	17.3	12.4	6.2	2.5	0.7	3.8
4 or more	16.2	9.0	6.6	1.0	0.0	3.4
Average	2.2	1.9	1.7	1.4	1.2	1.5

55+ Multi-Family Customers Are Most Often One-Person Households

Not surprisingly, the multi-family housing market has a smaller average household size and a higher share of one-person households. In the single-family detached housing market, only 26% of 55+ movers are one-person households; this number increases to almost 68% in the multi-family housing market. These households do not include people living in group quarters, such as nursing homes, and it is important to keep this in mind when interpreting the numbers, especially for the 75+ age bracket.

In Both Single-Family Detached and Multi-Family Housing Markets, the Average Size of 55+ Households Has Been Stable Over Time

In recent history, there has not been much change in the size distribution of 55+ households. As shown in Table 2.15, the shares of 55+ households with one, two, and three or more persons in 2009 were almost identical to the shares recorded in 2001. The total number of households in these categories has grown over the past decade in proportion to the increase in the total number of 55+ households.

Table 2.15: **Trends in Household Size: 55+ Movers into Single-Family Detached & Multi-Family Units**

	2001		2003		2005		2007		2009	
	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family
	%									
1 person	26.1	60.5	26.2	62.8	26.5	63.2	27.4	64.2	26.3	67.5
2 persons	53.1	30.4	52.1	28.6	52.7	29.1	50.2	27.0	49.6	25.3
3 persons	9.7	5.0	11.1	5.7	12.5	4.8	12.4	4.8	13.0	3.8
4 or more	11.1	4.2	10.6	3.0	8.3	2.9	10.0	4.1	11.1	3.4
Average	2.2	1.6	2.2	1.5	2.1	1.5	2.1	1.5	2.2	1.5

The Majority of Age-Qualified Active Adult and Other 55+ Communities Are Two-Person Households

Age-qualified active adult and other 55+ communities attract mostly two-person households, while age-restricted rental communities attract mostly singles (see Table 2.16). Specifically, 85% of all households moving into age-restricted rental residences in 2009 are one-person households, and very few have more than two persons. Comparing the percentages of one-person households in 55+ communities (age-qualified active adult, other 55+ owner-occupied and age-restricted rentals), 55+ single-family detached, and 55+ multi-family housing, we see that age-restricted rental homes have the highest share of one-person households.

Table 2.16: **Trends in Household Size by Community Type**

	2001	2003	2005	2007	2009
Movers into Age-Qualified Active Adult Communities			%		
1 person	43.0	51.8	47.3	29.3	42.8
2 persons	57.0	46.5	46.7	65.6	52.7
3 persons	0.0	1.7	6.0	1.7	4.5
4 or more	0.0	0.0	0.0	3.3	0.0
Average	1.6	1.5	1.6	1.8	1.6
Movers into Other 55+ Owner-Occupied Communities			%		
1 person	23.5	29.3	21.5	31.5	24.1
2 persons	63.8	56.7	61.1	54.1	55.3
3 persons	6.4	8.8	9.0	8.2	13.8
4 or more	6.3	5.2	8.6	6.2	6.9
Average	2.0	1.9	2.1	2.0	2.1
Movers into Age-Restricted Rental Communities			%		
1 person	71.5	85.9	85.9	84.1	84.7
2 persons	26.9	12.9	13.0	14.7	15.0
3 persons	1.6	1.2	1.1	0.4	0.3
4 or more	0.0	0.0	0.0	0.7	0.0
Average	1.3	1.2	1.2	1.2	1.2

In Single-Family Detached Homes, Married Couples without Children Account for Almost 50% of the 55+ Market

We classify households into six mutually exclusive categories, as shown in Table 2.17. As discussed before, two-person households are common in the 55+ single-family detached housing market. By looking at the household types, we see that this market consists of mainly married couples without children.

Table 2.17: **Household Type in 2009**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
Single-Family Detached			%			
Married couple with children	37.2	23.7	8.2	2.1	0.0	5.8
Married couple without children	13.5	26.9	46.5	50.7	36.3	46.4
One person–male	9.2	11.1	11.6	8.4	8.3	10.4
One person–female	4.5	8.4	12.0	18.1	33.1	15.9
Single parent	20.7	15.5	8.2	4.3	2.9	6.6
Other	14.9	14.5	13.5	16.4	19.4	14.9
Multi-Family			%			
Married couple with children	12.4	6.5	2.9	0.5	0.0	1.5
Married couple without children	8.9	11.6	19.0	21.6	14.2	18.4
One person–male	18.6	25.8	23.3	21.1	25.0	23.2
One person–female	15.5	24.2	35.2	47.4	57.6	44.3
Single parent	22.8	15.9	5.0	1.5	0.0	2.8
Other	21.8	16.1	14.5	8.0	3.3	9.9

One-Person Households Headed by Females Dominate the 55+ Multi-Family and Age-Restricted Rental Market

For all 55+ market segments (single-family detached, multi-family, age-qualified active adult, etc.) shown in this chapter, the share of one-person female households is larger than the share of one-person male households. However, the largest gap between these two shares is in the age-restricted rental housing market.

Table 2.18: **Trends in 55+ Household Types Moving into Single-Family Detached and Multi-Family Units**

	2001		2003		2005		2007		2009	
	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family
	%									
Married couple with children	6.2	2.4	6.8	2.2	5.5	1.9	6.1	2.6	5.8	1.5
Married couple without children	51.6	22.9	49.0	19.6	49.7	21.0	49.1	18.0	46.4	18.4
One person–male	8.8	19.9	10.5	18.9	9.2	17.8	11.0	23.6	10.4	23.2
One person–female	17.3	40.5	15.7	43.9	17.4	45.4	16.4	40.6	15.9	44.3
Single parent	5.5	3.7	6.3	4.2	5.3	3.8	4.8	3.5	6.6	2.8
Other	10.6	10.5	11.7	11.2	13.0	10.1	12.7	11.8	14.9	9.9

In the age-qualified active adult housing market, married couples without children account for the largest share. Not surprisingly, households with children are not found in age-qualified active adult or age-restricted rental communities.

Table 2.19: **Trends in Household Types by Community Type**

	2001	2003	2005	2007	2009
Age-Qualified Active Adult Communities			%		
Married couple with children	0.0	0.0	0.0	0.0	0.0
Married couple without children	50.6	42.8	47.4	61.9	52.4
One person–male	5.7	14.4	7.9	7.6	11.2
One person–female	37.3	37.5	39.4	21.8	31.6
Single parent	0.0	0.0	0.0	1.5	0.0
Other	6.4	5.3	5.3	7.3	4.7
Other 55+ Owner-Occupied Communities			%		
Married couple with children	3.7	5.4	6.5	4.2	8.1
Married couple without children	63.2	55.0	55.9	54.1	56.6
One person–male	6.1	8.2	6.7	8.3	5.1
One person–female	17.4	21.2	14.7	23.2	18.9
Single parent	4.5	1.9	4.7	1.2	2.7
Other	5.1	8.4	11.4	9.0	8.6
Age-Restricted Rental Communities			%		
Married couple with children	0.0	0.0	0.0	0.0	0.0
Married couple without children	23.5	11.8	11.5	11.3	12.2
One person–male	16.4	17.6	15.9	19.8	26.3
One person–female	55.2	68.3	70.0	64.3	58.4
Single parent	1.5	0.3	0.6	1.7	0.0
Other	3.5	2.0	2.0	2.9	3.1

Current Market: Race and Education of Household Head

55+ Household Heads in the Market for Single-Family Detached Homes Are More Likely to Have an Advanced Degree

Education is an important factor that can impact the home buying decision. If nothing else, different marketing strategies may be more appropriate for prospective buyers with different levels of education. Comparing the education attainment of the 55+ customers in the market for single-family detached homes to the 55+ customers in the multi-family housing market, we see that a larger share of customers in the market for single-family detached homes have college degrees or more advanced education. Advanced professional degrees beyond a bachelor's degree are most common in the 55 to 74 age bracket among those moving to single-family detached homes. Of course, people over age 55 have had more time in which to acquire the degree. Some people return to school for advanced degrees after a considerable period of time in the workforce. In the multi-family market, however, older households do not seem to have an educational edge over younger households.

Table 2.20: **Household Educational Attainment in 2009 by Structure Type**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
Single-Family Detached			%			
Advanced degree	10.2	12.0	16.0	15.0	11.0	15.2
Bachelor's	22.0	15.7	17.9	15.8	9.1	16.4
Some college but no bachelor's	32.4	34.7	32.0	26.6	23.4	29.7
High school diploma but no college	25.3	28.9	23.8	23.7	35.0	25.0
Some high school or lower	10.2	8.8	10.4	18.9	21.5	13.7
Multi-Family			%			
Advanced degree	8.6	8.6	8.6	7.7	7.5	8.1
Bachelor's	20.9	15.2	16.2	13.9	13.3	14.8
Some college but no bachelor's	33.7	33.0	23.2	26.1	22.2	23.7
High school diploma but no college	25.0	29.8	31.0	28.0	30.4	30.1
Some high school or lower	11.8	13.4	20.9	24.3	26.6	23.3

The Share of 55+ Customers with College or Advanced Education Is Increasing

College attendance, in general, and advanced education, in particular, has become increasingly widespread, and this is reflected in 55+ housing markets over time. For example, the share of 55+ households with a college or advanced degree has increased steadily from 26% in 2001 to 32% in 2009 in the market for single-family detached homes and from 19% to almost 23% in the multi-family market (see Table 2.21).

Table 2.21: **Trends in Educational Attainment of 55+ Movers into Single-Family Detached and Multi-Family Units**

	2001		2003		2005		2007		2009	
	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family
	%									
Advanced degree	12.4	7.1	12.9	8.2	13.3	9.6	14.1	10.8	15.2	8.1
Bachelor's	14.0	12.3	16.8	13.9	15.2	14.5	16.9	13.8	16.4	14.8
Some college, but no bachelor's	27.8	23.0	28.5	24.8	30.4	25.2	28.2	26.7	29.7	23.7
High school diploma, but no college	26.1	25.6	23.5	25.8	25.3	27.4	26.9	27.0	25.0	30.1
Some high school or lower	19.7	31.9	18.3	27.3	15.8	23.4	14.0	21.8	13.7	23.3

Many Age-Restricted Rental Customers Lack a College Education

Comparing the education of the 55+ household heads in different markets shows that well over half of the age-restricted rental customers in 2009 are comprised of households without a college education. In contrast, close to 80% of customers for age-qualified active adult and 70% in other 55+ owner-occupied communities have at least some college education. This finding is consistent with the fact that households in age-restricted rental markets generally have lower average income (discussed later in this chapter), and the supposition that age-restricted rental communities may be government-subsidized.

Table 2.22: **Trends in Educational Attainment by Community Type**

	2001	2003	2005	2007	2009
Age-Qualified Active Adult Communities			%		
Advanced degree	15.1	19.1	16.4	15.4	19.3
Bachelor's	16.4	15.7	12.0	21.8	21.7
Some college but no bachelor's	18.0	34.8	35.0	35.7	37.7
High school diploma but no college	33.7	24.0	32.9	21.5	14.3
Some high school or lower	16.8	6.3	3.8	5.6	6.9
Other 55+ Owner-Occupied Communities			%		
Advanced degree	14.0	17.2	12.4	17.9	14.7
Bachelor's	14.9	21.5	19.0	19.6	21.2
Some college but no bachelor's	33.7	28.1	32.9	34.8	32.6
High school diploma but no college	26.2	22.5	25.2	19.7	21.2
Some high school or lower	11.2	10.7	10.5	8.0	10.3
Age-Restricted Rental Communities			%		
Advanced degree	4.7	5.9	7.1	4.4	4.7
Bachelor's	7.9	9.7	12.7	10.8	10.0
Some college but no bachelor's	28.8	23.4	19.4	28.1	25.0
High school diploma but no college	24.6	34.3	31.1	29.2	30.3
Some high school or lower	34.0	26.7	29.7	27.5	30.2

55+ Market Has Become More Diverse but Still Dominated by Households Lead by White, Non-Hispanic Heads

Although it is not surprising to see that the majority of the 55+ housing market consists of white, non-Hispanic households, age-qualified active adult communities attract an even greater share of white, non-Hispanic households. Overall, 88% of recent movers to age-qualified active adult communities are white, non-Hispanic, compared to 77% of recent movers to other 55+ owner-occupied and 65% of recent movers to age-restricted rental communities.

The shares of minorities in the 55+ single-family housing market have been quite stable, around 18%, from 2001 to 2005; however, the shares increased to 23% in 2007 to 2009 (see Table 2.23). The share of minorities also trended upward since 2005 in age-qualified and other 55+ owner-occupied communities. The trend is likely to continue, and the 55+ housing market is likely to become more racially and ethnically diverse since the share of minorities is even higher among younger households in the single-family and multi-family markets, as shown in Table 2.24. Past immigration rates, which have been relatively high in recent decades, also suggest that the trend toward a greater share of minorities among older households will continue. Most immigrants come into the U.S. before they are age 55, so increased diversity in the 55+ population will occur naturally as the result of immigration rates.

Table 2.23: **Trends in Share of Households with White, Non-Hispanic Heads**

	2001	2003	2005	2007	2009
55+ Movers into			%		
Single-Family Detached	82.6	81.1	81.7	77.0	77.4
Multi-Family	68.9	71.4	70.1	67.5	65.9
Movers into 55+ Communities			%		
Age-Qualified Active Adult	93.1	90.9	93.9	88.0	87.7
Other 55+ Owner-Occupied	87.9	84.5	86.3	82.8	77.2
Age-Restricted Rental	72.9	78.0	73.4	73.9	65.0

Table 2.24: **White, Non-Hispanic Share of Recent Movers by Structure Type in 2009**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
	%					
Single-Family Detached	68.9	70.3	73.3	84.7	84.7	77.4
Multi-Family	52.9	55.6	56.1	65.9	83.5	65.9

Current Market: Household Income and Share of Home Workers

Average Income for 55+ Single-Family Detached Customers Is Close to $70K

Not surprisingly, the average income of households in the markets for both single-family detached and multi-family housing peaks for households age 45 to 64 and then decreases as age increases. Of course, for 55+ households, accumulated wealth becomes more important as a means of financing living arrangements.

The 55+ customers in the single-family detached housing market earn on average $33,000 more than the 55+ customers in the multi-family housing market. A high share of the 55+ multi-family customers is at the low end of the income distribution.

Table 2.25: **Income in 2009 for Movers into Single-Family Detached and Multi-Family Units**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
Single-Family Detached Units			%			
Under $20K	14.6	14.0	17.9	24.8	38.1	21.9
$20–$39.9K	21.7	19.8	20.8	32.2	32.2	24.9
$40–$59.9K	18.1	15.6	16.8	18.1	11.4	16.5
$60–$79.9K	15.1	15.1	9.7	9.7	11.4	9.9
$80–$99.9K	11.4	11.0	8.2	4.5	3.1	6.7
$100–$149.9K	10.8	14.9	14.5	4.9	2.6	10.8
$150K+	8.3	9.7	11.9	5.7	1.2	9.2
Average	$69,373	$75,841	$78,389	$52,464	$34,797	$67,105
Multi-Family Units			%			
Under $20K	30.3	32.2	43.8	49.2	50.3	46.9
$20–$39.9K	29.5	25.9	22.8	27.0	36.1	27.4
$40–$59.9K	17.9	17.3	11.9	11.8	5.7	10.2
$60–$79.9K	10.4	11.8	7.5	4.5	2.9	5.5
$80–$99.9K	5.1	5.5	4.4	2.0	1.5	3.0
$100–$149.9K	4.6	5.1	7.2	4.1	2.4	5.2
$150K+	2.3	2.2	2.3	1.4	1.1	1.8
Average	$41,355	$42,439	$39,399	$31,109	$26,701	$33,908

55+ Movers Register Income Decline in 2009

As shown in Table 2.26, average income of 55+ movers increased between 2001 and 2007, although there was a decline in 2005. In 2009, as a result of the most recent economic recession average income declined, more significantly among those moving to multi-family properties.

Table 2.26: **Trends in Income of 55+ Movers by Structure Type**

	2001		2003		2005		2007		2009	
	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family
	%									
Under $20K	27.6	52.5	25.5	49.1	22.0	51.7	16.5	44.4	21.9	46.9
$20–$39.9K	23.5	23.6	25.8	24.3	22.7	23.1	24.4	27.3	24.9	27.4
$40–$59.9K	17.3	9.4	15.5	12.1	22.5	11.0	19.3	12.0	16.5	10.2
$60–$79.9K	10.0	6.8	10.1	6.6	10.9	5.9	10.7	6.7	9.9	5.5
$80–$99.9K	6.9	3.0	7.2	2.6	8.5	2.9	8.7	2.9	6.7	3.0
$100–$149.9K	7.9	1.7	7.3	2.4	7.6	3.3	11.9	3.3	10.8	5.2
$150K+	6.7	3.0	8.6	3.1	6.0	2.1	8.5	3.3	9.2	1.8
Average	$64,606	$35,536	$66,967	$37,461	$58,624	$31,731	$69,537	$36,642	$67,105	$33,908

The Share of High-Income Households in the Age-Qualified Active Adult Market Is on the Rise

Until recently, the average income of age-qualified active adult customers has been significantly lower than the average income of households moving into other 55+ owner-occupied communities. In 2007 and 2009, the situation reversed, as age-qualified active adult communities attracted significantly higher shares of high-income households. More than 27% of their customers earned $100,000 or more in 2009, compared to less than 5% in 2001. As a matter of fact, the average income of age-qualified active adult customers continued to rise even during the 2009 recession, while other 55+ households experienced a drop in income.

Sixty-two percent of age-restricted rental customers earn less than $20,000. Of the various 55+ market segments customers in the age-restricted rental market have by far the lowest average income, around $20,600 in 2009.

Table 2.27: **Trends in Income of Movers by Community Type**

	2001	2003	2005	2007	2009
Age-Qualified Active Adult Communities			%		
Under $20K	23.1	30.7	28.7	18.5	21.8
$20–$39.9K	37.0	21.0	28.5	18.3	14.7
$40–$59.9K	18.6	19.6	19.8	16.4	14.1
$60–$79.9K	7.8	10.7	6.8	9.5	16.5
$80–$99.9K	8.7	9.3	8.5	16.6	5.7
$100–$149.9K	4.8	5.1	4.7	11.4	16.5
$150K+	0.0	3.6	3.0	9.3	10.7
Average	$40,389	$45,252	$45,936	$76,473	$80,772
Other 55+ Owner-Occupied Communities			%		
Under $20K	19.4	20.7	15.5	11.8	18.3
$20–$39.9K	26.2	27.5	23.1	24.9	23.6
$40–$59.9K	19.5	19.4	22.3	14.3	13.0
$60–$79.9K	13.4	7.0	14.2	14.2	12.7
$80–$99.9K	5.0	7.9	6.8	9.7	14.1
$100–$149.9K	10.3	6.1	9.0	16.1	10.0
$150K+	6.2	11.4	9.0	9.0	8.3
Average	$64,278	$78,105	$72,634	$74,633	$69,722
Age-Restricted Rental Communities			%		
Under $20K	73.5	74.3	77.0	64.5	62.0
$20–$39.9K	18.4	18.5	16.9	25.8	29.8
$40–$59.9K	4.6	7.0	1.4	5.8	4.6
$60–$79.9K	0.6	0.0	2.4	1.2	1.0
$80–$99.9K	0.0	0.0	1.4	1.4	0.0
$100–$149.9K	0.0	0.0	0.8	0.6	1.8
$150K+	2.9	0.3	0.0	0.6	0.8
Average	$26,284	$16,485	$16,227	$19,860	$20,622

The Share of 55+ Customers Who Work at Home Is on the Rise

The share of customers who work at home is consistently larger in the single-family detached housing market then the share in the multi-family housing market throughout the 2001–2009 period. Beginning in 2005, there was a significant increase in the share of home workers in the single-family detached housing market, and a big jump in both markets in 2007 (see Table 2.28). The trend continued in the single-family market even into the 2009 recession, while it retreated slightly in the multi-family market. Although the reason for this cannot be determined with certainty, it is possible that companies are more willing to let employees work at home as technology makes transmitting information electronically easier. It is very likely the trend will continue since the share of home workers is even higher among younger, more tech-savvy households (see Table 2.29). The implication for builders of active adult housing is that demand for office space inside the home is likely to rise.

The share of home workers has been on the rise in other 55+ owner-occupied communities as well and exceeded 15% in 2009, while declining to 11% in age-qualified active adult communities and to 3% in age-restricted rental communities.

Table 2.28: **Trends in Share of Movers Who Work at Home**

	2001	2003	2005	2007	2009
55+ Households Moving into			%		
Single-Family Detached	9.9	8.7	11.5	16.7	18.0
Multi-Family	5.6	5.9	6.7	13.2	11.2
Movers into			%		
Age-Qualified Active Adult	11.2	5.1	5.0	14.4	11.0
Other 55+ Owner-Occupied Communities	5.7	8.4	11.9	12.7	15.1
Age-Restricted Rental	1.9	1.3	0.8	4.1	2.9

Table 2.29: **Share of Movers in 2009 Who Work at Home by Structure Type**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
	%					
Single-Family	26.3	25.3	23.6	9.8	4.4	18.0
Multi-Family	22.7	20.9	18.5	8.6	0.7	11.2

Number of Other Homes Looked at Before Moving In

Customers for Single-Family Detached Housing Look at More Homes before Buying

The AHS asks respondents how many other homes they look at before moving into their current home. In the single-family detached housing market, 55+ customers on average look at 12 other homes before choosing a unit (see Table 2.30). Customers who choose multi-family housing look at considerably fewer units (about 5) before moving in. One possible explanation is that customers tend to spend less effort on choosing a unit if they are planning to rent instead of buy. The households in the 45–64 age brackets tend to look at more homes on average, the older households get the less homes they need to see before making a decision.

Table 2.30: **Number of Other Homes Looked at in 2009 Before Moving into Single-Family Detached and Multi-Family Units**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
Single-Family Detached Units			%			
0 home	9.8	13.6	15.7	21.6	27.1	18.1
1–2 homes	13.2	12.5	10.5	13.6	19.2	12.0
3–5 homes	26.9	19.8	18.6	21.6	14.1	18.9
6–10 homes	18.7	21.8	20.4	15.2	22.2	19.3
11–20 homes	17.7	15.9	19.4	12.1	13.9	17.1
21 and more homes	13.6	16.3	15.5	16.0	3.6	14.5
Average	11.7	13.4	13.1	12.4	6.1	12.3
Multi-Family Units			%			
0 home	12.4	16.2	15.1	28.1	27.3	21.1
1–2 homes	20.3	19.4	28.3	25.5	35.5	29.3
3–5 homes	37.4	34.0	28.4	26.7	25.5	27.3
6–10 homes	17.6	18.8	13.1	11.2	8.5	11.5
11–20 homes	8.8	7.3	9.7	5.4	2.7	7.0
21 and more homes	3.4	4.3	5.4	3.2	0.5	3.7
Average	6.0	6.3	6.2	4.7	2.6	5.0

Table 2.31: **Trends in Number of Other Homes 55+ Households Look at Before Moving into Single-Family Detached and Multi-Family Units**

	2001		2003		2005		2007		2009	
	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family	Single-Family Detached	Multi-Family
	%									
0	25.0	27.9	26.3	26.9	24.3	27.1	18.5	19.0	18.1	21.1
1–2	13.9	20.7	13.2	23.0	13.2	22.8	10.8	24.1	12.0	29.3
3–5	20.0	27.1	19.4	27.4	18.7	22.7	19.2	26.8	18.9	27.3
6–10	15.6	14.1	16.4	12.3	19.6	16.2	17.8	15.2	19.3	11.5
11–20	14.5	8.0	15.7	6.8	12.4	8.0	18.4	11.3	17.1	7.0
21 +	11.0	2.2	8.9	3.7	11.9	3.3	15.4	3.7	14.5	3.7
Average	10.7	4.6	8.7	5.4	9.8	5.2	12.0	5.9	12.3	5.0

Majority of the Age-Restricted Rental Customers Do Not Look at More Than Two Other Homes

On average, customers of active adult and other 55+ owner-occupied communities looked at roughly the same number of homes as a typical 55+ single-family detached buyer before choosing a unit (see Table 2.32). In contrast, customers in the age-restricted rental market tend to look at fewer than three homes before making a decision. It may be that the low-income customers typical of this market do not feel they have many options in the marketplace. Again, this is consistent with the hypothesis that many of the age-restricted rental units are subsidized.

Table 2.32: **Trends in Number of Other Homes Buyers Look at Before Moving in by Community Type**

	2001	2003	2005	2007	2009
Age-Qualified Active Adult			%		
0 home	12.4	27.3	19.9	19.9	7.1
1–2 homes	10.3	12.0	16.2	8.6	19.3
3–5 homes	18.6	19.8	10.3	20.4	25.3
6–10 homes	23.4	13.8	29.7	21.5	13.0
11–20 homes	25.3	9.7	13.5	13.7	18.7
21 and more homes	10.1	17.5	10.5	15.9	16.6
Average	11.6	13.0	10.1	13.6	12.0
Other 55+ Owner-Occupied			%		
0 home	24.5	19.1	18.1	9.1	19.6
1–2 homes	14.8	5.6	13.7	9.3	6.0
3–5 homes	21.9	20.1	20.2	18.2	16.5
6–10 homes	18.3	26.1	18.6	21.7	22.9
11–20 homes	9.0	17.0	17.5	19.2	18.1
21 and more homes	11.6	12.2	11.9	22.5	17.0
Average	9.6	12.4	10.8	15.1	12.1
Age-Restricted Rental			%		
0 home	37.3	33.8	36.4	28.7	30.6
1–2 homes	32.8	33.3	28.3	34.4	34.6
3–5 homes	17.3	23.5	16.5	23.2	26.3
6–10 homes	7.7	5.5	14.1	9.8	7.0
11–20 homes	3.7	2.4	2.6	4.0	0.4
21 and more homes	1.2	1.6	2.1	0.0	1.2
Average	2.8	2.6	3.6	2.8	2.9

Customers Who Choose Age-Qualified Active Adult or Other 55+ Owner-Occupied Communities Are More Likely to Shop for Homes in Multiple Neighborhoods

The AHS also contains information on whether the households looked at other neighborhoods before moving. In general, the share of 55+ households in both single-family and multi-family markets considering more than one neighborhood has been rising since 2003. The majority, however, especially in the multi-family market, still has a particular neighborhood in mind when considering a move. The opposite is true for customers who chose single-family detached homes in a 55+ community (either age-qualified or otherwise occupied mostly by 55+ households). In recent years, more than half of these customers looked at multiple neighborhoods before moving in. In 2009, close to two-thirds of age-qualified adult customers looked at more than one neighborhood, the highest share of any 55+ market segments. In sharp contrast, a relatively small share, 33% of 55+ customers for age-restricted rentals looked at more than one neighborhood before moving.

Table 2.33: **Trends in Tendency to Look at Homes in More than One Neighborhood before Making a Decision**

	2001	2003	2005	2007	2009
55+ Households Moving into			%		
Single-Family Detached	43.0	40.2	44.8	48.4	49.3
Multi-Family	39.6	34.1	38.5	42.5	42.6
Movers into			%		
Age-Qualified Active Adult	52.7	36.9	46.7	53.2	64.1
Other 55+ Owner-Occupied Communities	44.4	47.9	51.0	57.8	53.8
Age-Restricted Rental	32.1	29.5	32.5	33.0	33.0

Chapter 3

New Construction for the 55+ Market

In this chapter, all tabulations are for new construction only. Newly built units are defined as units occupied by recent movers who report that they are the first occupants of housing units. This definition can be problematic in age-restricted rental and other rental markets, where the turnover rate is high and residents may not be the first occupants even in fairly new structures, or in some cases not know for certain whether they are the first occupants or not. To avoid any of these problems, the tabulations in this chapter are restricted to owner-occupied properties.

Because this chapter analyzes the AHS sample restricted to new construction, the number of observations on which the tables are based is considerably smaller than in previous chapters, which tabulated characteristics for all homes, irrespective of their vintage.

Dollar Value of New Construction

Prices for Age-Qualified Active Adult Units Are $300K on Average, Not Much Different from Prices on Other New Homes Purchased by 55+ Households

Table 3.1 shows home values for new housing units occupied by 55+ households. The table includes both averages and medians. When the distribution is skewed (i.e., the homes at the top end are very expensive compared to what the majority of buyers or renters occupy), it tends to pull the average above the median (the median cuts the distribution in half, so that half of the homes are more expensive than the median; half are less expensive).

Compared to other new homes purchased by 55+ households, the average price in age-qualified active adult communities is lower, but the median price turned out to be higher in most recent years, 2005 to 2009. This suggests that although the age-qualified active adult housing is not primarily serving the lower end of the market, it was not attracting the few buyers at the very top end until recently.

Median values, that tell a better story over time since they are less affected by outliers, show that none of the 55+ communities were immune to a housing downturn, and all experienced price declines since their peaks in 2005–2007. Despite declines, values of new homes purchased by 55+ buyers are somewhat higher than those reported by the Census Bureau in 2009 (average = $270,900, median = $216,700[3]). This is reasonable given the overall wealth of 55+ home buyers.

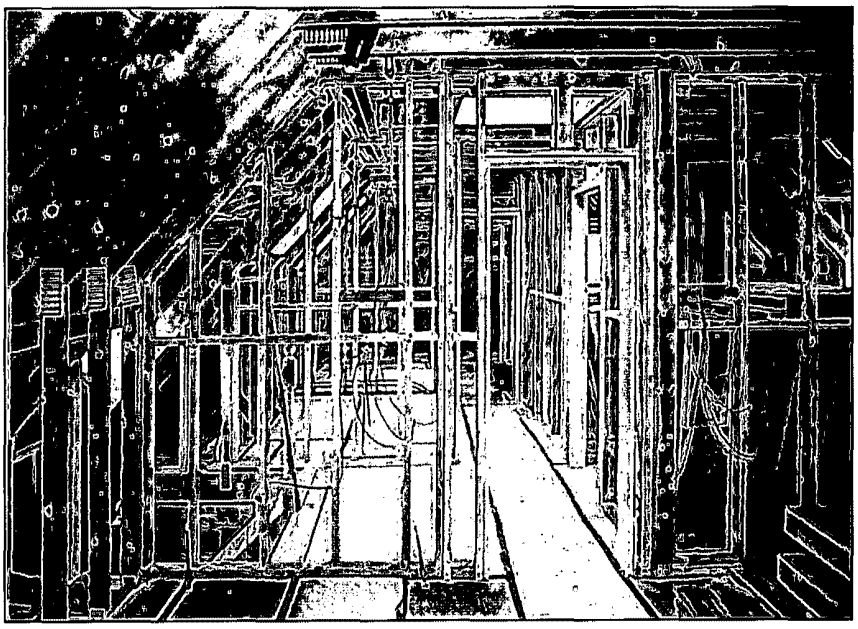
Table 3.1: **Home Value for New 55+ Construction**

	2001	2003	2005	2007	2009
Average Home Value by Communities					
Age-Qualified Active Adult	$209,826	$195,667	$309,038	$298,667	$319,003
Other 55+ Communities	$256,110	$251,166	$393,562	$300,402	$346,932
Other 55+ New Home Buyer	$249,847	$269,556	$357,273	$366,744	$338,311
Median Home Value by Communities					
Age-Qualified Active Adult	$180,000	$180,000	$320,000	$300,000	$300,000
Other 55+ Communities	$200,000	$200,000	$300,000	$274,000	$255,000
Other 55+ New Home Buyer	$192,000	$200,000	$258,000	$280,000	$239,000

Basic Characteristics of New Construction

New Age-Qualified Active Adult Homes Are Somewhat Smaller Than Other New Homes Purchased by 55+ Households

As shown in Table 3.2, age-qualified active adult units tend to be smaller than new homes in other owner-occupied 55+ communities (i.e., where most of the residents are 55+ anyway) or new homes purchased by 55+ new home buyers not in 55+ communities. This is true whether the new homes are measured by square footage, number of bedrooms, or number of bathrooms. Nevertheless, the new age-qualified active adult units are not tiny, averaging more than two bathrooms and 2,087 square feet of living space in 2009. These are just a bit smaller than in 2007 when the age-qualified active adult homes were largest ever.



In terms of size characteristics, the new homes purchased in other owner-occupied 55+ communities stand between age-qualified active adult and new homes purchased by 55+ buyers outside of any type of 55+ community, but now show a tendency to become just as large as new homes purchased by other 55+ buyers.

Even though we would expect home value and home size to be related, this does not appear to be the case since 2001. The overall rapid price appreciation across homes of all sizes in 2001–2005 and recent rapid depreciation appear to be driving new home prices purchased by 55+ households.

Table 3.2: **Trends in Size of Homes Built by Community Type**

	2001	2003	2005	2007	2009
Age-Qualified Active Adult					
Average square footage	1,844	2,718	2,059	2,329	2,087
Median square footage	1,700	2,000	1,950	2,400	2,100
Average number of rooms	5.2	5.4	5.8	6.4	6.0
Average number of bedrooms	2.4	2.3	2.4	2.8	2.3
Average number of bathrooms	2.0	2.0	2.1	2.5	2.4
Other Owner-Occupied 55+ Communities					
Average square footage	2,474	2,413	2,815	3,247	2,521
Median square footage	2,100	2,000	2,300	2,100	2,400
Average number of rooms	5.6	6.5	7.2	6.3	6.3
Average number of bedrooms	2.7	2.7	3.2	3.0	3.2
Average number of bathrooms	2.2	2.3	2.5	2.6	2.6
55+ Buyers, but Not in 55+ Communities					
Average square footage	2,700	2,893	2,520	2,979	3,414
Median square footage	2,060	2,300	2,400	2,400	2,400
Average number of rooms	6.6	6.6	7.1	6.7	7.0
Average number of bedrooms	3.1	3.0	3.2	3.4	3.4
Average number of bathrooms	2.5	2.5	2.5	2.6	2.7

Why Households Choose New Homes

Less Emphasis on Exterior Appearance and Other Aesthetics During Tough Economic Times

The 2008 recession made 55+ new home buyers more practical. Aesthetic reasons for choosing a housing unit, such as exterior appearance and the unit view became less important. For example, in 2009 less than 9% of new home buyers in age-qualified active adult communities bought a unit because they liked exterior appearance; and less than 8% because they liked the view. In 2007 these shares were more than 20% and 34% respectively. Liking the kitchen turned out to be least important for all 55+ new home buyers in 2009. Financial reasons gain their importance among new home buyers in other 55+ communities and non-communities. Those buying in age-qualified active adult communities were less concerned about financial reasons than other 55+ new home buyers.

For New Age-Qualified Active Adult Home Buyers, Room Layout and Community Design Are Most Important

Consistently, the dominant reason households choose a particular new, age-qualified active adult home is the room layout and design of the unit. In 2009, more than 60% of the new home buyers in age-qualified active adult communities chose the home for this reason. The right size is consistently the second most important reason for these buyers. In 2009, 46% of them chose a housing unit because they liked the size.

Table 3.3: **Trends in Reasons Buyers Choose New Homes Built in Age-Qualified Active Adult Communities**

	2001	2003	2005	2007	2009
Reasons for Choosing the Housing Unit			%		
Like room layout/design	83.2	59.1	68.5	71.2	61.4
Exterior appearance	27.4	28.5	27.5	20.4	8.5
Financial reasons	14.2	12.0	24.8	38.9	15.5
Like the size	37.2	42.5	25.8	39.8	46.2
Construction quality	31.2	32.1	20.1	19.2	32.6
Like the kitchen	34.0	26.8	18.9	21.1	5.6
Like the view	10.3	14.2	15.0	33.9	7.5
Other reasons	12.3	5.8	18.7	11.0	6.7
Reasons for Choosing the Community			%		
Like the community design	47.5	52.3	50.9	64.3	48.7
Close to friends/relatives	20.6	28.1	32.1	34.9	22.1
Close to leisure activity	20.5	39.5	24.4	24.0	13.7
Like the housing unit	48.6	33.9	25.4	16.9	35.3
Close to public service in community	3.9	8.6	0.0	10.6	0.0
Close to public transportation	0.0	0.0	0.0	2.9	8.7

For 55+ Households Buying New Homes, Community Design and Housing Unit Itself Are Top Two Reasons for Choosing a Community

There are some other differences between different types of 55+ new home buyers. New home buyers in other 55+ communities tend to value construction quality more than any other 55+ buyers of new homes. Almost 40% of them chose a new unit because of the construction quality, their most often cited reason in 2009.

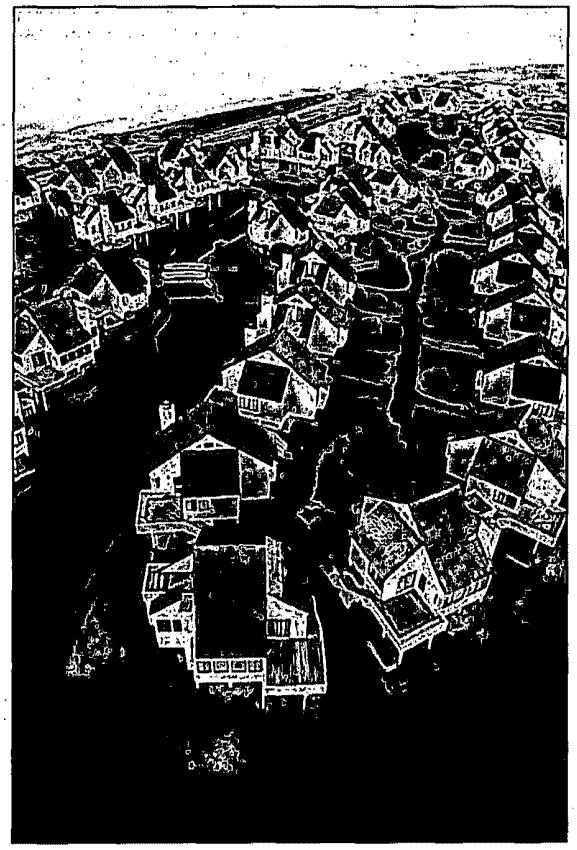
When choosing a community, 55+ new home buyers are most likely to consider community design and the housing unit itself. In 2009, these were the top two reasons listed by all 55+ customers buying in and outside of 55+ communities. Being close to friends and family ranked third for all 55+ new home buyers. Those buying new homes in age-qualified and other 55+ communities tend to value being close to leisure activities more than new home buyers not in 55+ communities.

Table 3.4: **Trends in Reasons Buyers Choose New Homes Built in Other 55+ Communities**

	2001	2003	2005	2007	2009
Reasons for Choosing the Housing Unit			%		
Like room layout/design	53.0	62.1	57.4	64.5	37.1
Exterior appearance	36.0	21.0	21.8	15.9	19.2
Financial reasons	13.3	14.0	3.5	12.0	24.4
Like the size	31.2	31.5	23.0	36.4	27.4
Construction quality	49.2	40.8	38.9	40.9	39.2
Like the kitchen	12.4	9.3	14.6	5.6	6.7
Like the view	32.0	16.2	15.6	27.6	6.7
Other reasons	14.7	10.8	8.2	22.6	16.0
Reasons for Choosing the Community			%		
Like the community design	54.9	38.3	53.6	33.7	40.8
Close to friends/relatives	31.2	40.2	26.8	33.9	19.1
Close to leisure activity	23.4	17.8	21.3	39.6	16.2
Like the housing unit	35.8	24.8	31.6	31.3	33.2
Close to public service in community	9.6	3.5	2.5	7.3	8.1
Close to public transportation	5.5	0.0	2.5	0.0	6.4

Table 3.5: **Trends in Reasons 55+ Buyers Choose New Homes Not Built in 55+ Communities**

	2001	2003	2005	2007	2009
Reasons for Choosing the Housing Unit			%		
Like room layout/design	55.7	41.3	50.0	53.4	62.6
Exterior appearance	20.0	16.4	21.5	21.8	11.0
Financial reasons	16.3	9.6	8.8	9.6	16.1
Like the size	29.5	21.4	20.6	27.2	25.6
Construction quality	28.9	20.5	29.1	30.6	21.4
Like the kitchen	12.0	5.4	14.5	10.9	8.5
Like the view	16.9	7.3	10.6	12.5	13.9
Other reasons	15.6	17.6	20.3	21.9	12.7
Reasons for Choosing the Community			%		
Like the community design	44.6	36.6	39.7	34.7	27.1
Close to friends/relatives	24.4	18.5	17.3	25.4	23.1
Close to leisure activity	12.1	6.5	10.9	9.1	6.1
Like the housing unit	26.1	22.5	29.7	30.2	25.4
Close to public service in community	5.7	2.1	3.7	5.4	3.3
Close to public transportation	1.2	0.2	1.2	1.0	0.4



How New Housing Units Compare with Previous Residences

55+ Households Moving into New Homes Are Trading Up in Quality but Not Necessarily in Price

The AHS asks recent movers a series of questions about their new homes compared to their previous residences. More than 50% of those who bought new homes in age-qualified active adult communities, close to 86% of those who bought new homes in other 55+ communities and more than 75% of non-community new home buyers reported that they were moving into a better unit. The same buyers, however, are less likely to report that their new homes cost more than the old ones, 46%, 40%, and 59%, respectively (see Tables 3.6–3.8).

Almost All Customers for New Age-Qualified Active Adult Homes Previously Owned Single-Family Homes

Among 55+ new home buyers, the share that are moving out of an existing, owner-occupied, single-family home is very high. This is especially true among new home buyers in age-qualified active adult communities, where the share of previous single-family homeowners is 91%.

Table 3.6: **Trends in New/Previous Unit Comparisons: Buyers of New Homes in Age-Qualified Active Adult Communities**

	2001	2003	2005	2007	2009
	%				
New housing unit costs more	32.3	34.0	41.5	28.6	46.3
New housing unit costs less	10.2	37.9	39.5	27.5	14.3
New housing unit is better	57.9	75.1	62.1	61.3	50.1
New housing is worse	10.4	7.5	0.0	0.0	9.1
New neighborhood is better	48.1	53.8	47.9	43.7	53.9
New neighborhood is worse	5.4	0.0	3.9	7.8	0.0
Previous residence condo/co-op	0.0	8.8	8.4	8.3	4.9
Previous residence owned	95.4	78.7	97.0	95.9	79.1
Previous residence single-family	85.2	76.6	100.0	92.0	90.9
Previous residence multi-family	9.3	13.1	0.0	8.0	9.1

Table 3.7: **Trends in New/Previous Unit Comparisons: Buyers of New Homes in Other 55+ Communities**

	2001	2003	2005	2007	2009
	%				
New housing unit costs more	47.0	20.2	53.0	24.4	40.3
New housing unit costs less	23.0	45.8	27.0	40.5	33.7
New housing unit is better	57.3	64.9	73.8	52.1	85.6
New housing is worse	6.1	7.5	0.0	9.0	0.0
New neighborhood is better	52.6	47.4	59.5	40.3	37.8
New neighborhood is worse	4.2	7.0	0.0	2.3	22.7
Previous residence condo/co-op	23.7	3.7	5.5	5.3	0.0
Previous residence owned	83.6	87.2	85.6	95.2	74.3
Previous residence single-family	83.7	92.3	85.2	96.1	72.0
Previous residence multi-family	14.5	0.0	7.4	0.0	12.9

Table 3.8: **Trends in New/Previous Comparisons: 55+ Buyers of New Homes Not in 55+ Communities**

	2001	2003	2005	2007	2009
	%				
New housing unit costs more	44.8	50.9	39.4	50.9	59.4
New housing unit costs less	29.3	18.0	29.1	24.6	14.9
New housing unit is better	67.5	74.0	71.5	73.8	75.2
New housing is worse	3.6	6.8	5.7	1.9	5.3
New neighborhood is better	53.0	47.6	47.0	47.8	57.6
New neighborhood is worse	5.1	9.0	5.4	4.2	2.5
Previous residence condo/co-op	13.4	9.2	7.8	8.8	10.6
Previous residence owned	82.7	80.2	81.5	85.2	82.3
Previous residence single-family	86.0	84.2	83.6	88.1	80.2
Previous residence multi-family	10.5	11.1	9.0	6.6	9.0

How New Home Purchases Are Financed

Unable to Sell Their Current Homes, 55+ New Home Buyers Rely More Heavily on Savings and Cash on Hand

The recent housing downturn made a significant impact on how 55+ households finance their new home purchases. Those making a down payment had to rely more frequently on savings and cash on hand rather than a sale of a previous home. Only 55% of the new age-qualified active adult home buyers who made a down payment reported that it came from the sale of a previous home, significantly down from 92% in 2007 and 100% reported in the 2005 AHS. New home buyers in other 55+ and not in 55+ communities registered similar difficulties selling their previous residencies in 2009. The share of new home buyers making a down payment from the sale of a previous home fell from 78% to 36% in other 55+ communities, and from 63% to 44% outside of 55+ communities.

Many Age-Qualified Active Adults Do Not Need a Loan

One of the traditional reasons builders have been attracted to the age-qualified active adult segment of the housing market is that many of the buyers in this market segment are able to finance their purchases out of accumulated wealth, rather than out of current income. This means that the market for age-qualified active adult housing should be relatively stable and not fluctuate as much as other segments of the housing market do in response to changes in interest rates or the overall business cycle. Data from the AHS support this view of the marketplace. Even during the 2008–2009 recession, less than 43% of the buyers for new, age-qualified active adult homes needed to take out a mortgage. In comparison, 68% of new home buyers in other 55+ communities, and 65% of 55+ new home buyers outside of communities had to rely on a mortgage.

Table 3.9: **Trends in Financing New Homes Purchased in Age-Qualified Active Adult Communities**

	2001	2003	2005	2007	2009
Take out a mortgage	30.6%	42.8%	41.4%	51.2%	42.7%
For Those with Mortgages					
ARM share	0.0%	0.5%	0.0%	20.7%	0.0%
Median loan to value ratio	0.71	0.67	0.45	0.65	0.75
Source of Down Payment			%		
Sale of previous home	70.8	90.3	100.0	92.1	54.6
Savings or cash on hands	29.3	9.7	0.0	0.0	45.4
Other sources	0.0	0.0	0.0	7.9	0.0
No down payment	0.0	0.0	0.0	0.0	0.0

Table 3.10: **Trends in Financing New Homes Purchased in Other 55+ Communities**

	2001	2003	2005	2007	2009
Take out a mortgage	54.4%	47.0%	60.1%	39.7%	67.6%
For Those with Mortgages					
ARM share	4.1%	3.2%	8.5%	0.0%	3.2%
Median loan to value ratio	0.65	0.39	0.56	0.61	0.93
Source of Down Payment			%		
Sale of previous home	75.1	64.5	64.5	78.2	36.1
Savings or cash on hands	24.9	28.7	33.5	11.6	31.2
Other sources	0.0	6.7	2.0	10.2	18.7
No down payment	0.0	0.0	0.0	0.0	14.0

Table 3.11: **Trends in Financing New Homes Purchased by 55+ Households, but Not in 55+ Communities**

	2001	2003	2005	2007	2009
Take out a mortgage	54.7%	57.3%	58.4%	70.2%	64.9%
For Those with Mortgages					
ARM share	2.2%	1.1%	2.0%	3.1%	1.0%
Median loan to value ratio	0.69	0.68	0.64	0.59	0.73
Source of Down Payment			%		
Sale of previous home	46.3	63.5	56.2	62.6	43.5
Savings or cash on hands	45.5	20.0	30.9	24.8	39.4
Other sources	5.7	10.5	3.0	12.6	12.7
No down payment	2.5	6.0	10.0	1.8	4.4

Chapter 4

Reverse/Home Equity Conversion Mortgages

Mortgage Status of 55+ Homeowners

A Small but Growing Share of Older Households Are Taking Advantage of Reverse Mortgages

The AHS asks homeowners 62 years of age or older whether they have a reverse mortgage or home equity conversion mortgage (HECM). To be eligible for this type of mortgage, homeowners should satisfy several requirements, including the age requirement.[4] Tables 4.1 and 4.2 show that only a small number of seniors turn to reverse mortgages to supplement their income, less than 1% in 2009. However, this number is growing rapidly, increasing almost eight times what it was in 2001.

Table 4.1: **Mortgage Status of 55+ Homeowners**

	2001	2003	2005	2007	2009
Seniors with Reverse or Home Equity Conversion Mortgage	31,822	47,332	64,131	156,625	241,345
Seniors with Other Mortgage	8,676,324	9,543,832	10,848,903	11,445,128	12,340,807
Seniors with No Mortgage	17,972,057	18,005,022	18,355,270	18,896,230	18,355,917

Table 4.2: **Mortgage Status of 55+ Homeowners**

	2001	2003	2005	2007	2009
	%				
Seniors with Reverse or Home Equity Conversion Mortgage	0.1	0.2	0.2	0.5	0.8
Seniors with Other Mortgage	32.5	34.6	37.1	37.5	39.9
Seniors with No Mortgage	67.4	65.2	62.7	62.0	59.3

Demographics and Socio-Economic Status of Reverse Mortgage Borrowers

Most Reverse Mortgage Borrowers Are Over Age 75; Many More Are One-Person Households Compared to Other Mortgage Holders

To be eligible for a HECM, all applicants must be at least 62 years of age. Table 4.3 shows that reverse mortgage borrowers tend to be much older, 77 years of age on average. The majority of these borrowers are concentrated in the 75+ age brackets, with more than 22% 85 years and older. The fact that eligibility requirements become more lenient and the HECM amount increases with advanced age of borrowers explains why reverse mortgage borrowers have such a skewed age distribution. Seniors with and without standard mortgages tend to be much younger, 64 and 71 years of age, respectively. As will be shown below, these are households with higher income and less in need of supplemental earnings from reverse mortgages. Table 4.4 shows that compared to seniors with or without mortgages, reverse mortgage borrowers are more likely to be single householders.

Table 4.3: **55+ Senior Homeowner Age Distribution in 2009**

	Seniors with Reverse or Home Equity Conversion Mortgage	Seniors with Mortgage	Seniors with No Mortgage
	%		
55 to 59	0.0	37.8	14.7
60 to 64	1.1	27.3	16.9
65 to 69	19.0	15.5	16.8
70 to 74	22.8	9.2	15.0
75 to 79	20.0	5.8	14.5
80 to 84	14.9	2.6	11.9
85+	22.3	1.8	10.2
Average	77.0	63.5	70.8

Table 4.4: **55+ Household Size by Mortgage Status in 2009**

	Seniors with Reverse or Home Equity Conversion Mortgage	Seniors with Mortgage	Seniors with No Mortgage
	%		
1 person	43.5	23.1	35.3
2 persons	46.5	50.7	51.8
3 persons	6.9	14.9	8.3
4 persons	3.1	11.2	4.6
Average	1.7	2.2	1.9

Table 4.5: 55+ Household Type by Mortgage Status in 2009

	Seniors with Reverse or Home Equity Conversion Mortgage	Seniors with Mortgage	Seniors with No Mortgage
	%		
Married Couple with Children	2.2	7.7	2.7
Married Couple without Children	38.4	55.0	51.6
One person—male	15.7	7.6	10.3
One person—female	27.7	15.6	25.0
Single Parent	1.4	3.5	1.6
Other	14.6	10.6	8.9

Reverse Mortgages Not Limited to the Most Educated Owners

More than 20% or reverse mortgage borrowers have bachelor's or advanced degrees, and additional 40% have some college education (see Table 4.6). Their educational attainment is similar to the education of seniors with no mortgages. Seniors with mortgages, who tend to be younger and have higher earnings, have a higher share of college graduates.

Table 4.6: Educational Attainment of the Household Head in 2009

	Seniors with Reverse or Home Equity Conversion Mortgage	Seniors with Mortgage	Seniors with No Mortgage
	%		
Advanced Degree	10.3	16.9	11.2
Bachelor's	11.3	19.7	13.9
Some College, but no Bachelor's	39.8	23.9	32.3
High School Diploma, but no College	27.5	29.9	25.1
Some High School or Lower	11.2	9.7	17.4

Reverse Mortgage Borrowers Are As Ethnically Diverse As Other 55+ Homeowners

As shown in Table 4.7, the shares of minorities with a reverse mortgage, or HECM, are very similar to their shares among 55+ homeowners with and without mortgages.

Table 4.7: **55+ Householder Race and Ethnicity by Mortgage Status in 2009**

	Seniors with Reverse or Home Equity Conversion Mortgage	Seniors with Mortgage	Seniors with No Mortgage
	%		
White, Non-Hispanic	78.6	77.4	84.5
Black, Non-Hispanic	6.8	10.3	7.0
Hispanics	10.0	7.4	5.5
Other race	4.6	4.9	3.0

Low-Income Homeowners Appear Likely Reverse Mortgage Customers

There are no income requirements to qualify for a HECM. Table 4.8 shows that low-income homeowners are more likely to use reverse mortgages to supplement their income. More than a third of reverse mortgage borrowers earn less than $20,000, and close to 80% earn under $40,000. The average income of reverse mortgage borrowers is less than $35,000, while seniors with and without mortgages earn close to $81,000 and more than $53,000, respectively.

Table 4.8: **55+ Household Income by Mortgage Status in 2009**

	Seniors with Reverse or Home Equity Conversion Mortgage	Seniors with Mortgage	Seniors with No Mortgage
	%		
Under $20K	36.2	12.2	25.7
$20K–$39.9K	40.6	19.0	28.8
$40K–$59.9K	9.6	18.4	16.6
$60K–$79.9K	8.6	13.7	9.7
$80K–$99.9K	2.2	10.2	7.0
$100K–$149.9K	1.1	15.0	7.2
$150K+	1.7	11.6	5.0
Average	$34,693	$80,768	$53,252

The Median Value of Homes with Reverse Mortgages Is Close to $225,000, Similar to Mortgage-Free Homes

FHA does not set any limits on the value of homes qualifying for a HECM. However, the amount that can be borrowed is based on the lower of the appraised value, sales price or the FHA HECM mortgage limit of $625,500, as of 2010. As Table 4.9 shows, more than half of all seniors with reverse mortgages have homes that are valued between $100,000 and $250,000.

Table 4.9: **Home Value by Mortgage Status, 2008–2009**

	Seniors with Reverse or Home Equity Conversion Mortgage	Seniors with Mortgage	Seniors with No Mortgage
	%		
Under $100K	12.4	18.0	27.9
$100–$149.9K	23.9	15.7	16.9
$150–$249.9K	31.3	25.5	24.1
$250–$349.9K	12.1	15.3	12.7
$350–$499.9K	11.6	12.2	9.0
$500K+	8.7	13.3	9.3
Median	$224,955	$285,507	$230,979

Length of Stay and Mortgage Status of Reverse Mortgage Borrowers

Substantial Share of Mortgage-Free Owners and Reverse Mortgage Borrowers Have Been in Their Homes Less Than 10 Years

On average, reverse mortgage borrowers and seniors without mortgages stayed in their homes much longer, 24 and close to 27 years respectively, compared to 55+ homeowners who are still paying down their mortgage, 15.6 years (see Table 4.10). However, there is a substantial share of these seniors who have been in their homes for less than 10 years. More than a quarter of reverse mortgage borrowers and almost 20% of mortgage-free seniors have been in their homes for less than 10 years. These are likely households who made their recent home purchases with cash on hand or other savings. As of January 1, 2009, reverse mortgages can be used to buy a home, so the share of recent movers with reverse mortgages is likely to rise even higher over time.

Table 4.10: **Length of Stay in Current Home by Mortgage Status, 2008–2009**

	Seniors with Reverse or Home Equity Conversion Mortgage	Seniors with Mortgage	Seniors with No Mortgage
Less than 5 years	11.5	21.0	10.5
5 to less than 10	14.9	19.6	9.2
10 to less than 15	12.3	15.3	9.9
15 to less than 20	10.0	12.9	9.4
20 to less than 25	10.9	11.0	8.9
25 to less than 30	7.8	6.3	7.9
30 to less than 35	6.9	6.5	12.8
35 or more years	25.8	7.4	31.5
Average Length of Stay	24.4	15.6	26.6

Reverse Mortgage Borrowers in 55+ Communities

Reverse Mortgage Borrowers Can Be Found in Active Adult Communities

According to Table 4.11, more than a third of all reverse mortgage borrowers live in 55+ communities, with roughly 7% residing in age-qualified active adult and 29% in other 55+ communities.

***Table 4.11*: Distribution of 55+ Owners by Community Type and Presence of Mortgage, 2008–2009**

	Seniors with Reverse or Home Equity Conversion Mortgage	Seniors with Mortgage	Seniors with No Mortgage
	%		
Age-Qualified Active Adult	6.9	2.7	3.9
Owners in Other 55+ Communities	29.4	21.8	27.1
55+ Owners not in Communities	63.7	75.5	69.0

Chapter 5

55+ Housing Market Shares and Projections

Close to One-Fifth of All Home Buyers Are Age 55+

Table 5.1 shows how much of various housing market segments 55+ customers and communities account for in three market segments: all 55+ households, 55+ households moving into age-qualified active adult communities, and 55+ households moving into "other" 55+ communities (non-age-qualified, but where most residents are 55+). The numbers in the table represent shares of the total market. For example, the first number in "All 55+" column is 12.2%, which means that 55+ households account for about 12% of the households that change addresses and move into a different housing unit in a given year (see Table 5.2 for the market demand data).

The number moving into rental units includes those moving into units that benefit from government subsidies. Given the nature of custom homes, which are built on an individual customer's lot, there is a question about whether or not a custom home built in an age-qualified community is conceptually valid.

The 55+ households have somewhat different tendencies than younger customers. Because older households are more likely to buy homes—and especially to buy new homes—55+ households account for almost 19% of the home-buying market, and more than 21% of the market for new homes. Among buyers, older customers have a somewhat greater tendency to "buy" custom homes[5], so 55+ households account for more than 24% of the market for new custom homes. Reflecting the ever-increasing number of Baby Boomers reaching the 55+ criteria for age-qualified communities, the shares of 55+ households have been on the rise across all home buyer categories through 2007, but took a pause and even declined a bit in 2009.

As shown in Table 5.1, 55+ (age-qualified and other 55+) communities account for almost 6% of the home-buying market, thus suggesting that most of 55+ home buyers are moving into communities that are not classified as 55+ communities.

Table 5.1: **Trends in 55+ Housing Market Shares**

	2001			2003			2005			2007			2009		
	Age 55+	Age-Qualified	Other 55+ Community	Age 55+	Age-Qualified	Other 55+ Community	Age 55+	Age-Qualified	Other 55+ Community	Age 55+	Age-Qualified	Other 55+ Community	Age 55+	Age-Qualified	Other 55+ Community
	%														
All recent movers	12.2	1.7	2.5	13.2	1.7	2.3	14.1	2.0	2.7	14.8	2.2	2.5	14.0	2.1	2.6
Movers into rental units	9.7	2.0	1.7	10.8	2.0	1.6	11.4	2.4	1.7	12.1	2.4	1.7	11.9	2.3	1.9
Home buyers	16.3	1.2	3.7	17.0	1.3	3.6	18.2	1.3	4.3	19.3	1.8	3.9	18.5	1.5	4.1
Existing home buyers	15.0	0.9	3.4	16.4	0.9	3.6	17.6	1.1	4.3	18.1	1.3	4.1	18.0	1.4	4.5
New home buyers	20.9	2.3	4.7	19.4	2.8	3.5	20.9	2.3	4.1	23.9	3.7	3.5	21.3	2.3	2.2
New for-sale home buyers	19.3	3.1	4.2	19.1	3.0	3.6	20.0	2.6	3.8	22.2	4.2	3.4	20.1	2.8	1.9
New custom home buyers	24.3	0.7*	5.9	26.1	0.0*	1.9	24.3	1.1*	5.5	29.3	2.1*	3.8	24.4	0.7*	3.0

The "" shown in cells for buyers of new homes in age-qualified communities indicates that the number of observations in this cell is too small to distinguish from zero.*

Table 5.2: **Trends in 55+ Housing Market Demand**

	2001	2003	2005	2007	2009
Age 55+					
All recent movers	1,631,774	1,777,656	2,042,602	2,084,086	1,839,972
Movers into rental units	807,295	897,785	988,233	1,065,641	1,062,818
Home buyers	824,479	879,872	1,054,370	1,018,445	777,155
Existing home buyers	593,257	686,104	819,407	750,937	627,448
New home buyers	231,223	193,768	234,963	267,509	149,707
New for-sale home buyers	148,947	183,135	176,722	187,656	102,115
New custom home buyers	82,276	10,633	58,242	79,853	47,592
Age-Qualified					
All recent movers	225,498	227,556	287,396	310,052	271,432
Movers into rental units	163,139	162,908	210,969	213,872	208,337
Home buyers	62,359	64,648	76,427	96,181	63,095
Existing home buyers	36,369	36,209	50,752	55,141	47,230
New home buyers	25,991	28,439	25,675	41,040	15,865
New for-sale home buyers	23,704	28,439	23,037	35,261	14,494
New custom home buyers	2,287*	0*	2,639*	5,779*	1,372
Other 55+ Community					
All recent movers	332,035	317,061	393,085	358,301	339,716
Movers into rental units	145,409	129,965	146,339	150,746	167,024
Home buyers	186,627	187,096	246,746	207,555	172,693
Existing home buyers	134,098	151,905	200,418	168,202	157,165
New home buyers	52,529	35,191	46,328	39,353	15,528
New for-sale home buyers	32,611	34,405	33,169	29,086	9,771
New custom home buyers	19,918	786	13,160	10,268	5,757

**There are very few observations in the cells for age-qualified custom homes. There is also a question of whether or not it makes to talk about custom homes, which are built on an individual customer's lot, being in age-qualified communities.*

In 2011, Only About 54,000 Housing Starts Are Projected in 55+ Communities

The housing industry is currently going through its most severe downturn since the Census Bureau began producing statistics on new construction shortly after World War II. NAHB's current housing forecast for 2011 calls for 655,000 single-family housing starts, 149,000 multi-family starts, 455,000 new single-family home sales, and 5.11 million existing single-family home sales. Even though these numbers represent a housing activity beginning its rebound in 2010, the recovery will still be relatively weak in historical perspective. The number of single-family starts in the 2011 forecast is still down 62% from the high point of more than 1.7 million in 2007.

Projections for the 55+ market generally follow the trends for the overall forecast, but also take into account the rising trends in 55+ market shares, driven largely by underlying population dynamics. The annual 55+ projection estimates reported in Table 5.3 are generated by applying the trends in the 55+ population shares and the AHS percentages to NAHB's forecast of housing activity for calendar year 2010–2012. The 2011 estimates show that housing units sold to or occupied by 55+ households will account for about 184,000 housing starts, with about 149,000 of these single-family, and 54,000 in communities that are either age-qualified or otherwise occupied primarily by 55+ customers. The estimates also show that 55+ customers account for almost 100,000 of the projected new single-family sales, and almost 950,000 of the projected existing single-family homes sales in 2011. All these numbers are projected to increase in 2011, but from the very weak levels shown in the 2010 forecast.

***Table 5.3:* 55+ Housing Market Projections**

	2010		2011		2012	
	Total Sold to or Occupied by 55+ Households	In Age-Qualified or Other 55+ Communities	Total Sold to or Occupied by 55+ Households	In Age-Qualified or Other 55+ Communities	Total Sold to or Occupied by 55+ Households	In Age-Qualified or Other 55+ Communities
Housing Starts	138,699	41,489	184,232	53,997	270,399	78,726
Single-Family	109,079	26,409	149,054	36,087	220,736	53,442
Multi-Family	29,620	15,080	35,178	17,909	49,663	25,284
New Single-Family Existing Sales	71,047	20,809	98,685	28,905	148,290	43,434
Sales of Existing Single-Family Homes	792,041	246,650	945,716	294,506	1,110,031	345,675

Appendix

Additional Tables

Table 1.16(a): **Overall Rating of Current Community in 2009: Single-Family Detached Households**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
	%		%			
1	0.6	0.5	0.4	0.5	0.5	0.5
2	0.5	0.3	0.3	0.3	0.3	0.3
3	0.9	0.6	0.6	0.4	0.3	0.5
4	1.2	1.2	0.9	0.9	0.6	0.8
5	5.4	4.5	4.5	3.8	4.0	4.2
6	5.8	4.5	4.1	3.7	3.4	3.8
7	15.0	13.6	12.1	10.7	9.1	10.9
8	30.2	29.0	29.0	25.0	24.0	26.6
9	17.7	19.1	18.6	18.3	17.3	18.2
10	22.6	26.8	29.5	36.5	40.6	34.3
Average: SF Detached	8.0	8.2	8.3	8.5	8.6	8.4

(On a scale of 1 to 10; 1=worst, 10=best)

Table 1.16(b): **Overall Rating of Current Home in 2009: Single-Family Detached Households**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
	%		%			
1	0.4	0.3	0.3	0.3	0.4	0.3
2	0.2	0.2	0.2	0.1	0.1	0.1
3	0.4	0.2	0.3	0.2	0.0	0.2
4	0.7	1.0	0.7	0.6	0.4	0.6
5	4.1	3.6	3.2	2.5	3.6	3.1
6	4.6	3.9	3.2	3.1	2.6	3.0
7	15.8	12.6	10.7	8.4	6.9	9.1
8	31.8	28.9	27.9	24.6	24.1	26.0
9	17.6	19.5	18.6	19.5	17.0	18.5
10	24.5	29.8	34.9	40.6	44.9	39.0
Average: SF Detached	8.2	8.4	8.5	8.7	8.8	8.7

(On a scale of 1 to 10; 1=worst, 10=best)

Table 1.16(c): **Overall Rating of Current Community in 2009: Multi-Family Households**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
	%		%			
1	1.6	1.1	1.5	0.4	0.5	0.9
2	1.1	1.6	0.6	0.4	0.2	0.4
3	1.7	1.7	1.2	0.7	0.4	0.8
4	3.1	2.6	2.0	1.4	0.4	1.3
5	8.8	9.2	8.9	7.7	4.9	7.3
6	8.5	7.4	7.0	5.2	3.2	5.3
7	18.0	16.0	14.6	11.2	8.2	11.6
8	27.5	27.2	25.7	27.1	22.4	25.0
9	13.6	14.7	14.7	15.0	15.8	15.1
10	16.0	18.6	23.8	31.0	43.9	32.3
Average: Multi-Family	7.5	7.6	7.8	8.2	8.7	8.2

(On a scale of 1 to 10; 1=worst, 10=best)

Table 1.16(d): **Overall Rating of Current Home in 2009: Multi-Family Households**

	Age of Household Head					
	Under 55		55 or Older			
	Under 45	45 to 54	55 to 64	65 to 74	75+	Total 55+
	%		%			
1	1.0	0.8	0.8	0.6	0.4	0.6
2	0.6	0.8	0.4	0.2	0.2	0.3
3	1.4	1.2	1.2	0.5	0.2	0.7
4	2.0	1.7	1.8	0.4	0.6	1.0
5	7.8	7.4	6.8	6.2	3.3	5.5
6	8.0	6.1	6.8	5.1	3.3	5.2
7	21.2	18.2	15.7	10.0	8.2	11.7
8	29.8	30.0	27.1	26.0	24.2	25.9
9	12.4	13.2	14.7	17.0	17.0	16.1
10	15.9	20.8	24.7	34.0	42.9	33.1
Average: Multi-Family	7.6	7.8	7.9	8.4	8.7	8.3

(On a scale of 1 to 10; 1=worst, 10=best)

Endnotes

[1] For purposes of this report, single-family attached units are included in multi-family. The total number of units in the single-family attached category is relatively small, and including them in the multi-family total impacts the multi-family tabulations only slightly. In practice, multi-family town homes and single-family attached units are often difficult to distinguish from each other, even for an expert observer.

[2] Paul Emrath, "On the Waterfront: Still the Most Valuable Location," *Housing Economics*, January, 2006. **http://www.nahb.org/generic.aspx?sectionID=734&genericContentID=69665&channelID=311.** The statistical model used to generate the result can also be accessed on line interactively: **http://www.nahb.org/generic.aspx?sectionID=784&genericContentID=32911.**

[3] U.S. Census Bureau, Construction Reports, Series C-25, New One Family Homes Sold.

[4] For more information, see the U.S. Department of Housing and Urban Development Web site, **http://www.hud.gov/offices/hsg/sfh/hecm/hecmhome.cfm.**

[5] Custom homes are defined as those built on the customer's lot, with the owner either hiring a general contractor or in some cases functioning as the general contractor himself or herself. Technically, these homes do not go through a sale in the same sense as a spec home in a residential subdivision, but for simplicity, this chapter includes people who acquire new custom homes among the home buyers.

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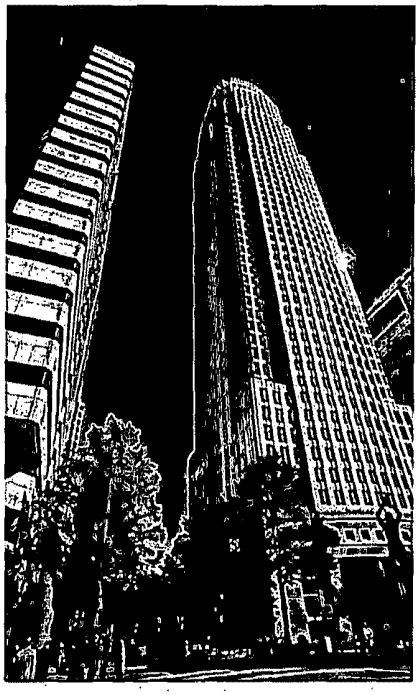
North Carolina Ranks No. 3 for In-migration.

1/7/2011

[North Carolina Department of Commerce Editorial Staff]

2010 United Van Lines Migration Study *reports spike in people relocating to North Carolina.*

In this sluggish national economy, companies aren't the only ones looking for a competitive advantage—workers are, too. Nine states experienced high outbound traffic rates in 2010 with their populations relocating elsewhere in the country. Where did many of these people go? North Carolina. According to the *2010 United Van Lines Migration Study*, North Carolina's in-migration rank jumped from No. 10 in the nation in 2009 to No. 3 last year.



Carl Walter, vice president of United Van Lines, the nation's largest household goods mover, released the results of the company's 34th annual "migration" study earlier this week. This study tracks what states the customers are leaving and the most popular destinations over a 12-month period.

In 2010, the study looked at 146,837 interstate household moves between the 48 contiguous states and Washington D.C. It categorizes the states as "high inbound" (55% or more of the relocations moving into a state), "high outbound" (55% or more moves going out of a state) or "balanced."

While the District of Columbia was the top destination in the United States for the third consecutive year with a score of 64.3%, North Carolina was the only other mid-Atlantic state to see high inbound traffic with a rate of 57.8%.

Of the states with dwindling populations, New Jersey ranked No. 1 with Michigan coming in at a close second. Other states that lost people in 2010 include: New Hampshire, Illinois, Ohio, Pennsylvania, Missouri, North Dakota and Kansas.

North Carolina's population has been growing at over 9.7%, which is twice the national average. This migration to the Tar Heel State has been aided by a combination of two things: a high quality of life and the growth of high-tech industries, including biotech, aerospace and information and communications technology.

North Carolina ranks first in the Southeast for manufacturing employment, and ninth overall in the United States. More than 180 aerospace companies are engaged in manufacturing in North Carolina, employing more than 9,500 people. Employment in aircraft engine and engine part manufacturing has increased by 68% in North Carolina. Compare that with a decline of 25% for the United States as a whole.

More than 528 bioscience companies are headquartered or have operations in North Carolina, employing more than 57,000 people. The state's biotech industry grew three times the rate of the national bioscience industry from 2001–2006.

From video games and software development to networking and telecommunications, more than 3,000 information technology firms are located in North Carolina, employing over 100,000 highly skilled workers.

The myriad business opportunities combined with a moderate climate, a culture rich in history and the arts, world-class sporting events, recreational opportunities from the mountains to the coast, a low cost of living and low construction costs will continue to bring companies and workers to North Carolina.

Read more about the *2010 United Van Lines Migration Study*.

Investment and Vacation Home Sales Surge in 2011

Media Contact: Walter Molony / 202-383-1177 / Email

WASHINGTON (March 29, 2012) – Sales of investment and vacation homes* jumped in 2011, with the combined market share rising to the highest level since 2005, according to the National Association of Realtors®.

NAR's 2012 Investment and Vacation Home Buyers Survey, covering existing- and new-home transactions in 2011, shows investment-home sales surged an extraordinary 64.5 percent to 1.23 million last year from 749,000 in 2010. Vacation-home sales rose 7.0 percent to 502,000 in 2011 from 469,000 in 2010. Owner-occupied purchases fell 15.5 percent to 2.78 million.

Vacation-home sales accounted for 11 percent of all transactions last year, up from 10 percent in 2010, while the portion of investment sales jumped to 27 percent in 2011 from 17 percent in 2010.

NAR Chief Economist Lawrence Yun said investors with cash took advantage of market conditions in 2011. "During the past year investors have been swooping into the market to take advantage of bargain home prices," he said. "Rising rental income easily beat cash sitting in banks as an added inducement. In addition, 41 percent of investment buyers purchased more than one property."

Yun said the shift in investment buyer patterns in 2011 shows the market, for the large part, is able to absorb foreclosures hitting the market. "Small-time investors are helping the market heal since REO (bank real estate owned) inventory is not lingering for an extended period. Any government program to sell REO inventory in bulk to large institutional companies should be limited to small geographic areas. Even where alternatives are needed, it's best to rely on the expertise of local businesses, nonprofit organizations and government," he said.

All-cash purchases have become fairly common in the investment- and vacation-home market during recent years: 49 percent of investment buyers paid cash in 2011, as did 42 percent of vacation-home buyers. Half of all investment home purchases in 2011 were distressed homes, as were 39 percent of vacation homes.

"Clearly we're looking at investors with financial resources who see real estate as a good investment and who aren't hesitant to use cash," Yun said. Of buyers who financed their purchase with a mortgage, large downpayments were typical. The median downpayment for both investment- and vacation-home buyers in 2011 was 27 percent.

"Given the tight credit in recent years, many would-be normal home buyers for owner occupancy declined," Yun said.

The median investment-home price was $100,000 in 2011, up 6.4 percent from $94,000 in 2010, while the median vacation-home price was $121,300, down 19.1 percent from $150,000 in 2010.

Investment-home buyers in 2011 had a median age of 50, earned $86,100 and bought a home that was relatively close to their primary residence – a median distance of 25 miles, although 30 percent were more than 100 miles away.

"The share of investment buyers who flipped property remained low in 2011, and many of those homes likely were renovated before reselling," Yun said. Five percent of homes purchased by investment buyers last year have already been resold, up from 2 percent in 2010. The typical investment buyer plans to hold the property for a median of 5 years, down from 10 years for buyers in 2010.

The typical vacation-home buyer was 50 years old, had a median household income of $88,600 and purchased a property that was a median distance of 305 miles from the primary residence; 35 percent of vacation homes were within 100 miles and 37 percent were more than 500 miles. Buyers plan to own their recreational property for a median of 10 years.

Lifestyle factors have consistently been the primary motivation for vacation-home buyers, while the desire for rental income drives investment purchases. Vacation homes purchased last year were more likely to be in suburban or rural areas; investment homes were concentrated in suburban locations.

Eighty-two percent of vacation-home buyers said the primary reason for buying was to use the property themselves for vacations, or as a family retreat. Thirty percent plan to use the property as a primary residence in the future, and only 22 percent plan to rent to others.

Half of investment buyers said they purchased primarily to generate rental income, and 34 percent wanted to diversify their investments or saw a good investment opportunity.

Sixteen percent of vacation buyers and 14 percent of investment buyers purchased the property for a family member, friend or relative to use. In many cases the home is intended for a son or daughter to use while attending school.

Forty-two percent of vacation homes purchased last year were in the South, 30 percent in the West, 15 percent in the Northeast and 12 percent in the Midwest; 1 percent were located outside of the U.S.

Forty-four percent of investment properties were in the South, 23 percent in the West, 17 percent in the Midwest and 15 percent in the Northeast.

Eight out of 10 second-home buyers said it was a good time to buy. Nearly half of investment buyers said they were likely to purchase another property within two years, as did one-third of vacation-home buyers.

Currently, 42.1 million people in the U.S. are ages 50-59 – a group that has dominated second-home sales since the middle part of the past decade and established records. An additional 43.5 million people are 40-49 years old, while another 40.2 million are 30-39.

"Given that the number of people who are in their 40s is somewhat larger than the 50-somethings, the long-term demographic demand for purchasing vacation homes is favorable because these younger households are likely to enter the market as their desire for these kinds of properties grows, and individual circumstances allow," Yun said.

NAR's analysis of U.S. Census Bureau data shows there are 8.0 million vacation homes and 42.8 million investment units in the U.S., compared with 75.3 million owner-occupied homes.

NAR's 2012 Investment and Vacation Home Buyers Survey, conducted in March 2012, includes answers from 2,241 usable responses about home purchases during 2011. The survey controlled for age and income, based on information from the larger 2011 NAR Profile of Home Buyers and Sellers, to limit any biases in the characteristics of respondents.

The 2012 Investment and Vacation Home Buyers Survey can be ordered by calling 800-874-6500, or online at www.realtor.org/prodser.nsf/Research. The report costs $19.95 for NAR members and $149.95 for non-members.

The National Association of Realtors®, "The Voice for Real Estate," is America's largest trade association, representing 1 million members involved in all aspects of the residential and commercial real estate industries.

# # #

*Vacation homes are recreational property purchased primarily for the buyer's (or their family's) personal use, while investment homes are residential property purchased primarily to rent to others, or to hold for other financial or investment purposes.

Information about NAR is available at www.realtor.org. This and other news releases are posted in the News Media section. Statistical data, tables and surveys also may be found by clicking on Research.

Pop-Facts: Household Income by age of Householder 2013
USA (see appendix for geographies), Total

2000 Census Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84
Household Totals	5,434,947	18,138,224	24,276,520	21,212,470	14,201,878	11,618,029	8,340,221
% of Total Households	5.15%	17.19%	23.00%	20.10%	13.46%	11.01%	7.90%
Income Less than $15,000	1,789,220	2,266,680	2,461,819	2,098,226	2,039,230	2,532,952	2,591,946
% Across Age Ranges	10.70%	13.55%	14.72%	12.55%	12.19%	15.15%	15.50%
% Within Age Range	32.92%	12.50%	10.14%	9.89%	14.36%	21.80%	31.08%
Income $15,000 - $24,999	1,153,945	2,320,107	2,343,515	1,759,163	1,528,471	2,097,122	1,824,660
% Across Age Ranges	8.52%	17.14%	17.31%	13.00%	11.29%	15.49%	13.48%
% Within Age Range	21.23%	12.79%	9.65%	8.29%	10.76%	18.05%	21.88%
Income $25,000 - $34,999	911,221	2,756,600	2,841,775	2,096,588	1,625,326	1,778,808	1,212,343
% Across Age Ranges	6.74%	20.39%	21.02%	15.51%	12.02%	13.16%	8.97%
% Within Age Range	16.77%	15.20%	11.71%	9.88%	11.44%	15.31%	14.54%
Income $35,000 - $49,999	835,070	3,632,543	4,269,991	3,255,025	2,232,757	1,905,373	1,078,836
% Across Age Ranges	4.79%	20.82%	24.48%	18.66%	12.80%	10.92%	6.18%
% Within Age Range	15.36%	20.03%	17.59%	15.34%	15.72%	16.40%	12.94%
Income $50,000 - $74,999	519,541	4,054,787	5,726,752	4,770,463	2,811,058	1,655,354	828,351
% Across Age Ranges	2.53%	19.74%	27.88%	23.23%	13.69%	8.06%	4.03%
% Within Age Range	9.56%	22.35%	23.59%	22.49%	19.79%	14.25%	9.93%
Income $75,000 - $99,999	137,789	1,692,097	3,121,567	3,085,722	1,625,001	725,412	348,74
% Across Age Ranges	1.28%	15.67%	28.91%	28.57%	15.05%	6.72%	3.23%
% Within Age Range	2.54%	9.33%	12.86%	14.55%	11.44%	6.24%	4.18%
Income $100,000 - $124,999	45,987	699,582	1,526,734	1,739,855	921,249	355,690	173,32
% Across Age Ranges	0.84%	12.74%	27.80%	31.68%	16.78%	6.48%	3.16%
% Within Age Range	0.85%	3.86%	6.29%	8.20%	6.49%	3.06%	2.08%
Income $125,000 - $149,999	17,664	296,907	708,118	866,368	483,873	183,140	77,09
% Across Age Ranges	0.67%	11.18%	26.66%	32.62%	18.22%	6.90%	2.90%
% Within Age Range	0.33%	1.64%	2.92%	4.08%	3.41%	1.58%	0.92%
Income $150,000 - $199,999	12,170	229,123	621,708	754,576	443,689	166,060	76,98
% Across Age Ranges	0.52%	9.87%	26.77%	32.50%	19.11%	7.15%	3.32%
% Within Age Range	0.22%	1.26%	2.56%	3.56%	3.12%	1.43%	0.92%
Income $200,000 or more	12,340	189,798	654,541	786,484	491,224	218,118	127,93
% Across Age Ranges	0.49%	7.58%	26.15%	31.42%	19.63%	8.72%	5.11%
% Within Age Range	0.23%	1.05%	2.70%	3.71%	3.46%	1.88%	1.53%
Median Household Income	$23,044	$42,126	$50,965	$57,322	$47,818	$31,628	$23,64

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Pop-Facts: Household Income by age of Householder 2013
USA (see appendix for geographies), Total

2013 Estimate Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84
Household Totals	5,181,314	17,933,155	21,029,436	24,342,063	22,697,710	15,315,746	8,840,5
% of Total Households	4.35%	15.04%	17.64%	20.42%	19.04%	12.85%	7.42%
Income Less than $15,000	1,643,953	2,210,512	1,957,683	2,406,703	2,648,621	2,436,346	1,997,5
% Across Age Ranges	9.99%	13.43%	11.89%	14.62%	16.09%	14.80%	12.14%
% Within Age Range	31.73%	12.33%	9.31%	9.89%	11.67%	15.91%	22.60%
Income $15,000 - $24,999	949,306	2,030,748	1,783,167	1,962,524	1,991,718	2,215,647	1,919,0
% Across Age Ranges	6.88%	14.72%	12.92%	14.22%	14.43%	16.06%	13.9%

% Within Age Range	18.32%	11.32%	8.48%	8.06%	8.77%	14.47%	21.71%
Income $25,000 - $34,999	767,792	2,115,213	2,078,381	2,086,853	2,092,420	1,977,934	1,325,470
% Across Age Ranges	5.89%	16.22%	15.94%	16.01%	16.05%	15.17%	10.17%
% Within Age Range	14.82%	11.79%	9.88%	8.57%	9.22%	12.91%	14.99%
Income $35,000 - $49,999	783,560	3,045,883	2,914,918	3,045,780	3,093,001	2,440,864	1,344,773
% Across Age Ranges	4.58%	17.80%	17.04%	17.80%	18.08%	14.27%	7.86%
% Within Age Range	15.12%	16.98%	13.86%	12.51%	13.63%	15.94%	15.21%
Income $50,000 - $74,999	631,660	3,774,258	4,218,274	4,685,254	4,167,141	2,705,588	1,068,929
% Across Age Ranges	2.93%	17.48%	19.53%	21.70%	19.30%	12.53%	4.95%
% Within Age Range	12.19%	21.05%	20.06%	19.25%	18.36%	17.67%	12.09%
Income $75,000 - $99,999	230,127	2,234,044	3,028,273	3,454,490	2,941,507	1,407,827	543,472
% Across Age Ranges	1.65%	15.97%	21.65%	24.70%	21.03%	10.06%	3.89%
% Within Age Range	4.44%	12.46%	14.40%	14.19%	12.96%	9.19%	6.15%
Income $100,000 - $124,999	88,889	1,164,710	1,956,629	2,417,500	1,984,771	764,488	264,357
% Across Age Ranges	1.02%	13.30%	22.35%	27.61%	22.67%	8.73%	3.02%
% Within Age Range	1.72%	6.49%	9.30%	9.93%	8.74%	4.99%	2.99%
Income $125,000 - $149,999	36,574	560,731	1,048,440	1,371,525	1,224,634	426,819	145,014
% Across Age Ranges	0.75%	11.56%	21.62%	28.28%	25.25%	8.80%	2.99%
% Within Age Range	0.71%	3.13%	4.99%	5.63%	5.40%	2.79%	1.64%
Income $150,000 - $199,999	30,018	474,939	1,100,919	1,469,818	1,310,939	455,153	130,296
% Across Age Ranges	0.60%	9.47%	21.96%	29.32%	26.15%	9.08%	2.60%
% Within Age Range	0.58%	2.65%	5.24%	6.04%	5.78%	2.97%	1.47%
Income $200,000+	19,435	322,117	942,752	1,441,616	1,242,958	485,080	101,588
% Across Age Ranges	0.42%	7.00%	20.50%	31.34%	27.02%	10.55%	2.21%
% Within Age Range	0.38%	1.80%	4.48%	5.92%	5.48%	3.17%	1.15%
Median Household Income	$24,973	$47,854	$60,553	$64,242	$59,138	$41,317	$28,800

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Pop-Facts: Household Income by age of Householder 2013
USA (see appendix for geographies), Total

2018 Projection Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84
Household Totals	4,740,979	17,863,494	21,005,561	23,050,738	24,426,947	18,543,338	9,648,45
% of Total Households	3.84%	14.48%	17.02%	18.68%	19.79%	15.03%	7.82%
Income Less than $15,000	1,460,467	2,245,460	2,027,325	2,262,962	2,772,870	2,839,186	2,103,67
% Across Age Ranges	8.64%	13.29%	11.99%	13.39%	16.41%	16.80%	12.45
% Within Age Range	30.81%	12.57%	9.65%	9.82%	11.35%	15.31%	21.80
Income $15,000 - $24,999	841,275	1,999,241	1,822,154	1,823,404	2,094,387	2,588,975	2,018,14
% Across Age Ranges	5.93%	14.10%	12.85%	12.86%	14.77%	18.26%	14.24
% Within Age Range	17.74%	11.19%	8.67%	7.91%	8.57%	13.96%	20.92
Income $25,000 - $34,999	687,640	2,083,972	2,067,733	1,937,844	2,179,553	2,333,970	1,441,14
% Across Age Ranges	5.15%	15.60%	15.48%	14.51%	16.32%	17.48%	10.79
% Within Age Range	14.50%	11.67%	9.84%	8.41%	8.92%	12.59%	14.94
Income $35,000 - $49,999	717,292	2,952,782	2,921,074	2,843,704	3,221,788	2,892,787	1,452,55
% Across Age Ranges	4.10%	16.89%	16.71%	16.26%	18.43%	16.54%	8.31
% Within Age Range	15.13%	16.53%	13.91%	12.34%	13.19%	15.60%	15.05
Income $50,000 - $74,999	595,214	3,622,119	4,107,464	4,277,657	4,358,303	3,232,229	1,198,6
% Across Age Ranges	2.73%	16.63%	18.86%	19.64%	20.02%	14.84%	5.50
% Within Age Range	12.55%	20.28%	19.55%	18.56%	17.84%	17.43%	12.42

Income $75,000 - $99,999	235,075	2,205,780	2,941,344	3,218,066	3,142,407	1,781,543	619,390
% Across Age Ranges	1.64%	15.41%	20.55%	22.48%	21.95%	12.45%	4.33%
% Within Age Range	4.96%	12.35%	14.00%	13.96%	12.86%	9.61%	6.42%
Income $100,000 - $124,999	99,231	1,213,479	1,912,541	2,271,666	2,170,166	1,010,958	329,631
% Across Age Ranges	1.09%	13.29%	20.95%	24.88%	23.77%	11.07%	3.61%
% Within Age Range	2.09%	6.79%	9.10%	9.86%	8.88%	5.45%	3.42%
Income $125,000 - $149,999	44,350	624,794	1,095,196	1,387,555	1,395,404	575,812	179,940
% Across Age Ranges	0.83%	11.66%	20.43%	25.89%	26.03%	10.74%	3.36%
% Within Age Range	0.94%	3.50%	5.21%	6.02%	5.71%	3.11%	1.86%
Income $150,000 - $199,999	35,512	527,614	1,092,789	1,451,409	1,501,077	596,003	168,524
% Across Age Ranges	0.65%	9.73%	20.14%	26.76%	27.67%	10.99%	3.11%
% Within Age Range	0.75%	2.95%	5.20%	6.30%	6.15%	3.21%	1.75%
Income $200,000+	24,923	388,253	1,017,941	1,576,471	1,590,992	691,875	136,835
% Across Age Ranges	0.45%	7.08%	18.57%	28.76%	29.02%	12.62%	2.50%
% Within Age Range	0.53%	2.17%	4.85%	6.84%	6.51%	3.73%	1.42%
Median Household Income	$26,000	$48,223	$60,131	$65,531	$61,156	$42,827	$29,874

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Pop-Facts: Household Income by age of Householder 2013

Due to the calculation method some median values are assigned pre-determined amounts rather than calculated amounts. Median HH Inc values less than $15,000 are displayed

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Pop-Facts: Household Income by age of Householder 2013

Appendix: Area Listing

Area Name:

Type: List - USA Reporting Detail: Aggregate Reporting Lev USA

Geography Code	Geography Name	Geography	Geography Name
1	United States		

Project Information:

Site: 6

Q[illegible]umb[illegible] 971352499

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Pop-Facts: Household Income by age of Householder 2013

USA (see appendix for geographies), Total

2000 Census Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	5,434,947	18,138,224	24,276,520	21,212,470	14,201,878	11,618,029	8,340,221	2,314,811
% of Total Households	5.15%	17.19%	23.00%	20.10%	13.46%	11.01%	7.90%	2.19%
Income Less than $15,000	1,789,220	2,266,680	2,461,819	2,098,226	2,039,230	2,532,952	2,591,946	944,003
% Across Age Ranges	10.70%	13.55%	14.72%	12.55%	12.19%	15.15%	15.50%	5.64%
% Within Age Range	32.92%	12.50%	10.14%	9.89%	14.36%	21.80%	31.08%	40.78%
Income $15,000 - $24,999	1,153,945	2,320,107	2,343,515	1,759,163	1,528,471	2,097,122	1,824,660	509,763
% Across Age Ranges	8.52%	17.14%	17.31%	13.00%	11.29%	15.49%	13.48%	3.77%
% Within Age Range	21.23%	12.79%	9.65%	8.29%	10.76%	18.05%	21.88%	22.02%
Income $25,000 - $34,999	911,221	2,756,600	2,841,775	2,096,588	1,625,326	1,778,808	1,212,343	296,272
% Across Age Ranges	6.74%	20.39%	21.02%	15.51%	12.02%	13.16%	8.97%	2.19%
% Within Age Range	16.77%	15.20%	11.71%	9.88%	11.44%	15.31%	14.54%	12.80%
Income $35,000 - $49,999	835,070	3,632,543	4,269,991	3,255,025	2,232,757	1,905,373	1,078,836	236,499
% Across Age Ranges	4.79%	20.82%	24.48%	18.66%	12.80%	10.92%	6.18%	1.36%
% Within Age Range	15.36%	20.03%	17.59%	15.34%	15.72%	16.40%	12.94%	10.22%
Income $50,000 - $74,999	519,541	4,054,787	5,726,752	4,770,463	2,811,058	1,655,354	828,355	173,770
% Across Age Ranges	2.53%	19.74%	27.88%	23.23%	13.69%	8.06%	4.03%	0.85%
% Within Age Range	9.56%	22.35%	23.59%	22.49%	19.79%	14.25%	9.93%	7.51%
Income $75,000 - $99,999	137,789	1,692,097	3,121,567	3,085,722	1,625,001	725,412	348,743	62,610
% Across Age Ranges	1.28%	15.67%	28.91%	28.57%	15.05%	6.72%	3.23%	0.58%
% Within Age Range	2.54%	9.33%	12.86%	14.55%	11.44%	6.24%	4.18%	2.70%
Income $100,000 - $124,999	45,987	699,582	1,526,734	1,739,855	921,249	355,690	173,326	29,017
% Across Age Ranges	0.84%	12.74%	27.80%	31.68%	16.78%	6.48%	3.16%	0.53%
% Within Age Range	0.85%	3.86%	6.29%	8.20%	6.49%	3.06%	2.08%	1.25%
Income $125,000 - $149,999	17,664	296,907	708,118	866,368	483,873	183,140	77,092	22,878
% Across Age Ranges	0.67%	11.18%	26.66%	32.62%	18.22%	6.90%	2.90%	0.86%
% Within Age Range	0.33%	1.64%	2.92%	4.08%	3.41%	1.58%	0.92%	0.99%
Income $150,000 - $199,999	12,170	229,123	621,708	754,576	443,689	166,060	76,989	17,684
% Across Age Ranges	0.52%	9.87%	26.77%	32.50%	19.11%	7.15%	3.32%	0.76%
% Within Age Range	0.22%	1.26%	2.56%	3.56%	3.12%	1.43%	0.92%	0.76%
Income $200,000 or more	12,340	189,798	654,541	786,484	491,224	218,118	127,931	22,315
% Across Age Ranges	0.49%	7.58%	26.15%	31.42%	19.63%	8.72%	5.11%	0.89%
% Within Age Range	0.23%	1.05%	2.70%	3.71%	3.46%	1.88%	1.53%	0.96%
Median Household Income	$23,044	$42,126	$50,965	$57,322	$47,818	$31,628	$23,649	$19,186

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Pop-Facts: Household Income by age of Householder 2013

USA (see appendix for geographies), Total

2013 Estimate Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	5,181,314	17,933,155	21,029,436	24,342,063	22,697,710	15,315,746	8,840,530	3,866,555
% of Total Households	4.35%	15.04%	17.64%	20.42%	19.04%	12.85%	7.42%	3.24%
Income Less than $15,000	1,643,953	2,210,512	1,957,683	2,406,703	2,648,621	2,436,346	1,997,589	1,157,715
% Across Age Ranges	9.99%	13.43%	11.89%	14.62%	16.09%	14.80%	12.14%	7.03%
% Within Age Range	31.73%	12.33%	9.31%	9.89%	11.67%	15.91%	22.60%	29.94%
Income $15,000 - $24,999	949,306	2,030,748	1,783,167	1,962,524	1,991,718	2,215,647	1,919,042	946,467
% Across Age Ranges	6.88%	14.72%	12.92%	14.22%	14.43%	16.06%	13.91%	6.86%
% Within Age Range	18.32%	11.32%	8.48%	8.06%	8.77%	14.47%	21.71%	24.48%
Income $25,000 - $34,999	767,792	2,115,213	2,078,381	2,086,853	2,092,420	1,977,934	1,325,470	594,640
% Across Age Ranges	5.89%	16.22%	15.94%	16.01%	16.05%	15.17%	10.17%	4.56%
% Within Age Range	14.82%	11.79%	9.88%	8.57%	9.22%	12.91%	14.99%	15.38%
Income $35,000 - $49,999	783,560	3,045,883	2,914,918	3,045,780	3,093,001	2,440,864	1,344,773	439,838
% Across Age Ranges	4.58%	17.80%	17.04%	17.80%	18.08%	14.27%	7.86%	2.57%
% Within Age Range	15.12%	16.98%	13.86%	12.51%	13.63%	15.94%	15.21%	11.38%
Income $50,000 - $74,999	631,660	3,774,258	4,218,274	4,685,254	4,167,141	2,705,588	1,068,929	342,343
% Across Age Ranges	2.93%	17.48%	19.53%	21.70%	19.30%	12.53%	4.95%	1.59%
% Within Age Range	12.19%	21.05%	20.06%	19.25%	18.36%	17.67%	12.09%	8.85%
Income $75,000 - $99,999	230,127	2,234,044	3,028,273	3,454,490	2,941,507	1,407,827	543,472	148,158
% Across Age Ranges	1.65%	15.97%	21.65%	24.70%	21.03%	10.06%	3.89%	1.06%
% Within Age Range	4.44%	12.46%	14.40%	14.19%	12.96%	9.19%	6.15%	3.83%
Income $100,000 - $124,999	88,889	1,164,710	1,956,629	2,417,500	1,984,771	764,488	264,357	114,863
% Across Age Ranges	1.02%	13.30%	22.35%	27.61%	22.67%	8.73%	3.02%	1.31%
% Within Age Range	1.72%	6.49%	9.30%	9.93%	8.74%	4.99%	2.99%	2.97%
Income $125,000 - $149,999	36,574	560,731	1,048,440	1,371,525	1,224,634	426,819	145,014	36,739
% Across Age Ranges	0.75%	11.56%	21.62%	28.28%	25.25%	8.80%	2.99%	0.76%
% Within Age Range	0.71%	3.13%	4.99%	5.63%	5.40%	2.79%	1.64%	0.95%
Income $150,000 - $199,999	30,018	474,939	1,100,919	1,469,818	1,310,939	455,153	130,296	41,742
% Across Age Ranges	0.60%	9.47%	21.96%	29.32%	26.15%	9.08%	2.60%	0.83%
% Within Age Range	0.58%	2.65%	5.24%	6.04%	5.78%	2.97%	1.47%	1.08%
Income $200,000+	19,435	322,117	942,752	1,441,616	1,242,958	485,080	101,588	44,050
% Across Age Ranges	0.42%	7.00%	20.50%	31.34%	27.02%	10.55%	2.21%	0.96%
% Within Age Range	0.38%	1.80%	4.48%	5.92%	5.48%	3.17%	1.15%	1.14%
Median Household Income	$24,973	$47,854	$60,553	$64,242	$59,138	$41,317	$28,800	$23,194

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Pop-Facts: Household Income by age of Householder 2013

USA (see appendix for geographies), Total

2018 Projection Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	4,740,979	17,863,494	21,005,561	23,050,738	24,426,947	18,543,338	9,648,451	4,126,409
% of Total Households	3.84%	14.48%	17.02%	18.68%	19.79%	15.03%	7.82%	3.34%
Income Less than $15,000	1,460,467	2,245,460	2,027,325	2,262,962	2,772,870	2,839,186	2,103,673	1,190,084
% Across Age Ranges	8.64%	13.29%	11.99%	13.39%	16.41%	16.80%	12.45%	7.04%
% Within Age Range	30.81%	12.57%	9.65%	9.82%	11.35%	15.31%	21.80%	28.84%
Income $15,000 - $24,999	841,275	1,999,241	1,822,154	1,823,404	2,094,387	2,588,975	2,018,142	988,191
% Across Age Ranges	5.93%	14.10%	12.85%	12.86%	14.77%	18.26%	14.24%	6.97%
% Within Age Range	17.74%	11.19%	8.67%	7.91%	8.57%	13.96%	20.92%	23.95%
Income $25,000 - $34,999	687,640	2,083,972	2,067,733	1,937,844	2,179,553	2,333,970	1,441,147	623,608
% Across Age Ranges	5.15%	15.60%	15.48%	14.51%	16.32%	17.48%	10.79%	4.67%
% Within Age Range	14.50%	11.67%	9.84%	8.41%	8.92%	12.59%	14.94%	15.11%
Income $35,000 - $49,999	717,292	2,952,782	2,921,074	2,843,704	3,221,788	2,892,787	1,452,550	483,475
% Across Age Ranges	4.10%	16.89%	16.71%	16.26%	18.43%	16.54%	8.31%	2.77%
% Within Age Range	15.13%	16.53%	13.91%	12.34%	13.19%	15.60%	15.05%	11.72%
Income $50,000 - $74,999	595,214	3,622,119	4,107,464	4,277,657	4,358,303	3,232,229	1,198,619	383,527
% Across Age Ranges	2.73%	16.63%	18.86%	19.64%	20.02%	14.84%	5.50%	1.76%
% Within Age Range	12.55%	20.28%	19.55%	18.56%	17.84%	17.43%	12.42%	9.29%
Income $75,000 - $99,999	235,075	2,205,780	2,941,344	3,218,066	3,142,407	1,781,543	619,390	171,640
% Across Age Ranges	1.64%	15.41%	20.55%	22.48%	21.95%	12.45%	4.33%	1.20%
% Within Age Range	4.96%	12.35%	14.00%	13.96%	12.86%	9.61%	6.42%	4.16%
Income $100,000 - $124,999	99,231	1,213,479	1,912,541	2,271,666	2,170,166	1,010,958	329,631	122,091
% Across Age Ranges	1.09%	13.29%	20.95%	24.88%	23.77%	11.07%	3.61%	1.34%
% Within Age Range	2.09%	6.79%	9.10%	9.86%	8.88%	5.45%	3.42%	2.96%
Income $125,000 - $149,999	44,350	624,794	1,095,196	1,387,555	1,395,404	575,812	179,940	57,382
% Across Age Ranges	0.83%	11.66%	20.43%	25.89%	26.03%	10.74%	3.36%	1.07%
% Within Age Range	0.94%	3.50%	5.21%	6.02%	5.71%	3.11%	1.86%	1.39%
Income $150,000 - $199,999	35,512	527,614	1,092,789	1,451,409	1,501,077	596,003	168,524	51,864
% Across Age Ranges	0.65%	9.73%	20.14%	26.76%	27.67%	10.99%	3.11%	0.96%
% Within Age Range	0.75%	2.95%	5.20%	6.30%	6.15%	3.21%	1.75%	1.26%
Income $200,000+	24,923	388,253	1,017,941	1,576,471	1,590,992	691,875	136,835	54,547
% Across Age Ranges	0.45%	7.08%	18.57%	28.76%	29.02%	12.62%	2.50%	1.00%
% Within Age Range	0.53%	2.17%	4.85%	6.84%	6.51%	3.73%	1.42%	1.32%
Median Household Income	$26,000	$48,223	$60,131	$65,531	$61,156	$42,827	$29,874	$23,836

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Pop-Facts: Household Income by age of Householder 2013

Due to the calculation method some median values are assigned pre-determined amounts rather than calculated amounts. Median HH Inc values less than $15,000 are displayed as $14,999; Median HH Inc values more than $200,000 are displayed as $200,001.

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Pop-Facts: Household Income by age of Householder 2013

Appendix: Area Listing

Area Name:

Type: List - USA Reporting Detail: Aggregate Reporting Level: USA

Geography Code	Geography Name	Geography Code	Geography Name
001	United States		

Project Information:

Site: 6

Order Number: 971352499

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Pop-Facts: Household Income by age of Householder 2013
State (see appendix for geographies), Total

2000 Census Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age
Household Totals	135,480	476,407	648,307	563,486	372,552	
% of Total Households	5.02%	17.64%	24.01%	20.87%	13.80%	
Income Less than $15,000	39,009	45,816	51,303	45,402	45,993	
% Across Age Ranges	10.96%	12.87%	14.41%	12.75%	12.92%	
% Within Age Range	28.79%	9.62%	7.91%	8.06%	12.35%	
Income $15,000 - $24,999	28,672	55,661	56,554	41,745	36,858	
% Across Age Ranges	9.29%	18.04%	18.33%	13.53%	11.95%	
% Within Age Range	21.16%	11.68%	8.72%	7.41%	9.89%	
Income $25,000 - $34,999	23,562	71,189	72,898	51,063	39,297	
% Across Age Ranges	7.21%	21.78%	22.30%	15.62%	12.02%	
% Within Age Range	17.39%	14.94%	11.24%	9.06%	10.55%	
Income $35,000 - $49,999	22,926	97,537	113,806	81,505	55,391	
% Across Age Ranges	5.16%	21.93%	25.59%	18.33%	12.46%	
% Within Age Range	16.92%	20.47%	17.55%	14.46%	14.87%	1
Income $50,000 - $74,999	14,823	112,637	157,866	124,032	72,029	
% Across Age Ranges	2.70%	20.50%	28.74%	22.58%	13.11%	
% Within Age Range	10.94%	23.64%	24.35%	22.01%	19.33%	1
Income $75,000 - $99,999	3,940	49,040	90,290	85,595	45,135	2
% Across Age Ranges	1.28%	15.97%	29.40%	27.87%	14.70%	
% Within Age Range	2.91%	10.29%	13.93%	15.19%	12.12%	
Income $100,000 - $124,999	1,286	21,817	45,220	53,794	27,791	1
% Across Age Ranges	0.77%	13.12%	27.20%	32.36%	16.72%	6
% Within Age Range	0.95%	4.58%	6.98%	9.55%	7.46%	3
Income $125,000 - $149,999	466	10,362	23,561	28,508	17,007	
% Across Age Ranges	0.53%	11.69%	26.58%	32.16%	19.18%	6
% Within Age Range	0.34%	2.18%	3.63%	5.06%	4.57%	2
Income $150,000 - $199,999	439	7,093	19,477	27,813	17,038	5
% Across Age Ranges	0.55%	8.86%	24.34%	34.76%	21.29%	6
% Within Age Range	0.32%	1.49%	3.00%	4.94%	4.57%	2
Income $200,000 or more	357	5,255	17,332	24,029	16,013	6
% Across Age Ranges	0.49%	7.22%	23.82%	33.02%	22.01%	8
% Within Age Range	0.26%	1.10%	2.67%	4.26%	4.30%	2
Median Household Income	$25,025	$45,079	$54,686	$62,502	$53,032	$34,3

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Pop-Facts: Household Income by age of Householder 2013
State (see appendix for geographies), Total

2013 Estimate Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 7
Household Totals	133,440	476,507	566,343	665,564	599,898	396,5
% of Total Households	4.25%	15.19%	18.05%	21.22%	19.12%	12.6
Income Less than $15,000	35,266	39,114	33,855	46,338	52,050	52,43
% Across Age Ranges	10.87%	12.06%	10.44%	14.29%	16.05%	16.17%

% Within Age Range	26.43%	8.21%	5.98%	6.96%	8.68%	
Income $15,000 - $24,999	20,711	39,315	32,848	39,891	41,820	
% Across Age Ranges	7.44%	14.12%	11.80%	14.32%	15.02%	
% Within Age Range	15.52%	8.25%	5.80%	5.99%	6.97%	
Income $25,000 - $34,999	17,796	45,798	42,922	44,153	44,649	
% Across Age Ranges	6.36%	16.38%	15.35%	15.79%	15.97%	
% Within Age Range	13.34%	9.61%	7.58%	6.63%	7.44%	
Income $35,000 - $49,999	22,509	76,180	68,142	70,832	73,316	
% Across Age Ranges	5.49%	18.59%	16.63%	17.29%	17.89%	
% Within Age Range	16.87%	15.99%	12.03%	10.64%	12.22%	
Income $50,000 - $74,999	21,038	103,788	107,193	116,229	102,683	
% Across Age Ranges	3.75%	18.50%	19.11%	20.72%	18.31%	
% Within Age Range	15.77%	21.78%	18.93%	17.46%	17.12%	
Income $75,000 - $99,999	8,782	70,176	86,414	92,988	77,464	
% Across Age Ranges	2.19%	17.54%	21.60%	23.24%	19.36%	1
% Within Age Range	6.58%	14.73%	15.26%	13.97%	12.91%	1
Income $100,000 - $124,999	3,695	42,090	65,180	74,296	57,545	
% Across Age Ranges	1.31%	14.87%	23.03%	26.25%	20.33%	
% Within Age Range	2.77%	8.83%	11.51%	11.16%	9.59%	
Income $125,000 - $149,999	1,595	24,767	41,587	50,877	42,759	1
% Across Age Ranges	0.86%	13.37%	22.45%	27.47%	23.09%	
% Within Age Range	1.20%	5.20%	7.34%	7.64%	7.13%	
Income $150,000 - $199,999	1,260	20,864	46,093	60,861	51,019	1
% Across Age Ranges	0.61%	10.16%	22.45%	29.64%	24.85%	9
% Within Age Range	0.94%	4.38%	8.14%	9.14%	8.50%	4
Income $200,000+	788	14,415	42,109	69,099	56,593	21
% Across Age Ranges	0.37%	6.85%	20.01%	32.83%	26.89%	10
% Within Age Range	0.59%	3.03%	7.44%	10.38%	9.43%	5
Median Household Income	$31,037	$59,116	$74,583	$79,124	$71,453	$50,

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Pop-Facts: Household Income by age of Householder 2013
State (see appendix for geographies), Total

2018 Projection Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 7
Household Totals	120,763	469,885	562,111	636,178	663,407	492,
% of Total Households	3.68%	14.33%	17.14%	19.40%	20.23%	15.0
Income Less than $15,000	30,509	38,466	32,942	40,768	52,062	58,
% Across Age Ranges	9.57%	12.06%	10.33%	12.79%	16.33%	18.2
% Within Age Range	25.26%	8.19%	5.86%	6.41%	7.85%	11.8
Income $15,000 - $24,999	17,409	36,193	30,757	34,345	42,272	51,8
% Across Age Ranges	6.38%	13.26%	11.27%	12.59%	15.49%	18.9
% Within Age Range	14.42%	7.70%	5.47%	5.40%	6.37%	10.5
Income $25,000 - $34,999	14,919	42,488	39,409	37,754	44,105	49,0
% Across Age Ranges	5.47%	15.57%	14.45%	13.84%	16.17%	17.9
% Within Age Range	12.35%	9.04%	7.01%	5.93%	6.65%	9.95%

Income $35,000 - $49,999	19,660	70,096	64,458	62,688	74,541	
% Across Age Ranges	4.86%	17.33%	15.93%	15.50%	18.43%	
% Within Age Range	16.28%	14.92%	11.47%	9.85%	11.24%	
Income $50,000 - $74,999	19,430	96,985	100,951	102,278	107,275	
% Across Age Ranges	3.49%	17.42%	18.13%	18.37%	19.27%	
% Within Age Range	16.09%	20.64%	17.96%	16.08%	16.17%	
Income $75,000 - $99,999	9,280	68,128	81,963	85,771	83,549	
% Across Age Ranges	2.26%	16.61%	19.99%	20.91%	20.37%	
% Within Age Range	7.68%	14.50%	14.58%	13.48%	12.59%	
Income $100,000 - $124,999	4,412	44,448	62,998	69,306	64,255	
% Across Age Ranges	1.47%	14.85%	21.05%	23.16%	21.47%	
% Within Age Range	3.65%	9.46%	11.21%	10.89%	9.69%	
Income $125,000 - $149,999	2,234	27,967	45,226	53,290	49,969	
% Across Age Ranges	1.05%	13.11%	21.21%	24.99%	23.43%	1
% Within Age Range	1.85%	5.95%	8.05%	8.38%	7.53%	
Income $150,000 - $199,999	1,671	24,883	49,244	62,953	61,567	2
% Across Age Ranges	0.71%	10.51%	20.80%	26.59%	26.01%	1
% Within Age Range	1.38%	5.30%	8.76%	9.90%	9.28%	
Income $200,000+	1,239	20,231	54,163	87,025	83,812	3
% Across Age Ranges	0.42%	6.89%	18.46%	29.66%	28.56%	1
% Within Age Range	1.03%	4.31%	9.64%	13.68%	12.63%	
Median Household Income	$33,354	$62,296	$78,824	$86,734	$78,426	$56

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Pop-Facts: Household Income by age of Householder 2013

Due to the calculation method some median values are assigned pre-determined amounts rather than calculated amounts. Median HH Inc values less than $

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Pop-Facts: Household Income by age of Householder 2013

Appendix: Area Listing

Area Name:

Type: List - State Reporting Detail: Aggregate Reporting Lev State

Geography Code	Geography Name	Geography Geography Name
51	Virginia	

Project Information:

Site: 5

Order Number: 971352499

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Pop-Facts: Household Income by age of Householder 2013

State (see appendix for geographies), Total

2000 Census Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	135,480	476,407	648,307	563,486	372,552	275,910	179,210	48,908
% of Total Households	5.02%	17.64%	24.01%	20.87%	13.80%	10.22%	6.64%	1.81%
Income Less than $15,000	39,009	45,816	51,303	45,402	45,993	56,330	52,852	19,347
% Across Age Ranges	10.96%	12.87%	14.41%	12.75%	12.92%	15.82%	14.84%	5.43%
% Within Age Range	28.79%	9.62%	7.91%	8.06%	12.35%	20.42%	29.49%	39.56%
Income $15,000 - $24,999	28,672	55,661	56,554	41,745	36,858	45,052	34,401	9,603
% Across Age Ranges	9.29%	18.04%	18.33%	13.53%	11.95%	14.60%	11.15%	3.11%
% Within Age Range	21.16%	11.68%	8.72%	7.41%	9.89%	16.33%	19.20%	19.63%
Income $25,000 - $34,999	23,562	71,189	72,898	51,063	39,297	38,981	24,032	5,810
% Across Age Ranges	7.21%	21.78%	22.30%	15.62%	12.02%	11.93%	7.35%	1.78%
% Within Age Range	17.39%	14.94%	11.24%	9.06%	10.55%	14.13%	13.41%	11.88%
Income $35,000 - $49,999	22,926	97,537	113,806	81,505	55,391	44,267	23,962	5,282
% Across Age Ranges	5.16%	21.93%	25.59%	18.33%	12.46%	9.95%	5.39%	1.19%
% Within Age Range	16.92%	20.47%	17.55%	14.46%	14.87%	16.04%	13.37%	10.80%
Income $50,000 - $74,999	14,823	112,637	157,866	124,032	72,029	42,535	21,019	4,444
% Across Age Ranges	2.70%	20.50%	28.74%	22.58%	13.11%	7.74%	3.83%	0.81%
% Within Age Range	10.94%	23.64%	24.35%	22.01%	19.33%	15.42%	11.73%	9.09%
Income $75,000 - $99,999	3,940	49,040	90,290	85,595	45,135	20,923	10,303	1,852
% Across Age Ranges	1.28%	15.97%	29.40%	27.87%	14.70%	6.81%	3.36%	0.60%
% Within Age Range	2.91%	10.29%	13.93%	15.19%	12.12%	7.58%	5.75%	3.79%
Income $100,000 - $124,999	1,286	21,817	45,220	53,794	27,791	10,442	5,038	868
% Across Age Ranges	0.77%	13.12%	27.20%	32.36%	16.72%	6.28%	3.03%	0.52%
% Within Age Range	0.95%	4.58%	6.98%	9.55%	7.46%	3.78%	2.81%	1.77%
Income $125,000 - $149,999	466	10,362	23,561	28,508	17,007	5,763	2,321	670
% Across Age Ranges	0.53%	11.69%	26.58%	32.16%	19.18%	6.50%	2.62%	0.76%
% Within Age Range	0.34%	2.18%	3.63%	5.06%	4.57%	2.09%	1.30%	1.37%
Income $150,000 - $199,999	439	7,093	19,477	27,813	17,038	5,592	2,080	481
% Across Age Ranges	0.55%	8.86%	24.34%	34.76%	21.29%	6.99%	2.60%	0.60%
% Within Age Range	0.32%	1.49%	3.00%	4.94%	4.57%	2.03%	1.16%	0.98%
Income $200,000 or more	357	5,255	17,332	24,029	16,013	6,025	3,202	551
% Across Age Ranges	0.49%	7.22%	23.82%	33.02%	22.01%	8.28%	4.40%	0.76%
% Within Age Range	0.26%	1.10%	2.67%	4.26%	4.30%	2.18%	1.79%	1.13%
Median Household Income	$25,025	$45,079	$54,686	$62,502	$53,032	$34,382	$25,979	$20,318

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Pop-Facts: Household Income by age of Householder 2013

State (see appendix for geographies), Total

2013 Estimate Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	133,440	476,507	566,343	665,564	599,898	396,542	211,450	87,425
% of Total Households	4.25%	15.19%	18.05%	21.22%	19.12%	12.64%	6.74%	2.79%
Income Less than $15,000	35,266	39,114	33,855	46,338	52,050	52,435	41,824	23,426
% Across Age Ranges	10.87%	12.06%	10.44%	14.29%	16.05%	16.17%	12.90%	7.22%
% Within Age Range	26.43%	8.21%	5.98%	6.96%	8.68%	13.22%	19.78%	26.80%
Income $15,000 - $24,999	20,711	39,315	32,848	39,891	41,820	45,989	39,255	18,648
% Across Age Ranges	7.44%	14.12%	11.80%	14.32%	15.02%	16.51%	14.10%	6.70%
% Within Age Range	15.52%	8.25%	5.80%	5.99%	6.97%	11.60%	18.56%	21.33%
Income $25,000 - $34,999	17,796	45,798	42,922	44,153	44,649	42,682	28,714	12,916
% Across Age Ranges	6.36%	16.38%	15.35%	15.79%	15.97%	15.26%	10.27%	4.62%
% Within Age Range	13.34%	9.61%	7.58%	6.63%	7.44%	10.76%	13.58%	14.77%
Income $35,000 - $49,999	22,509	76,180	68,142	70,832	73,316	56,856	31,739	10,160
% Across Age Ranges	5.49%	18.59%	16.63%	17.29%	17.89%	13.88%	7.75%	2.48%
% Within Age Range	16.87%	15.99%	12.03%	10.64%	12.22%	14.34%	15.01%	11.62%
Income $50,000 - $74,999	21,038	103,788	107,193	116,229	102,683	71,795	28,880	9,287
% Across Age Ranges	3.75%	18.50%	19.11%	20.72%	18.31%	12.80%	5.15%	1.66%
% Within Age Range	15.77%	21.78%	18.93%	17.46%	17.12%	18.11%	13.66%	10.62%
Income $75,000 - $99,999	8,782	70,176	86,414	92,988	77,464	43,093	16,780	4,407
% Across Age Ranges	2.19%	17.54%	21.60%	23.24%	19.36%	10.77%	4.19%	1.10%
% Within Age Range	6.58%	14.73%	15.26%	13.97%	12.91%	10.87%	7.94%	5.04%
Income $100,000 - $124,999	3,695	42,090	65,180	74,296	57,545	26,715	9,343	4,129
% Across Age Ranges	1.31%	14.87%	23.03%	26.25%	20.33%	9.44%	3.30%	1.46%
% Within Age Range	2.77%	8.83%	11.51%	11.16%	9.59%	6.74%	4.42%	4.72%
Income $125,000 - $149,999	1,595	24,767	41,587	50,877	42,759	16,522	5,701	1,415
% Across Age Ranges	0.86%	13.37%	22.45%	27.47%	23.09%	8.92%	3.08%	0.76%
% Within Age Range	1.20%	5.20%	7.34%	7.64%	7.13%	4.17%	2.70%	1.62%
Income $150,000 - $199,999	1,260	20,864	46,093	60,861	51,019	18,941	4,986	1,299
% Across Age Ranges	0.61%	10.16%	22.45%	29.64%	24.85%	9.22%	2.43%	0.63%
% Within Age Range	0.94%	4.38%	8.14%	9.14%	8.50%	4.78%	2.36%	1.49%
Income $200,000+	788	14,415	42,109	69,099	56,593	21,514	4,228	1,738
% Across Age Ranges	0.37%	6.85%	20.01%	32.83%	26.89%	10.22%	2.01%	0.83%
% Within Age Range	0.59%	3.03%	7.44%	10.38%	9.43%	5.43%	2.00%	1.99%
Median Household Income	$31,037	$59,116	$74,583	$79,124	$71,453	$50,108	$33,583	$26,269

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Pop-Facts: Household Income by age of Householder 2013

State (see appendix for geographies), Total

2018 Projection Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	120,763	469,885	562,111	636,178	663,407	492,799	238,931	94,602
% of Total Households	3.68%	14.33%	17.14%	19.40%	20.23%	15.03%	7.29%	2.89%
Income Less than $15,000	30,509	38,466	32,942	40,768	52,062	58,301	42,499	23,303
% Across Age Ranges	9.57%	12.06%	10.33%	12.79%	16.33%	18.28%	13.33%	7.31%
% Within Age Range	25.26%	8.19%	5.86%	6.41%	7.85%	11.83%	17.79%	24.63%
Income $15,000 - $24,999	17,409	36,193	30,757	34,345	42,272	51,832	40,801	19,283
% Across Age Ranges	6.38%	13.26%	11.27%	12.59%	15.49%	18.99%	14.95%	7.07%
% Within Age Range	14.42%	7.70%	5.47%	5.40%	6.37%	10.52%	17.08%	20.38%
Income $25,000 - $34,999	14,919	42,488	39,409	37,754	44,105	49,041	31,498	13,607
% Across Age Ranges	5.47%	15.57%	14.45%	13.84%	16.17%	17.98%	11.55%	4.99%
% Within Age Range	12.35%	9.04%	7.01%	5.93%	6.65%	9.95%	13.18%	14.38%
Income $35,000 - $49,999	19,660	70,096	64,458	62,688	74,541	66,498	35,023	11,597
% Across Age Ranges	4.86%	17.33%	15.93%	15.50%	18.43%	16.44%	8.66%	2.87%
% Within Age Range	16.28%	14.92%	11.47%	9.85%	11.24%	13.49%	14.66%	12.26%
Income $50,000 - $74,999	19,430	96,985	100,951	102,278	107,275	85,732	33,604	10,531
% Across Age Ranges	3.49%	17.42%	18.13%	18.37%	19.27%	15.40%	6.04%	1.89%
% Within Age Range	16.09%	20.64%	17.96%	16.08%	16.17%	17.40%	14.06%	11.13%
Income $75,000 - $99,999	9,280	68,128	81,963	85,771	83,549	56,170	19,976	5,262
% Across Age Ranges	2.26%	16.61%	19.99%	20.91%	20.37%	13.70%	4.87%	1.28%
% Within Age Range	7.68%	14.50%	14.58%	13.48%	12.59%	11.40%	8.36%	5.56%
Income $100,000 - $124,999	4,412	44,448	62,998	69,306	64,255	37,114	12,536	4,161
% Across Age Ranges	1.47%	14.85%	21.05%	23.16%	21.47%	12.40%	4.19%	1.39%
% Within Age Range	3.65%	9.46%	11.21%	10.89%	9.69%	7.53%	5.25%	4.40%
Income $125,000 - $149,999	2,234	27,967	45,226	53,290	49,969	24,168	7,865	2,553
% Across Age Ranges	1.05%	13.11%	21.21%	24.99%	23.43%	11.33%	3.69%	1.20%
% Within Age Range	1.85%	5.95%	8.05%	8.38%	7.53%	4.90%	3.29%	2.70%
Income $150,000 - $199,999	1,671	24,883	49,244	62,953	61,567	26,921	7,617	1,879
% Across Age Ranges	0.71%	10.51%	20.80%	26.59%	26.01%	11.37%	3.22%	0.79%
% Within Age Range	1.38%	5.30%	8.76%	9.90%	9.28%	5.46%	3.19%	1.99%
Income $200,000+	1,239	20,231	54,163	87,025	83,812	37,022	7,512	2,426
% Across Age Ranges	0.42%	6.89%	18.46%	29.66%	28.56%	12.62%	2.56%	0.83%
% Within Age Range	1.03%	4.31%	9.64%	13.68%	12.63%	7.51%	3.14%	2.56%
Median Household Income	$33,354	$62,296	$78,824	$86,734	$78,426	$56,044	$36,999	$28,465

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Pop-Facts: Household Income by age of Householder 2013

Due to the calculation method some median values are assigned pre-determined amounts rather than calculated amounts. Median HH Inc values less than $15,000 are displayed as $14,999; Median HH Inc values more than $200,000 are displayed as $200,001.

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Pop-Facts: Household Income by age of Householder 2013

Appendix: Area Listing

Area Name:

Type: List - State Reporting Detail: Aggregate Reporting Level: State

Geography Code	Geography Name	Geography Code	Geography Name
51	Virginia		

Project Information:

Site: 5

Order Number: 971352499

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Pop-Facts: Household Income by age of Householder 2013
State (see appendix for geographies), Total

2000 Census Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Ag
Household Totals	83,222	261,068	341,431	311,126	222,269	177,857	106,787	
% of Total Households	5.42%	17.01%	22.25%	20.28%	14.49%	11.59%	6.96%	
Income Less than $15,000	27,426	35,348	42,188	40,367	40,163	48,279	40,05	
% Across Age Ranges	9.51%	12.25%	14.62%	13.99%	13.92%	16.74%	13.8	
% Within Age Range	32.96%	13.54%	12.36%	12.97%	18.07%	27.14%	37.5	
Income $15,000 - $24,999	19,183	40,292	41,239	32,613	28,623	31,315	20,9	
% Across Age Ranges	8.72%	18.31%	18.74%	14.82%	13.01%	14.23%	9.5	
% Within Age Range	23.05%	15.43%	12.08%	10.48%	12.88%	17.61%	19.6	
Income $25,000 - $34,999	14,482	44,635	47,024	35,348	28,148	26,247	14,	
% Across Age Ranges	6.78%	20.90%	22.02%	16.55%	13.18%	12.29%	6.(	
% Within Age Range	17.40%	17.10%	13.77%	11.36%	12.66%	14.76%	13.	
Income $35,000 - $49,999	13,153	56,964	65,404	52,949	36,580	28,696	12	
% Across Age Ranges	4.88%	21.14%	24.27%	19.65%	13.57%	10.65%	4.	
% Within Age Range	15.80%	21.82%	19.16%	17.02%	16.46%	16.13%	12	
Income $50,000 - $74,999	6,874	56,353	80,524	68,229	41,598	23,127	9	
% Across Age Ranges	2.38%	19.52%	27.89%	23.63%	14.41%	8.01%	3	
% Within Age Range	8.26%	21.59%	23.58%	21.93%	18.72%	13.00%	9	
Income $75,000 - $99,999	1,415	16,746	35,558	40,043	21,897	9,345		
% Across Age Ranges	1.09%	12.93%	27.45%	30.91%	16.90%	7.21%		
% Within Age Range	1.70%	6.41%	10.41%	12.87%	9.85%	5.25%		
Income $100,000 - $124,999	349	5,681	14,400	19,341	10,207	4,344		
% Across Age Ranges	0.62%	10.04%	25.45%	34.18%	18.04%	7.68%		
% Within Age Range	0.42%	2.18%	4.22%	6.22%	4.59%	2.44%		
Income $125,000 - $149,999	123	2,267	5,519	8,391	5,589	2,119		
% Across Age Ranges	0.49%	9.05%	22.03%	33.50%	22.31%	8.46%		
% Within Age Range	0.15%	0.87%	1.62%	2.70%	2.51%	1.19%		
Income $150,000 - $199,999	112	1,557	4,505	6,392	4,465	1,853		
% Across Age Ranges	0.56%	7.83%	22.65%	32.14%	22.45%	9.32%		
% Within Age Range	0.13%	0.60%	1.32%	2.05%	2.01%	1.04%		
Income $200,000 or more	105	1,225	5,070	7,453	4,999	2,532		
% Across Age Ranges	0.46%	5.34%	22.08%	32.46%	21.77%	11.03%		
% Within Age Range	0.13%	0.47%	1.48%	2.40%	2.25%	1.42%		
Median Household Income	$22,395	$37,701	$44,234	$48,381	$40,823	$28,556		

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Pop-Facts: Household Income by age of Householder 2013
State (see appendix for geographies), Total

2013 Estimate Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 7
Household Totals	84,628	273,318	313,611	362,186	358,499	269,073	
% of Total Households	4.57%	14.75%	16.93%	19.55%	19.35%	14.52%	
Income Less than $15,000	30,723	41,248	38,620	49,162	57,499	51,959	

% Across Age Ranges	9.45%	12.68%	11.88%	15.12%	17.68%	15.98%	11.62%
% Within Age Range	36.30%	15.09%	12.31%	13.57%	16.04%	19.31%	26.98%
Income $15,000 - $24,999	16,727	37,811	34,563	39,488	42,233	42,207	31,49
% Across Age Ranges	6.51%	14.71%	13.45%	15.36%	16.43%	16.42%	12.25
% Within Age Range	19.77%	13.83%	11.02%	10.90%	11.78%	15.69%	22.49
Income $25,000 - $34,999	12,412	37,791	38,265	36,692	38,747	35,544	20,26
% Across Age Ranges	5.47%	16.67%	16.88%	16.18%	17.09%	15.68%	8.91
% Within Age Range	14.67%	13.83%	12.20%	10.13%	10.81%	13.21%	14.43
Income $35,000 - $49,999	11,780	48,941	48,830	51,900	54,357	42,447	19,8
% Across Age Ranges	4.16%	17.26%	17.22%	18.31%	19.17%	14.97%	7.0
% Within Age Range	13.92%	17.91%	15.57%	14.33%	15.16%	15.78%	14.1
Income $50,000 - $74,999	8,603	54,883	64,471	71,014	64,648	46,392	15,6
% Across Age Ranges	2.61%	16.64%	19.55%	21.54%	19.61%	14.07%	4.7
% Within Age Range	10.17%	20.08%	20.56%	19.61%	18.03%	17.24%	11.1
Income $75,000 - $99,999	2,844	28,864	41,380	47,198	41,089	22,904	7,
% Across Age Ranges	1.47%	14.91%	21.37%	24.37%	21.22%	11.83%	3.9
% Within Age Range	3.36%	10.56%	13.19%	13.03%	11.46%	8.51%	5.
Income $100,000 - $124,999	862	12,913	22,534	28,496	24,301	11,410	3
% Across Age Ranges	0.82%	12.27%	21.42%	27.09%	23.10%	10.85%	3
% Within Age Range	1.02%	4.72%	7.19%	7.87%	6.78%	4.24%	2
Income $125,000 - $149,999	297	4,933	9,615	13,685	12,729	5,496	1
% Across Age Ranges	0.61%	10.12%	19.72%	28.06%	26.10%	11.27%	3
% Within Age Range	0.35%	1.80%	3.07%	3.78%	3.55%	2.04%	1
Income $150,000 - $199,999	272	3,765	8,887	13,605	12,656	5,553	
% Across Age Ranges	0.58%	8.07%	19.06%	29.18%	27.14%	11.91%	
% Within Age Range	0.32%	1.38%	2.83%	3.76%	3.53%	2.06%	
Income $200,000+	108	2,169	6,446	10,946	10,240	5,161	
% Across Age Ranges	0.30%	5.96%	17.73%	30.10%	28.16%	14.19%	
% Within Age Range	0.13%	0.79%	2.06%	3.02%	2.86%	1.92%	
Median Household Income	$21,930	$41,071	$48,933	$51,356	$46,251	$36,706	$2

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Pop-Facts: Household Income by age of Householder 2013
State (see appendix for geographies), Total

2018 Projection Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75
Household Totals	78,088	281,125	314,992	346,834	374,629	322,169	
% of Total Households	4.03%	14.50%	16.25%	17.89%	19.33%	16.62%	
Income Less than $15,000	28,380	44,702	40,482	47,213	60,123	62,734	
% Across Age Ranges	8.14%	12.83%	11.62%	13.55%	17.25%	18.00%	
% Within Age Range	36.34%	15.90%	12.85%	13.61%	16.05%	19.47%	
Income $15,000 - $24,999	15,172	39,521	35,709	37,183	43,767	50,121	
% Across Age Ranges	5.59%	14.57%	13.16%	13.70%	16.13%	18.47%	
% Within Age Range	19.43%	14.06%	11.34%	10.72%	11.68%	15.56%	
Income $25,000 - $34,999	11,348	38,987	38,367	35,362	40,731	42,462	

% Across Age Ranges	4.75%	16.33%	16.07%	14.81%	17.06%	17.79%		
% Within Age Range	14.53%	13.87%	12.18%	10.20%	10.87%	13.18%	1	
Income $35,000 - $49,999	10,625	49,739	49,630	49,967	56,401	50,771	2	
% Across Age Ranges	3.59%	16.81%	16.78%	16.89%	19.07%	17.16%	7	
% Within Age Range	13.61%	17.69%	15.76%	14.41%	15.06%	15.76%	13	
Income $50,000 - $74,999	8,025	54,460	63,255	67,085	66,790	54,619	18	
% Across Age Ranges	2.38%	16.16%	18.77%	19.91%	19.82%	16.21%	5	
% Within Age Range	10.28%	19.37%	20.08%	19.34%	17.83%	16.95%	11	
Income $75,000 - $99,999	2,766	28,939	40,393	45,003	42,855	27,639	8	
% Across Age Ranges	1.39%	14.58%	20.35%	22.67%	21.59%	13.92%	4.4	
% Within Age Range	3.54%	10.29%	12.82%	12.98%	11.44%	8.58%	5.4	
Income $100,000 - $124,999	911	13,156	21,906	27,319	25,677	13,949	4,1	
% Across Age Ranges	0.84%	12.13%	20.19%	25.18%	23.67%	12.86%	3.8	
% Within Age Range	1.17%	4.68%	6.95%	7.88%	6.85%	4.33%	2.5	
Income $125,000 - $149,999	344	5,331	9,860	13,626	13,662	6,698	1,9	
% Across Age Ranges	0.66%	10.25%	18.96%	26.20%	26.27%	12.88%	3.71	
% Within Age Range	0.44%	1.90%	3.13%	3.93%	3.65%	2.08%	1.19	
Income $150,000 - $199,999	355	3,913	8,685	12,958	13,314	6,571	1,73	
% Across Age Ranges	0.74%	8.14%	18.08%	26.97%	27.71%	13.68%	3.61	
% Within Age Range	0.45%	1.39%	2.76%	3.74%	3.55%	2.04%	1.07	
Income $200,000+	162	2,377	6,705	11,118	11,309	6,605	1,21	
% Across Age Ranges	0.41%	5.95%	16.79%	27.85%	28.33%	16.54%	3.05%	
% Within Age Range	0.21%	0.85%	2.13%	3.21%	3.02%	2.05%	0.75%	
Median Household Income	$22,029	$40,233	$47,977	$51,376	$46,354	$36,704	$25,401	

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Pop-Facts: Household Income by age of Householder 2013

Due to the calculation method some median values are assigned pre-determined amounts rather than calculated amounts. Median HH Inc values less than $15,

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Pop-Facts: Household Income by age of Householder 2013

Appendix: Area Listing

Area Name:

Type: List - State Reporting Detail: Aggregate Reporting Lev State

Geography Code	Geography Name	Gec Geography Name
45	South Carolina	

Project Information:

Site: 4

Order Num 971352499

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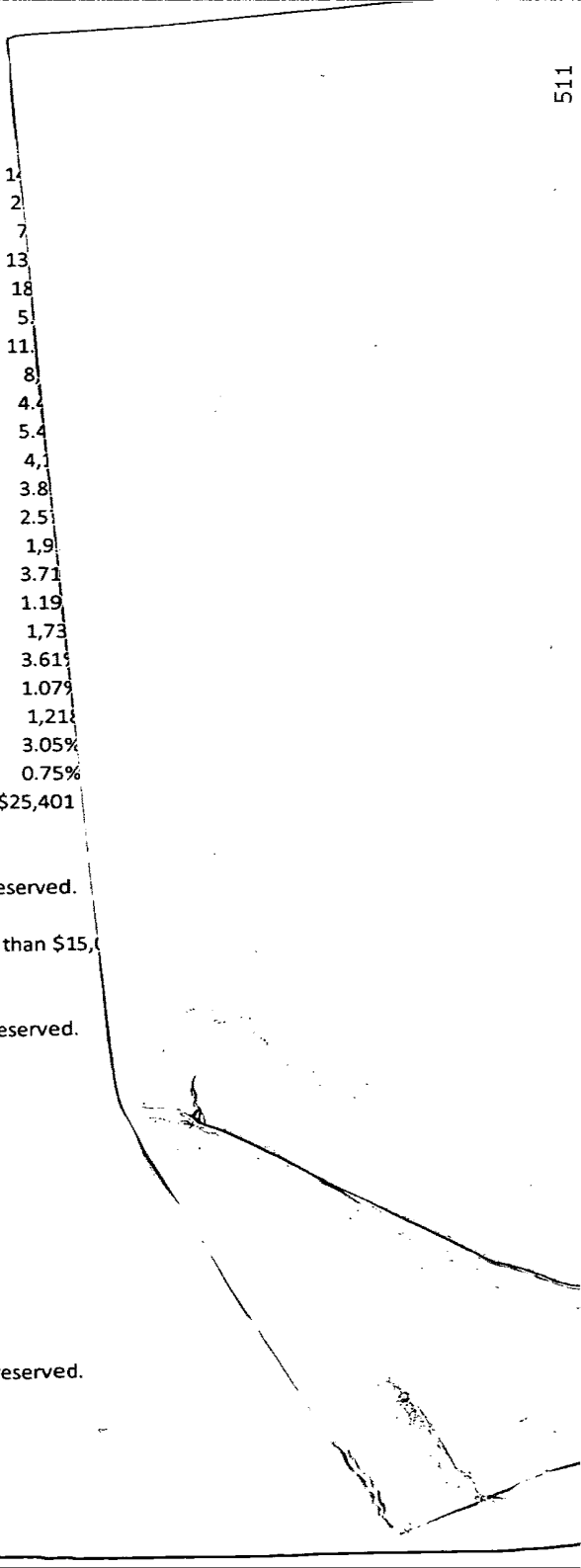

Pop-Facts: Household Income by age of Householder 2013

State (see appendix for geographies), Total

2000 Census Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	83,222	261,068	341,431	311,126	222,269	177,857	106,787	30,625
% of Total Households	5.42%	17.01%	22.25%	20.28%	14.49%	11.59%	6.96%	2.00%
Income Less than $15,000	27,426	35,348	42,188	40,367	40,163	48,279	40,052	14,659
% Across Age Ranges	9.51%	12.25%	14.62%	13.99%	13.92%	16.74%	13.88%	5.08%
% Within Age Range	32.96%	13.54%	12.36%	12.97%	18.07%	27.14%	37.51%	47.87%
Income $15,000 - $24,999	19,183	40,292	41,239	32,613	28,623	31,315	20,939	5,881
% Across Age Ranges	8.72%	18.31%	18.74%	14.82%	13.01%	14.23%	9.51%	2.67%
% Within Age Range	23.05%	15.43%	12.08%	10.48%	12.88%	17.61%	19.61%	19.20%
Income $25,000 - $34,999	14,482	44,635	47,024	35,348	28,148	26,247	14,156	3,492
% Across Age Ranges	6.78%	20.90%	22.02%	16.55%	13.18%	12.29%	6.63%	1.64%
% Within Age Range	17.40%	17.10%	13.77%	11.36%	12.66%	14.76%	13.26%	11.40%
Income $35,000 - $49,999	13,153	56,964	65,404	52,949	36,580	28,696	12,931	2,841
% Across Age Ranges	4.88%	21.14%	24.27%	19.65%	13.57%	10.65%	4.80%	1.05%
% Within Age Range	15.80%	21.82%	19.16%	17.02%	16.46%	16.13%	12.11%	9.28%
Income $50,000 - $74,999	6,874	56,353	80,524	68,229	41,598	23,127	9,961	2,086
% Across Age Ranges	2.38%	19.52%	27.89%	23.63%	14.41%	8.01%	3.45%	0.72%
% Within Age Range	8.26%	21.59%	23.58%	21.93%	18.72%	13.00%	9.33%	6.81%
Income $75,000 - $99,999	1,415	16,746	35,558	40,043	21,897	9,345	3,837	700
% Across Age Ranges	1.09%	12.93%	27.45%	30.91%	16.90%	7.21%	2.96%	0.54%
% Within Age Range	1.70%	6.41%	10.41%	12.87%	9.85%	5.25%	3.59%	2.29%
Income $100,000 - $124,999	349	5,681	14,400	19,341	10,207	4,344	1,935	323
% Across Age Ranges	0.62%	10.04%	25.45%	34.18%	18.04%	7.68%	3.42%	0.57%
% Within Age Range	0.42%	2.18%	4.22%	6.22%	4.59%	2.44%	1.81%	1.05%
Income $125,000 - $149,999	123	2,267	5,519	8,391	5,589	2,119	807	232
% Across Age Ranges	0.49%	9.05%	22.03%	33.50%	22.31%	8.46%	3.22%	0.93%
% Within Age Range	0.15%	0.87%	1.62%	2.70%	2.51%	1.19%	0.76%	0.76%
Income $150,000 - $199,999	112	1,557	4,505	6,392	4,465	1,853	826	179
% Across Age Ranges	0.56%	7.83%	22.65%	32.14%	22.45%	9.32%	4.15%	0.90%
% Within Age Range	0.13%	0.60%	1.32%	2.05%	2.01%	1.04%	0.77%	0.58%
Income $200,000 or more	105	1,225	5,070	7,453	4,999	2,532	1,343	232
% Across Age Ranges	0.46%	5.34%	22.08%	32.46%	21.77%	11.03%	5.85%	1.01%
% Within Age Range	0.13%	0.47%	1.48%	2.40%	2.25%	1.42%	1.26%	0.76%
Median Household Income	$22,395	$37,701	$44,234	$48,381	$40,823	$28,556	$21,372	$16,111

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Pop-Facts: Household Income by age of Householder 2013

State (see appendix for geographies), Total

2013 Estimate Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	84,628	273,318	313,611	362,186	358,499	269,073	140,048	51,423
% of Total Households	4.57%	14.75%	16.93%	19.55%	19.35%	14.52%	7.56%	2.78%
Income Less than $15,000	30,723	41,248	38,620	49,162	57,499	51,959	37,779	18,192
% Across Age Ranges	9.45%	12.68%	11.88%	15.12%	17.68%	15.98%	11.62%	5.59%
% Within Age Range	36.30%	15.09%	12.31%	13.57%	16.04%	19.31%	26.98%	35.38%
Income $15,000 - $24,999	16,727	37,811	34,563	39,488	42,233	42,207	31,494	12,515
% Across Age Ranges	6.51%	14.71%	13.45%	15.36%	16.43%	16.42%	12.25%	4.87%
% Within Age Range	19.77%	13.83%	11.02%	10.90%	11.78%	15.69%	22.49%	24.34%
Income $25,000 - $34,999	12,412	37,791	38,265	36,692	38,747	35,544	20,202	7,082
% Across Age Ranges	5.47%	16.67%	16.88%	16.18%	17.09%	15.68%	8.91%	3.12%
% Within Age Range	14.67%	13.83%	12.20%	10.13%	10.81%	13.21%	14.43%	13.77%
Income $35,000 - $49,999	11,780	48,941	48,830	51,900	54,357	42,447	19,866	5,378
% Across Age Ranges	4.16%	17.26%	17.22%	18.31%	19.17%	14.97%	7.01%	1.90%
% Within Age Range	13.92%	17.91%	15.57%	14.33%	15.16%	15.78%	14.19%	10.46%
Income $50,000 - $74,999	8,603	54,883	64,471	71,014	64,648	46,392	15,673	4,046
% Across Age Ranges	2.61%	16.64%	19.55%	21.54%	19.61%	14.07%	4.75%	1.23%
% Within Age Range	10.17%	20.08%	20.56%	19.61%	18.03%	17.24%	11.19%	7.87%
Income $75,000 - $99,999	2,844	28,864	41,380	47,198	41,089	22,904	7,558	1,802
% Across Age Ranges	1.47%	14.91%	21.37%	24.37%	21.22%	11.83%	3.90%	0.93%
% Within Age Range	3.36%	10.56%	13.19%	13.03%	11.46%	8.51%	5.40%	3.50%
Income $100,000 - $124,999	862	12,913	22,534	28,496	24,301	11,410	3,450	1,236
% Across Age Ranges	0.82%	12.27%	21.42%	27.09%	23.10%	10.85%	3.28%	1.17%
% Within Age Range	1.02%	4.72%	7.19%	7.87%	6.78%	4.24%	2.46%	2.40%
Income $125,000 - $149,999	297	4,933	9,615	13,685	12,729	5,496	1,610	401
% Across Age Ranges	0.61%	10.12%	19.72%	28.06%	26.10%	11.27%	3.30%	0.82%
% Within Age Range	0.35%	1.80%	3.07%	3.78%	3.55%	2.04%	1.15%	0.78%
Income $150,000 - $199,999	272	3,765	8,887	13,605	12,656	5,553	1,471	421
% Across Age Ranges	0.58%	8.07%	19.06%	29.18%	27.14%	11.91%	3.15%	0.90%
% Within Age Range	0.32%	1.38%	2.83%	3.76%	3.53%	2.06%	1.05%	0.82%
Income $200,000+	108	2,169	6,446	10,946	10,240	5,161	945	350
% Across Age Ranges	0.30%	5.96%	17.73%	30.10%	28.16%	14.19%	2.60%	0.96%
% Within Age Range	0.13%	0.79%	2.06%	3.02%	2.86%	1.92%	0.67%	0.68%
Median Household Income	$21,930	$41,071	$48,933	$51,356	$46,251	$36,706	$25,372	$21,008

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Pop-Facts: Household Income by age of Householder 2013

State (see appendix for geographies), Total

2018 Projection Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	78,088	281,125	314,992	346,834	374,629	322,169	162,206	58,199
% of Total Households	4.03%	14.50%	16.25%	17.89%	19.33%	16.62%	8.37%	3.00%
Income Less than $15,000	28,380	44,702	40,482	47,213	60,123	62,734	44,258	20,572
% Across Age Ranges	8.14%	12.83%	11.62%	13.55%	17.25%	18.00%	12.70%	5.90%
% Within Age Range	36.34%	15.90%	12.85%	13.61%	16.05%	19.47%	27.29%	35.35%
Income $15,000 - $24,999	15,172	39,521	35,709	37,183	43,767	50,121	35,903	13,949
% Across Age Ranges	5.59%	14.57%	13.16%	13.70%	16.13%	18.47%	13.23%	5.14%
% Within Age Range	19.43%	14.06%	11.34%	10.72%	11.68%	15.56%	22.13%	23.97%
Income $25,000 - $34,999	11,348	38,987	38,367	35,362	40,731	42,462	23,490	7,962
% Across Age Ranges	4.75%	16.33%	16.07%	14.81%	17.06%	17.79%	9.84%	3.34%
% Within Age Range	14.53%	13.87%	12.18%	10.20%	10.87%	13.18%	14.48%	13.68%
Income $35,000 - $49,999	10,625	49,739	49,630	49,967	56,401	50,771	22,642	6,050
% Across Age Ranges	3.59%	16.81%	16.78%	16.89%	19.07%	17.16%	7.65%	2.05%
% Within Age Range	13.61%	17.69%	15.76%	14.41%	15.06%	15.76%	13.96%	10.40%
Income $50,000 - $74,999	8,025	54,460	63,255	67,085	66,790	54,619	18,001	4,707
% Across Age Ranges	2.38%	16.16%	18.77%	19.91%	19.82%	16.21%	5.34%	1.40%
% Within Age Range	10.28%	19.37%	20.08%	19.34%	17.83%	16.95%	11.10%	8.09%
Income $75,000 - $99,999	2,766	28,939	40,393	45,003	42,855	27,639	8,855	2,073
% Across Age Ranges	1.39%	14.58%	20.35%	22.67%	21.59%	13.92%	4.46%	1.04%
% Within Age Range	3.54%	10.29%	12.82%	12.98%	11.44%	8.58%	5.46%	3.56%
Income $100,000 - $124,999	911	13,156	21,906	27,319	25,677	13,949	4,175	1,395
% Across Age Ranges	0.84%	12.13%	20.19%	25.18%	23.67%	12.86%	3.85%	1.29%
% Within Age Range	1.17%	4.68%	6.95%	7.88%	6.85%	4.33%	2.57%	2.40%
Income $125,000 - $149,999	344	5,331	9,860	13,626	13,662	6,698	1,931	547
% Across Age Ranges	0.66%	10.25%	18.96%	26.20%	26.27%	12.88%	3.71%	1.05%
% Within Age Range	0.44%	1.90%	3.13%	3.93%	3.65%	2.08%	1.19%	0.94%
Income $150,000 - $199,999	355	3,913	8,685	12,958	13,314	6,571	1,733	515
% Across Age Ranges	0.74%	8.14%	18.08%	26.97%	27.71%	13.68%	3.61%	1.07%
% Within Age Range	0.45%	1.39%	2.76%	3.74%	3.55%	2.04%	1.07%	0.88%
Income $200,000+	162	2,377	6,705	11,118	11,309	6,605	1,218	429
% Across Age Ranges	0.41%	5.95%	16.79%	27.85%	28.33%	16.54%	3.05%	1.07%
% Within Age Range	0.21%	0.85%	2.13%	3.21%	3.02%	2.05%	0.75%	0.74%
Median Household Income	$22,029	$40,233	$47,977	$51,376	$46,354	$36,704	$25,401	$21,113

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Pop-Facts: Household Income by age of Householder 2013

Due to the calculation method some median values are assigned pre-determined amounts rather than calculated amounts. Median HH Inc values less than $15,000 are displayed as $14,999; Median HH Inc values more than $200,000 are displayed as $200,001.

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Pop-Facts: Household Income by age of Householder 2013

Appendix: Area Listing

Area Name:

Type: List - State Reporting Detail: Aggregate Reporting Level: State

Geography Code	Geography Name	Geography Code	Geography Name
45	South Carolina		

Project Information:

Site: 4

Order Number: 971352499

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Pop-Facts: Household Income by age of Householder 2013
State (see appendix for geographies), Total

2000 Census Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75
Household Totals	183,223	581,898	704,966	612,078	425,985	345,918	
% of Total Households	5.85%	18.57%	22.50%	19.54%	13.60%	11.04%	
Income Less than $15,000	57,307	67,335	71,196	63,955	68,644	89,257	
% Across Age Ranges	10.82%	12.71%	13.44%	12.07%	12.96%	16.85%	
% Within Age Range	31.28%	11.57%	10.10%	10.45%	16.11%	25.80%	
Income $15,000 - $24,999	40,686	81,256	77,251	59,415	52,203	64,153	
% Across Age Ranges	9.42%	18.82%	17.89%	13.76%	12.09%	14.86%	
% Within Age Range	22.21%	13.96%	10.96%	9.71%	12.25%	18.55%	
Income $25,000 - $34,999	31,564	99,964	93,953	69,650	54,410	51,677	
% Across Age Ranges	7.24%	22.93%	21.55%	15.97%	12.48%	11.85%	
% Within Age Range	17.23%	17.18%	13.33%	11.38%	12.77%	14.94%	
Income $35,000 - $49,999	29,801	124,677	136,628	104,604	71,321	55,293	
% Across Age Ranges	5.39%	22.54%	24.70%	18.91%	12.90%	10.00%	
% Within Age Range	16.26%	21.43%	19.38%	17.09%	16.74%	15.98%	
Income $50,000 - $74,999	17,394	132,077	167,773	139,211	83,293	45,568	
% Across Age Ranges	2.86%	21.70%	27.56%	22.87%	13.68%	7.49%	
% Within Age Range	9.49%	22.70%	23.80%	22.74%	19.55%	13.17%	
Income $75,000 - $99,999	4,239	45,281	79,337	80,590	42,223	18,144	
% Across Age Ranges	1.52%	16.23%	28.44%	28.89%	15.13%	6.50%	
% Within Age Range	2.31%	7.78%	11.25%	13.17%	9.91%	5.25%	
Income $100,000 - $124,999	1,231	16,287	35,840	41,072	21,626	8,099	
% Across Age Ranges	0.96%	12.67%	27.87%	31.94%	16.82%	6.30%	
% Within Age Range	0.67%	2.80%	5.08%	6.71%	5.08%	2.34%	
Income $125,000 - $149,999	438	6,732	16,091	19,510	11,012	4,054	
% Across Age Ranges	0.73%	11.22%	26.81%	32.50%	18.35%	6.75%	
% Within Age Range	0.24%	1.16%	2.28%	3.19%	2.59%	1.17%	
Income $150,000 - $199,999	286	4,500	13,411	16,314	9,781	4,138	
% Across Age Ranges	0.56%	8.88%	26.47%	32.20%	19.30%	8.17%	
% Within Age Range	0.16%	0.77%	1.90%	2.67%	2.30%	1.20%	
Income $200,000 or more	277	3,789	13,486	17,757	11,472	5,535	
% Across Age Ranges	0.50%	6.81%	24.25%	31.93%	20.63%	9.95%	
% Within Age Range	0.15%	0.65%	1.91%	2.90%	2.69%	1.60%	
Median Household Income	$23,432	$40,100	$47,086	$51,511	$42,936	$28,783	

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Pop-Facts: Household Income by age of Householder 2013
State (see appendix for geographies), Total

2013 Estimate Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age
Household Totals	186,338	589,489	703,512	772,167	712,185	505,900	
% of Total Households	4.84%	15.30%	18.26%	20.04%	18.48%	13.13%	
Income Less than $15,000	64,494	83,418	78,580	92,134	102,500	100,009	

% Across Age Ranges	10.17%	13.16%	12.40%	14.53%	16.17%	15.78%
% Within Age Range	34.61%	14.15%	11.17%	11.93%	14.39%	19.77%
Income $15,000 - $24,999	36,798	76,473	71,005	78,255	78,706	80,254
% Across Age Ranges	7.22%	15.01%	13.93%	15.36%	15.44%	15.75%
% Within Age Range	19.75%	12.97%	10.09%	10.13%	11.05%	15.86%
Income $25,000 - $34,999	30,310	82,524	85,260	80,047	79,762	67,640
% Across Age Ranges	6.30%	17.15%	17.72%	16.63%	16.57%	14.06%
% Within Age Range	16.27%	14.00%	12.12%	10.37%	11.20%	13.37%
Income $35,000 - $49,999	27,327	110,468	112,561	113,091	111,000	82,242
% Across Age Ranges	4.49%	18.16%	18.51%	18.59%	18.25%	13.52%
% Within Age Range	14.67%	18.74%	16.00%	14.65%	15.59%	16.26%
Income $50,000 - $74,999	18,815	118,914	144,082	151,998	130,417	84,222
% Across Age Ranges	2.74%	17.32%	20.98%	22.14%	18.99%	12.27%
% Within Age Range	10.10%	20.17%	20.48%	19.68%	18.31%	16.65%
Income $75,000 - $99,999	5,300	62,164	92,471	100,576	82,011	40,965
% Across Age Ranges	1.32%	15.48%	23.03%	25.05%	20.43%	10.20%
% Within Age Range	2.84%	10.55%	13.14%	13.03%	11.52%	8.10%
Income $100,000 - $124,999	1,707	27,457	49,736	61,202	48,448	19,523
% Across Age Ranges	0.79%	12.67%	22.95%	28.24%	22.36%	9.01%
% Within Age Range	0.92%	4.66%	7.07%	7.93%	6.80%	3.86%
Income $125,000 - $149,999	719	11,639	24,261	32,404	27,280	10,108
% Across Age Ranges	0.65%	10.57%	22.03%	29.43%	24.77%	9.18%
% Within Age Range	0.39%	1.97%	3.45%	4.20%	3.83%	2.00%
Income $150,000 - $199,999	469	10,168	25,563	32,907	27,744	10,877
% Across Age Ranges	0.42%	9.08%	22.84%	29.40%	24.79%	9.72%
% Within Age Range	0.25%	1.72%	3.63%	4.26%	3.90%	2.15%
Income $200,000+	399	6,264	19,993	29,553	24,317	10,060
% Across Age Ranges	0.43%	6.72%	21.44%	31.69%	26.08%	10.79%
% Within Age Range	0.21%	1.06%	2.84%	3.83%	3.41%	1.99%
Median Household Income	$22,793	$42,106	$50,755	$53,710	$47,855	$35,921

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Pop-Facts: Household Income by age of Householder 2013
State (see appendix for geographies), Total

2018 Projection Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age
Household Totals	176,219	590,924	693,062	762,269	770,525	613,177	
% of Total Households	4.36%	14.63%	17.16%	18.87%	19.08%	15.18%	
Income Less than $15,000	60,786	88,353	81,485	91,442	110,198	120,955	
% Across Age Ranges	8.93%	12.98%	11.97%	13.44%	16.19%	17.77%	
% Within Age Range	34.49%	14.95%	11.76%	12.00%	14.30%	19.73%	
Income $15,000 - $24,999	34,237	78,647	73,228	77,859	85,714	96,804	
% Across Age Ranges	6.28%	14.44%	13.44%	14.29%	15.73%	17.77%	
% Within Age Range	19.43%	13.31%	10.57%	10.21%	11.12%	15.79%	
Income $25,000 - $34,999	27,685	83,966	84,922	79,231	85,798	82,246	

% Across Age Ranges	5.46%	16.57%	16.76%	15.63%	16.93%	16.23%
% Within Age Range	15.71%	14.21%	12.25%	10.39%	11.14%	13.41%
Income $35,000 - $49,999	25,842	108,522	111,960	113,040	119,142	98,580
% Across Age Ranges	4.08%	17.11%	17.66%	17.83%	18.79%	15.55%
% Within Age Range	14.66%	18.36%	16.15%	14.83%	15.46%	16.08%
Income $50,000 - $74,999	17,993	114,469	138,203	146,716	138,428	99,891
% Across Age Ranges	2.57%	16.38%	19.78%	21.00%	19.81%	14.30%
% Within Age Range	10.21%	19.37%	19.94%	19.25%	17.97%	16.29%
Income $75,000 - $99,999	5,658	60,485	87,848	98,019	88,493	50,585
% Across Age Ranges	1.37%	14.68%	21.33%	23.80%	21.48%	12.28%
% Within Age Range	3.21%	10.24%	12.68%	12.86%	11.48%	8.25%
Income $100,000 - $124,999	1,945	27,499	47,991	59,776	52,814	24,835
% Across Age Ranges	0.86%	12.22%	21.32%	26.56%	23.47%	11.03%
% Within Age Range	1.10%	4.65%	6.92%	7.84%	6.85%	4.05%
Income $125,000 - $149,999	929	12,303	24,315	32,906	30,705	12,885
% Across Age Ranges	0.78%	10.35%	20.46%	27.68%	25.83%	10.84%
% Within Age Range	0.53%	2.08%	3.51%	4.32%	3.98%	2.10%
Income $150,000 - $199,999	630	10,124	23,661	32,665	30,926	13,297
% Across Age Ranges	0.54%	8.71%	20.36%	28.11%	26.61%	11.44%
% Within Age Range	0.36%	1.71%	3.41%	4.29%	4.01%	2.17%
Income $200,000+	514	6,556	19,449	30,615	28,307	13,099
% Across Age Ranges	0.50%	6.44%	19.10%	30.06%	27.80%	12.86%
% Within Age Range	0.29%	1.11%	2.81%	4.02%	3.67%	2.14%
Median Household Income	$22,981	$41,150	$49,322	$53,333	$48,037	$36,002

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Pop-Facts: Household Income by age of Householder 2013

Due to the calculation method some median values are assigned pre-determined amounts rather than calculated amounts. Median HH Inc values less thar

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Pop-Facts: Household Income by age of Householder 2013

Appendix: Area Listing

Area Name:

Type: List - State Reporting Detail: Aggregate Reporting Level: State

Geography Code	Geography Name	Geo	Geography Name
37	North Carolina		

Project Information:

Site: 3

Order Num 971352499

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Pop-Facts: Household Income by age of Householder 2013

State (see appendix for geographies), Total

2000 Census Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	183,223	581,898	704,966	612,078	425,985	345,918	216,946	62,223
% of Total Households	5.85%	18.57%	22.50%	19.54%	13.60%	11.04%	6.92%	1.99%
Income Less than $15,000	57,307	67,335	71,196	63,955	68,644	89,257	82,013	30,133
% Across Age Ranges	10.82%	12.71%	13.44%	12.07%	12.96%	16.85%	15.48%	5.69%
% Within Age Range	31.28%	11.57%	10.10%	10.45%	16.11%	25.80%	37.80%	48.43%
Income $15,000 - $24,999	40,686	81,256	77,251	59,415	52,203	64,153	44,373	12,369
% Across Age Ranges	9.42%	18.82%	17.89%	13.76%	12.09%	14.86%	10.28%	2.87%
% Within Age Range	22.21%	13.96%	10.96%	9.71%	12.25%	18.55%	20.45%	19.88%
Income $25,000 - $34,999	31,564	99,964	93,953	69,650	54,410	51,677	27,934	6,851
% Across Age Ranges	7.24%	22.93%	21.55%	15.97%	12.48%	11.85%	6.41%	1.57%
% Within Age Range	17.23%	17.18%	13.33%	11.38%	12.77%	14.94%	12.88%	11.01%
Income $35,000 - $49,999	29,801	124,677	136,628	104,604	71,321	55,293	25,264	5,493
% Across Age Ranges	5.39%	22.54%	24.70%	18.91%	12.90%	10.00%	4.57%	0.99%
% Within Age Range	16.26%	21.43%	19.38%	17.09%	16.74%	15.98%	11.65%	8.83%
Income $50,000 - $74,999	17,394	132,077	167,773	139,211	83,293	45,568	19,427	3,990
% Across Age Ranges	2.86%	21.70%	27.56%	22.87%	13.68%	7.49%	3.19%	0.66%
% Within Age Range	9.49%	22.70%	23.80%	22.74%	19.55%	13.17%	8.95%	6.41%
Income $75,000 - $99,999	4,239	45,281	79,337	80,590	42,223	18,144	7,813	1,359
% Across Age Ranges	1.52%	16.23%	28.44%	28.89%	15.13%	6.50%	2.80%	0.49%
% Within Age Range	2.31%	7.78%	11.25%	13.17%	9.91%	5.25%	3.60%	2.18%
Income $100,000 - $124,999	1,231	16,287	35,840	41,072	21,626	8,099	3,815	616
% Across Age Ranges	0.96%	12.67%	27.87%	31.94%	16.82%	6.30%	2.97%	0.48%
% Within Age Range	0.67%	2.80%	5.08%	6.71%	5.08%	2.34%	1.76%	0.99%
Income $125,000 - $149,999	438	6,732	16,091	19,510	11,012	4,054	1,674	511
% Across Age Ranges	0.73%	11.22%	26.81%	32.50%	18.35%	6.75%	2.79%	0.85%
% Within Age Range	0.24%	1.16%	2.28%	3.19%	2.59%	1.17%	0.77%	0.82%
Income $150,000 - $199,999	286	4,500	13,411	16,314	9,781	4,138	1,820	422
% Across Age Ranges	0.56%	8.88%	26.47%	32.20%	19.30%	8.17%	3.59%	0.83%
% Within Age Range	0.16%	0.77%	1.90%	2.67%	2.30%	1.20%	0.84%	0.68%
Income $200,000 or more	277	3,789	13,486	17,757	11,472	5,535	2,813	479
% Across Age Ranges	0.50%	6.81%	24.25%	31.93%	20.63%	9.95%	5.06%	0.86%
% Within Age Range	0.15%	0.65%	1.91%	2.90%	2.69%	1.60%	1.30%	0.77%
Median Household Income	$23,432	$40,100	$47,086	$51,511	$42,936	$28,783	$20,963	$15,791

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Pop-Facts: Household Income by age of Householder 2013

State (see appendix for geographies), Total

2013 Estimate Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	186,338	589,489	703,512	772,167	712,185	505,900	276,528	106,924
% of Total Households	4.84%	15.30%	18.26%	20.04%	18.48%	13.13%	7.18%	2.78%
Income Less than $15,000	64,494	83,418	78,580	92,134	102,500	100,009	75,298	37,449
% Across Age Ranges	10.17%	13.16%	12.40%	14.53%	16.17%	15.78%	11.88%	5.91%
% Within Age Range	34.61%	14.15%	11.17%	11.93%	14.39%	19.77%	27.23%	35.02%
Income $15,000 - $24,999	36,798	76,473	71,005	78,255	78,706	80,254	61,980	26,130
% Across Age Ranges	7.22%	15.01%	13.93%	15.36%	15.44%	15.75%	12.16%	5.13%
% Within Age Range	19.75%	12.97%	10.09%	10.13%	11.05%	15.86%	22.41%	24.44%
Income $25,000 - $34,999	30,310	82,524	85,260	80,047	79,762	67,640	40,464	15,230
% Across Age Ranges	6.30%	17.15%	17.72%	16.63%	16.57%	14.06%	8.41%	3.16%
% Within Age Range	16.27%	14.00%	12.12%	10.37%	11.20%	13.37%	14.63%	14.24%
Income $35,000 - $49,999	27,327	110,468	112,561	113,091	111,000	82,242	40,134	11,390
% Across Age Ranges	4.49%	18.16%	18.51%	18.59%	18.25%	13.52%	6.60%	1.87%
% Within Age Range	14.67%	18.74%	16.00%	14.65%	15.59%	16.26%	14.51%	10.65%
Income $50,000 - $74,999	18,815	118,914	144,082	151,998	130,417	84,222	30,011	8,166
% Across Age Ranges	2.74%	17.32%	20.98%	22.14%	18.99%	12.27%	4.37%	1.19%
% Within Age Range	10.10%	20.17%	20.48%	19.68%	18.31%	16.65%	10.85%	7.64%
Income $75,000 - $99,999	5,300	62,164	92,471	100,576	82,011	40,965	14,370	3,634
% Across Age Ranges	1.32%	15.48%	23.03%	25.05%	20.43%	10.20%	3.58%	0.91%
% Within Age Range	2.84%	10.55%	13.14%	13.03%	11.52%	8.10%	5.20%	3.40%
Income $100,000 - $124,999	1,707	27,457	49,736	61,202	48,448	19,523	6,281	2,355
% Across Age Ranges	0.79%	12.67%	22.95%	28.24%	22.36%	9.01%	2.90%	1.09%
% Within Age Range	0.92%	4.66%	7.07%	7.93%	6.80%	3.86%	2.27%	2.20%
Income $125,000 - $149,999	719	11,639	24,261	32,404	27,280	10,108	2,969	732
% Across Age Ranges	0.65%	10.57%	22.03%	29.43%	24.77%	9.18%	2.70%	0.66%
% Within Age Range	0.39%	1.97%	3.45%	4.20%	3.83%	2.00%	1.07%	0.68%
Income $150,000 - $199,999	469	10,168	25,563	32,907	27,744	10,877	3,114	1,080
% Across Age Ranges	0.42%	9.08%	22.84%	29.40%	24.79%	9.72%	2.78%	0.96%
% Within Age Range	0.25%	1.72%	3.63%	4.26%	3.90%	2.15%	1.13%	1.01%
Income $200,000+	399	6,264	19,993	29,553	24,317	10,060	1,907	758
% Across Age Ranges	0.43%	6.72%	21.44%	31.69%	26.08%	10.79%	2.05%	0.81%
% Within Age Range	0.21%	1.06%	2.84%	3.83%	3.41%	1.99%	0.69%	0.71%
Median Household Income	$22,793	$42,106	$50,755	$53,710	$47,855	$35,921	$25,244	$21,128

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Pop-Facts: Household Income by age of Householder 2013

State (see appendix for geographies), Total

2018 Projection Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	176,219	590,924	693,062	762,269	770,525	613,177	313,100	119,701
% of Total Households	4.36%	14.63%	17.16%	18.87%	19.08%	15.18%	7.75%	2.96%
Income Less than $15,000	60,786	88,353	81,485	91,442	110,198	120,955	85,515	41,838
% Across Age Ranges	8.93%	12.98%	11.97%	13.44%	16.19%	17.77%	12.57%	6.15%
% Within Age Range	34.49%	14.95%	11.76%	12.00%	14.30%	19.73%	27.31%	34.95%
Income $15,000 - $24,999	34,237	78,647	73,228	77,859	85,714	96,804	69,137	29,121
% Across Age Ranges	6.28%	14.44%	13.44%	14.29%	15.73%	17.77%	12.69%	5.35%
% Within Age Range	19.43%	13.31%	10.57%	10.21%	11.12%	15.79%	22.08%	24.33%
Income $25,000 - $34,999	27,685	83,966	84,922	79,231	85,798	82,246	46,176	16,811
% Across Age Ranges	5.46%	16.57%	16.76%	15.63%	16.93%	16.23%	9.11%	3.32%
% Within Age Range	15.71%	14.21%	12.25%	10.39%	11.14%	13.41%	14.75%	14.04%
Income $35,000 - $49,999	25,842	108,522	111,960	113,040	119,142	98,580	44,402	12,662
% Across Age Ranges	4.08%	17.11%	17.66%	17.83%	18.79%	15.55%	7.00%	2.00%
% Within Age Range	14.66%	18.36%	16.15%	14.83%	15.46%	16.08%	14.18%	10.58%
Income $50,000 - $74,999	17,993	114,469	138,203	146,716	138,428	99,891	33,850	9,223
% Across Age Ranges	2.57%	16.38%	19.78%	21.00%	19.81%	14.30%	4.84%	1.32%
% Within Age Range	10.21%	19.37%	19.94%	19.25%	17.97%	16.29%	10.81%	7.71%
Income $75,000 - $99,999	5,658	60,485	87,848	98,019	88,493	50,585	16,628	4,197
% Across Age Ranges	1.37%	14.68%	21.33%	23.80%	21.48%	12.28%	4.04%	1.02%
% Within Age Range	3.21%	10.24%	12.68%	12.86%	11.48%	8.25%	5.31%	3.51%
Income $100,000 - $124,999	1,945	27,499	47,991	59,776	52,814	24,835	7,582	2,628
% Across Age Ranges	0.86%	12.22%	21.32%	26.56%	23.47%	11.03%	3.37%	1.17%
% Within Age Range	1.10%	4.65%	6.92%	7.84%	6.85%	4.05%	2.42%	2.20%
Income $125,000 - $149,999	929	12,303	24,315	32,906	30,705	12,885	3,747	1,073
% Across Age Ranges	0.78%	10.35%	20.46%	27.68%	25.83%	10.84%	3.15%	0.90%
% Within Age Range	0.53%	2.08%	3.51%	4.32%	3.98%	2.10%	1.20%	0.90%
Income $150,000 - $199,999	630	10,124	23,661	32,665	30,926	13,297	3,680	1,237
% Across Age Ranges	0.54%	8.71%	20.36%	28.11%	26.61%	11.44%	3.17%	1.06%
% Within Age Range	0.36%	1.71%	3.41%	4.29%	4.01%	2.17%	1.18%	1.03%
Income $200,000+	514	6,556	19,449	30,615	28,307	13,099	2,383	911
% Across Age Ranges	0.50%	6.44%	19.10%	30.06%	27.80%	12.86%	2.34%	0.89%
% Within Age Range	0.29%	1.11%	2.81%	4.02%	3.67%	2.14%	0.76%	0.76%
Median Household Income	$22,981	$41,150	$49,322	$53,333	$48,037	$36,002	$25,411	$21,185

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Pop-Facts: Household Income by age of Householder 2013

Due to the calculation method some median values are assigned pre-determined amounts rather than calculated amounts. Median HH Inc values less than $15,000 are displayed as $14,999; Median HH Inc values more than $200,000 are displayed as $200,001.

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Pop-Facts: Household Income by age of Householder 2013

Appendix: Area Listing

Area Name:

Type: List - State Reporting Detail: Aggregate Reporting Level: State

Geography Code	Geography Name	Geography Code	Geography Name
37	North Carolina		

Project Information:

Site: 3

Order Number: 971352499

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Pop-Facts: Household Income by age of Householder 2013
State (see appendix for geographies), Total

2000 Census Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84
Household Totals	172,988	602,082	732,368	606,802	391,499	281,794	171
% of Total Households	5.75%	20.02%	24.35%	20.18%	13.02%	9.37%	5.
Income Less than $15,000	55,854	69,123	72,619	62,634	61,426	72,082	63
% Across Age Ranges	11.62%	14.37%	15.10%	13.03%	12.77%	14.99%	13.
% Within Age Range	32.29%	11.48%	9.92%	10.32%	15.69%	25.58%	37.
Income $15,000 - $24,999	36,090	75,128	70,473	51,282	43,629	49,641	33
% Across Age Ranges	9.77%	20.34%	19.08%	13.89%	11.81%	13.44%	9.
% Within Age Range	20.86%	12.48%	9.62%	8.45%	11.14%	17.62%	19.
Income $25,000 - $34,999	28,037	92,460	84,903	60,124	44,735	40,944	22
% Across Age Ranges	7.40%	24.42%	22.42%	15.88%	11.81%	10.81%	5.
% Within Age Range	16.21%	15.36%	11.59%	9.91%	11.43%	14.53%	12.
Income $35,000 - $49,999	27,334	121,959	130,695	95,246	60,311	42,674	20
% Across Age Ranges	5.43%	24.25%	25.98%	18.94%	11.99%	8.48%	4
% Within Age Range	15.80%	20.26%	17.85%	15.70%	15.41%	15.14%	11
Income $50,000 - $74,999	17,563	138,649	171,483	132,411	74,909	38,464	16
% Across Age Ranges	2.96%	23.37%	28.91%	22.32%	12.63%	6.48%	2
% Within Age Range	10.15%	23.03%	23.41%	21.82%	19.13%	13.65%	9
Income $75,000 - $99,999	4,880	57,344	95,226	86,124	43,066	17,339	6
% Across Age Ranges	1.57%	18.40%	30.56%	27.64%	13.82%	5.56%	2
% Within Age Range	2.82%	9.52%	13.00%	14.19%	11.00%	6.15%	3
Income $100,000 - $124,999	1,707	23,929	46,116	49,475	24,605	8,321	3
% Across Age Ranges	1.08%	15.16%	29.22%	31.35%	15.59%	5.27%	1
% Within Age Range	0.99%	3.97%	6.30%	8.15%	6.28%	2.95%	1
Income $125,000 - $149,999	660	10,033	21,780	24,803	13,197	3,986	
% Across Age Ranges	0.87%	13.16%	28.56%	32.53%	17.31%	5.23%	1
% Within Age Range	0.38%	1.67%	2.97%	4.09%	3.37%	1.41%	0
Income $150,000 - $199,999	438	7,562	19,384	21,657	11,889	3,388	
% Across Age Ranges	0.66%	11.44%	29.32%	32.75%	17.98%	5.12%	2
% Within Age Range	0.25%	1.26%	2.65%	3.57%	3.04%	1.20%	0
Income $200,000 or more	425	5,895	19,689	23,046	13,732	4,955	
% Across Age Ranges	0.60%	8.32%	27.80%	32.53%	19.39%	7.00%	3
% Within Age Range	0.25%	0.98%	2.69%	3.80%	3.51%	1.76%	1
Median Household Income	$23,490	$42,912	$51,093	$56,441	$46,431	$29,683	$21

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Pop-Facts: Household Income by age of Householder 2013
State (see appendix for geographies), Total

2013 Estimate Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 -
Household Totals	172,204	595,974	731,459	780,816	671,549	441,994	22
% of Total Households	4.66%	16.13%	19.80%	21.13%	18.18%	11.96%	
Income Less than $15,000	60,938	85,738	79,037	93,434	97,321	86,234	6

% Across Age Ranges	10.28%	14.47%	13.34%	15.77%	16.42%	14.55%	10.
% Within Age Range	35.39%	14.39%	10.81%	11.97%	14.49%	19.51%	27.
Income $15,000 - $24,999	33,627	79,352	73,097	71,845	67,715	66,724	48
% Across Age Ranges	7.32%	17.26%	15.90%	15.63%	14.73%	14.52%	10.
% Within Age Range	19.53%	13.31%	9.99%	9.20%	10.08%	15.10%	21.
Income $25,000 - $34,999	25,409	80,308	83,079	75,038	69,641	56,369	31,
% Across Age Ranges	5.88%	18.59%	19.23%	17.37%	16.12%	13.05%	7.2
% Within Age Range	14.76%	13.48%	11.36%	9.61%	10.37%	12.75%	14.2
Income $35,000 - $49,999	24,706	105,204	108,502	102,995	93,871	67,124	30,
% Across Age Ranges	4.57%	19.46%	20.07%	19.05%	17.36%	12.42%	5.5
% Within Age Range	14.35%	17.65%	14.83%	13.19%	13.98%	15.19%	13.6
Income $50,000 - $74,999	18,199	119,799	147,528	150,115	120,570	74,335	24,(
% Across Age Ranges	2.76%	18.14%	22.33%	22.73%	18.25%	11.25%	3.6
% Within Age Range	10.57%	20.10%	20.17%	19.23%	17.95%	16.82%	10.8
Income $75,000 - $99,999	5,602	63,937	98,915	105,345	80,489	38,464	12,1
% Across Age Ranges	1.37%	15.68%	24.26%	25.83%	19.74%	9.43%	2.9
% Within Age Range	3.25%	10.73%	13.52%	13.49%	11.99%	8.70%	5.5
Income $100,000 - $124,999	1,983	29,624	56,694	70,016	52,784	20,389	5,8
% Across Age Ranges	0.83%	12.38%	23.70%	29.26%	22.06%	8.52%	2.44
% Within Age Range	1.15%	4.97%	7.75%	8.97%	7.86%	4.61%	2.64
Income $125,000 - $149,999	752	12,689	29,018	36,500	29,310	10,617	2,7
% Across Age Ranges	0.61%	10.37%	23.72%	29.84%	23.96%	8.68%	2.28
% Within Age Range	0.44%	2.13%	3.97%	4.67%	4.36%	2.40%	1.27
Income $150,000 - $199,999	733	11,964	31,130	40,915	32,968	11,571	3,12
% Across Age Ranges	0.55%	8.96%	23.32%	30.65%	24.69%	8.67%	2.34
% Within Age Range	0.43%	2.01%	4.26%	5.24%	4.91%	2.62%	1.41
Income $200,000+	255	7,359	24,459	34,613	26,880	10,167	1,702
% Across Age Ranges	0.24%	6.94%	23.05%	32.62%	25.33%	9.58%	1.60%
% Within Age Range	0.15%	1.23%	3.34%	4.43%	4.00%	2.30%	0.77%
Median Household Income	$22,483	$42,498	$53,731	$57,843	$51,498	$37,608	$25,277

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Pop-Facts: Household Income by age of Householder 2013
State (see appendix for geographies), Total

2018 Projection Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	163,317	589,947	718,981	774,086	743,688	543,805	257,419	89,792
% of Total Households	4.21%	15.20%	18.53%	19.95%	19.16%	14.01%	6.63%	2.31%
Income Less than $15,000	57,950	89,809	85,220	94,995	107,811	106,024	71,260	32,226
% Across Age Ranges	8.98%	13.92%	13.21%	14.72%	16.71%	16.43%	11.04%	4.99%
% Within Age Range	35.48%	15.22%	11.85%	12.27%	14.50%	19.50%	27.68%	35.89%
Income $15,000 - $24,999	31,526	81,057	77,820	72,954	76,085	81,420	55,224	21,165
% Across Age Ranges	6.34%	16.30%	15.65%	14.67%	15.30%	16.37%	11.11%	4.26%
% Within Age Range	19.30%	13.74%	10.82%	9.42%	10.23%	14.97%	21.45%	23.57%
Income $25,000 - $34,999	23,592	80,574	83,835	75,129	76,909	69,328	36,896	11,983

% Across Age Ranges	5.15%	17.58%	18.29%	16.39%	16.78%	15.13%	8.0
% Within Age Range	14.45%	13.66%	11.66%	9.71%	10.34%	12.75%	14.3
Income $35,000 - $49,999	22,924	102,298	108,428	103,808	103,176	82,262	34,
% Across Age Ranges	4.05%	18.06%	19.14%	18.33%	18.21%	14.52%	6.1
% Within Age Range	14.04%	17.34%	15.08%	13.41%	13.87%	15.13%	13.4
Income $50,000 - $74,999	17,167	112,822	140,061	144,679	130,390	89,131	28,
% Across Age Ranges	2.57%	16.86%	20.93%	21.62%	19.49%	13.32%	4.1
% Within Age Range	10.51%	19.12%	19.48%	18.69%	17.53%	16.39%	10.8
Income $75,000 - $99,999	5,924	62,107	93,106	103,071	89,178	48,506	14,
% Across Age Ranges	1.41%	14.80%	22.18%	24.55%	21.24%	11.56%	3.4
% Within Age Range	3.63%	10.53%	12.95%	13.32%	11.99%	8.92%	5.6
Income $100,000 - $124,999	2,197	29,223	52,548	67,495	58,282	25,940	7,
% Across Age Ranges	0.90%	11.92%	21.43%	27.52%	23.76%	10.58%	2.9
% Within Age Range	1.35%	4.95%	7.31%	8.72%	7.84%	4.77%	2.3
Income $125,000 - $149,999	901	13,201	27,424	36,929	33,620	13,786	3,
% Across Age Ranges	0.69%	10.12%	21.02%	28.30%	25.77%	10.57%	2.
% Within Age Range	0.55%	2.24%	3.81%	4.77%	4.52%	2.54%	1.
Income $150,000 - $199,999	776	11,475	27,669	39,198	36,227	14,114	3
% Across Age Ranges	0.58%	8.54%	20.59%	29.17%	26.96%	10.50%	2.
% Within Age Range	0.48%	1.95%	3.85%	5.06%	4.87%	2.60%	1.
Income $200,000+	360	7,381	22,870	35,828	32,010	13,294	2
% Across Age Ranges	0.31%	6.43%	19.93%	31.23%	27.90%	11.59%	1.
% Within Age Range	0.22%	1.25%	3.18%	4.63%	4.30%	2.44%	0.
Median Household Income	$22,520	$41,383	$50,747	$56,939	$51,508	$37,759	$25,

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Pop-Facts: Household Income by age of Householder 2013

Due to the calculation method some median values are assigned pre-determined amounts rather than calculated amounts. Median HH Inc values less tha

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Pop-Facts: Household Income by age of Householder 2013

Appendix: Area Listing

Area Name:

Type: List - State Reporting Detail: Aggregate Reporting Leve State

Geography Code	Geography Name	Ge	Geography Name
13	Georgia		

Project Information:

Site: 2

Order Num 971352499

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Pop-Facts: Household Income by age of Householder 2013

State (see appendix for geographies), Total

2000 Census Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	172,988	602,082	732,368	606,802	391,499	281,794	171,114	48,977
% of Total Households	5.75%	20.02%	24.35%	20.18%	13.02%	9.37%	5.69%	1.63%
Income Less than $15,000	55,854	69,123	72,619	62,634	61,426	72,082	63,728	23,395
% Across Age Ranges	11.62%	14.37%	15.10%	13.03%	12.77%	14.99%	13.25%	4.87%
% Within Age Range	32.29%	11.48%	9.92%	10.32%	15.69%	25.58%	37.24%	47.77%
Income $15,000 - $24,999	36,090	75,128	70,473	51,282	43,629	49,641	33,648	9,394
% Across Age Ranges	9.77%	20.34%	19.08%	13.89%	11.81%	13.44%	9.11%	2.54%
% Within Age Range	20.86%	12.48%	9.62%	8.45%	11.14%	17.62%	19.66%	19.18%
Income $25,000 - $34,999	28,037	92,460	84,903	60,124	44,735	40,944	22,084	5,403
% Across Age Ranges	7.40%	24.42%	22.42%	15.88%	11.81%	10.81%	5.83%	1.43%
% Within Age Range	16.21%	15.36%	11.59%	9.91%	11.43%	14.53%	12.91%	11.03%
Income $35,000 - $49,999	27,334	121,959	130,695	95,246	60,311	42,674	20,288	4,467
% Across Age Ranges	5.43%	24.25%	25.98%	18.94%	11.99%	8.48%	4.03%	0.89%
% Within Age Range	15.80%	20.26%	17.85%	15.70%	15.41%	15.14%	11.86%	9.12%
Income $50,000 - $74,999	17,563	138,649	171,483	132,411	74,909	38,464	16,290	3,436
% Across Age Ranges	2.96%	23.37%	28.91%	22.32%	12.63%	6.48%	2.75%	0.58%
% Within Age Range	10.15%	23.03%	23.41%	21.82%	19.13%	13.65%	9.52%	7.02%
Income $75,000 - $99,999	4,880	57,344	95,226	86,124	43,066	17,339	6,470	1,154
% Across Age Ranges	1.57%	18.40%	30.56%	27.64%	13.82%	5.56%	2.08%	0.37%
% Within Age Range	2.82%	9.52%	13.00%	14.19%	11.00%	6.15%	3.78%	2.36%
Income $100,000 - $124,999	1,707	23,929	46,116	49,475	24,605	8,321	3,124	523
% Across Age Ranges	1.08%	15.16%	29.22%	31.35%	15.59%	5.27%	1.98%	0.33%
% Within Age Range	0.99%	3.97%	6.30%	8.15%	6.28%	2.95%	1.83%	1.07%
Income $125,000 - $149,999	660	10,033	21,780	24,803	13,197	3,986	1,389	402
% Across Age Ranges	0.87%	13.16%	28.56%	32.53%	17.31%	5.23%	1.82%	0.53%
% Within Age Range	0.38%	1.67%	2.97%	4.09%	3.37%	1.41%	0.81%	0.82%
Income $150,000 - $199,999	438	7,562	19,384	21,657	11,889	3,388	1,463	340
% Across Age Ranges	0.66%	11.44%	29.32%	32.75%	17.98%	5.12%	2.21%	0.51%
% Within Age Range	0.25%	1.26%	2.65%	3.57%	3.04%	1.20%	0.85%	0.69%
Income $200,000 or more	425	5,895	19,689	23,046	13,732	4,955	2,630	463
% Across Age Ranges	0.60%	8.32%	27.80%	32.53%	19.39%	7.00%	3.71%	0.65%
% Within Age Range	0.25%	0.98%	2.69%	3.80%	3.51%	1.76%	1.54%	0.95%
Median Household Income	$23,490	$42,912	$51,093	$56,441	$46,431	$29,683	$21,487	$16,164

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Pop-Facts: Household Income by age of Householder 2013

State (see appendix for geographies), Total

2013 Estimate Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	172,204	595,974	731,459	780,816	671,549	441,994	220,642	79,801
% of Total Households	4.66%	16.13%	19.80%	21.13%	18.18%	11.96%	5.97%	2.16%
Income Less than $15,000	60,938	85,738	79,037	93,434	97,321	86,234	61,115	28,824
% Across Age Ranges	10.28%	14.47%	13.34%	15.77%	16.42%	14.55%	10.31%	4.86%
% Within Age Range	35.39%	14.39%	10.81%	11.97%	14.49%	19.51%	27.70%	36.12%
Income $15,000 - $24,999	33,627	79,352	73,097	71,845	67,715	66,724	48,337	18,982
% Across Age Ranges	7.32%	17.26%	15.90%	15.63%	14.73%	14.52%	10.52%	4.13%
% Within Age Range	19.53%	13.31%	9.99%	9.20%	10.08%	15.10%	21.91%	23.79%
Income $25,000 - $34,999	25,409	80,308	83,079	75,038	69,641	56,369	31,397	10,773
% Across Age Ranges	5.88%	18.59%	19.23%	17.37%	16.12%	13.05%	7.27%	2.49%
% Within Age Range	14.76%	13.48%	11.36%	9.61%	10.37%	12.75%	14.23%	13.50%
Income $35,000 - $49,999	24,706	105,204	108,502	102,995	93,871	67,124	30,212	7,962
% Across Age Ranges	4.57%	19.46%	20.07%	19.05%	17.36%	12.42%	5.59%	1.47%
% Within Age Range	14.35%	17.65%	14.83%	13.19%	13.98%	15.19%	13.69%	9.98%
Income $50,000 - $74,999	18,199	119,799	147,528	150,115	120,570	74,335	24,003	5,983
% Across Age Ranges	2.76%	18.14%	22.33%	22.73%	18.25%	11.25%	3.63%	0.91%
% Within Age Range	10.57%	20.10%	20.17%	19.23%	17.95%	16.82%	10.88%	7.50%
Income $75,000 - $99,999	5,602	63,937	98,915	105,345	80,489	38,464	12,130	2,925
% Across Age Ranges	1.37%	15.68%	24.26%	25.83%	19.74%	9.43%	2.97%	0.72%
% Within Age Range	3.25%	10.73%	13.52%	13.49%	11.99%	8.70%	5.50%	3.67%
Income $100,000 - $124,999	1,983	29,624	56,694	70,016	52,784	20,389	5,832	1,941
% Across Age Ranges	0.83%	12.38%	23.70%	29.26%	22.06%	8.52%	2.44%	0.81%
% Within Age Range	1.15%	4.97%	7.75%	8.97%	7.86%	4.61%	2.64%	2.43%
Income $125,000 - $149,999	752	12,689	29,018	36,500	29,310	10,617	2,792	633
% Across Age Ranges	0.61%	10.37%	23.72%	29.84%	23.96%	8.68%	2.28%	0.52%
% Within Age Range	0.44%	2.13%	3.97%	4.67%	4.36%	2.40%	1.27%	0.79%
Income $150,000 - $199,999	733	11,964	31,130	40,915	32,968	11,571	3,122	1,103
% Across Age Ranges	0.55%	8.96%	23.32%	30.65%	24.69%	8.67%	2.34%	0.83%
% Within Age Range	0.43%	2.01%	4.26%	5.24%	4.91%	2.62%	1.41%	1.38%
Income $200,000+	255	7,359	24,459	34,613	26,880	10,167	1,702	675
% Across Age Ranges	0.24%	6.94%	23.05%	32.62%	25.33%	9.58%	1.60%	0.64%
% Within Age Range	0.15%	1.23%	3.34%	4.43%	4.00%	2.30%	0.77%	0.85%
Median Household Income	$22,483	$42,498	$53,731	$57,843	$51,498	$37,608	$25,277	$20,835

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Pop-Facts: Household Income by age of Householder 2013

State (see appendix for geographies), Total

2018 Projection Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	163,317	589,947	718,981	774,086	743,688	543,805	257,419	89,792
% of Total Households	4.21%	15.20%	18.53%	19.95%	19.16%	14.01%	6.63%	2.31%
Income Less than $15,000	57,950	89,809	85,220	94,995	107,811	106,024	71,260	32,226
% Across Age Ranges	8.98%	13.92%	13.21%	14.72%	16.71%	16.43%	11.04%	4.99%
% Within Age Range	35.48%	15.22%	11.85%	12.27%	14.50%	19.50%	27.68%	35.89%
Income $15,000 - $24,999	31,526	81,057	77,820	72,954	76,085	81,420	55,224	21,165
% Across Age Ranges	6.34%	16.30%	15.65%	14.67%	15.30%	16.37%	11.11%	4.26%
% Within Age Range	19.30%	13.74%	10.82%	9.42%	10.23%	14.97%	21.45%	23.57%
Income $25,000 - $34,999	23,592	80,574	83,835	75,129	76,909	69,328	36,896	11,983
% Across Age Ranges	5.15%	17.58%	18.29%	16.39%	16.78%	15.13%	8.05%	2.61%
% Within Age Range	14.45%	13.66%	11.66%	9.71%	10.34%	12.75%	14.33%	13.35%
Income $35,000 - $49,999	22,924	102,298	108,428	103,808	103,176	82,262	34,579	8,970
% Across Age Ranges	4.05%	18.06%	19.14%	18.33%	18.21%	14.52%	6.10%	1.58%
% Within Age Range	14.04%	17.34%	15.08%	13.41%	13.87%	15.13%	13.43%	9.99%
Income $50,000 - $74,999	17,167	112,822	140,061	144,679	130,390	89,131	28,003	6,919
% Across Age Ranges	2.57%	16.86%	20.93%	21.62%	19.49%	13.32%	4.18%	1.03%
% Within Age Range	10.51%	19.12%	19.48%	18.69%	17.53%	16.39%	10.88%	7.71%
Income $75,000 - $99,999	5,924	62,107	93,106	103,071	89,178	48,506	14,559	3,319
% Across Age Ranges	1.41%	14.80%	22.18%	24.55%	21.24%	11.56%	3.47%	0.79%
% Within Age Range	3.63%	10.53%	12.95%	13.32%	11.99%	8.92%	5.66%	3.70%
Income $100,000 - $124,999	2,197	29,223	52,548	67,495	58,282	25,940	7,318	2,247
% Across Age Ranges	0.90%	11.92%	21.43%	27.52%	23.76%	10.58%	2.98%	0.92%
% Within Age Range	1.35%	4.95%	7.31%	8.72%	7.84%	4.77%	2.84%	2.50%
Income $125,000 - $149,999	901	13,201	27,424	36,929	33,620	13,786	3,630	986
% Across Age Ranges	0.69%	10.12%	21.02%	28.30%	25.77%	10.57%	2.78%	0.76%
% Within Age Range	0.55%	2.24%	3.81%	4.77%	4.52%	2.54%	1.41%	1.10%
Income $150,000 - $199,999	776	11,475	27,669	39,198	36,227	14,114	3,760	1,169
% Across Age Ranges	0.58%	8.54%	20.59%	29.17%	26.96%	10.50%	2.80%	0.87%
% Within Age Range	0.48%	1.95%	3.85%	5.06%	4.87%	2.60%	1.46%	1.30%
Income $200,000+	360	7,381	22,870	35,828	32,010	13,294	2,190	808
% Across Age Ranges	0.31%	6.43%	19.93%	31.23%	27.90%	11.59%	1.91%	0.70%
% Within Age Range	0.22%	1.25%	3.18%	4.63%	4.30%	2.44%	0.85%	0.90%
Median Household Income	$22,520	$41,383	$50,747	$56,939	$51,508	$37,759	$25,603	$20,986

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Pop-Facts: Household Income by age of Householder 2013

Due to the calculation method some median values are assigned pre-determined amounts rather than calculated amounts. Median HH Inc values less than $15,000 are displayed as $14,999; Median HH Inc values more than $200,000 are displayed as $200,001.

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Pop-Facts: Household Income by age of Householder 2013

Appendix: Area Listing

Area Name:

Type: List - State Reporting Detail: Aggregate Reporting Level: State

Geography Code	Geography Name	Geography Code	Geography Name
13	Georgia		

Project Information:

Site: 2

Order Number: 971352499

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Pop-Facts: Household Income by age of Householder 2013
State (see appendix for geographies), Total

2000 Census Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75
Household Totals	275,592	931,252	1,340,153	1,147,466	889,370	891,463	
% of Total Households	4.35%	14.69%	21.14%	18.10%	14.03%	14.06%	
Income Less than $15,000	88,821	119,644	143,101	124,038	134,679	176,839	
% Across Age Ranges	8.59%	11.57%	13.84%	12.00%	13.02%	17.10%	
% Within Age Range	32.23%	12.85%	10.68%	10.81%	15.14%	19.84%	
Income $15,000 - $24,999	60,004	133,596	152,862	116,527	109,784	160,958	
% Across Age Ranges	6.53%	14.55%	16.64%	12.69%	11.95%	17.53%	
% Within Age Range	21.77%	14.35%	11.41%	10.16%	12.34%	18.06%	
Income $25,000 - $34,999	47,864	153,331	179,626	134,432	114,768	140,497	
% Across Age Ranges	5.31%	17.01%	19.93%	14.91%	12.73%	15.59%	
% Within Age Range	17.37%	16.47%	13.40%	11.72%	12.90%	15.76%	
Income $35,000 - $49,999	44,400	194,954	247,059	193,692	148,281	155,147	
% Across Age Ranges	4.02%	17.67%	22.39%	17.55%	13.44%	14.06%	
% Within Age Range	16.11%	20.93%	18.44%	16.88%	16.67%	17.40%	
Income $50,000 - $74,999	24,776	202,404	304,276	246,960	170,158	130,335	
% Across Age Ranges	2.12%	17.29%	25.99%	21.10%	14.54%	11.13%	
% Within Age Range	8.99%	21.73%	22.70%	21.52%	19.13%	14.62%	
Income $75,000 - $99,999	5,943	71,717	149,619	144,847	87,734	54,320	
% Across Age Ranges	1.08%	12.98%	27.09%	26.22%	15.88%	9.83%	
% Within Age Range	2.16%	7.70%	11.16%	12.62%	9.86%	6.09%	
Income $100,000 - $124,999	2,156	28,099	70,842	76,677	48,336	26,437	
% Across Age Ranges	0.79%	10.35%	26.09%	28.24%	17.80%	9.74%	
% Within Age Range	0.78%	3.02%	5.29%	6.68%	5.43%	2.97%	
Income $125,000 - $149,999	499	11,230	33,226	36,939	22,639	13,212	
% Across Age Ranges	0.39%	8.82%	26.09%	29.00%	17.78%	10.37%	
% Within Age Range	0.18%	1.21%	2.48%	3.22%	2.55%	1.48%	
Income $150,000 - $199,999	414	8,446	27,154	32,663	23,241	13,242	
% Across Age Ranges	0.36%	7.38%	23.73%	28.54%	20.31%	11.57%	
% Within Age Range	0.15%	0.91%	2.03%	2.85%	2.61%	1.49%	
Income $200,000 or more	715	7,831	32,388	40,691	29,750	20,476	
% Across Age Ranges	0.49%	5.31%	21.98%	27.62%	20.19%	13.90%	
% Within Age Range	0.26%	0.84%	2.42%	3.55%	3.35%	2.30%	
Median Household Income	$23,162	$39,544	$46,808	$50,511	$43,644	$32,682	

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Pop-Facts: Household Income by age of Householder 2013
State (see appendix for geographies), Total

2013 Estimate Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75
Household Totals	294,432	990,306	1,221,039	1,489,317	1,415,398	1,171,685	
% of Total Households	3.86%	12.98%	16.00%	19.52%	18.55%	15.35%	
Income Less than $15,000	92,802	132,477	125,155	171,818	192,200	195,708	

Pop-Facts: Household Income by age of Householder 2013

State (see appendix for geographies), Total

2000 Census Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	275,592	931,252	1,340,153	1,147,466	889,370	891,463	675,524	190,053
% of Total Households	4.35%	14.69%	21.14%	18.10%	14.03%	14.06%	10.65%	3.00%
Income Less than $15,000	88,821	119,644	143,101	124,038	134,679	176,839	180,072	66,824
% Across Age Ranges	8.59%	11.57%	13.84%	12.00%	13.02%	17.10%	17.41%	6.46%
% Within Age Range	32.23%	12.85%	10.68%	10.81%	15.14%	19.84%	26.66%	35.16%
Income $15,000 - $24,999	60,004	133,596	152,862	116,527	109,784	160,958	143,106	41,579
% Across Age Ranges	6.53%	14.55%	16.64%	12.69%	11.95%	17.53%	15.58%	4.53%
% Within Age Range	21.77%	14.35%	11.41%	10.16%	12.34%	18.06%	21.18%	21.88%
Income $25,000 - $34,999	47,864	153,331	179,626	134,432	114,768	140,497	104,061	26,789
% Across Age Ranges	5.31%	17.01%	19.93%	14.91%	12.73%	15.59%	11.54%	2.97%
% Within Age Range	17.37%	16.47%	13.40%	11.72%	12.90%	15.76%	15.40%	14.10%
Income $35,000 - $49,999	44,400	194,954	247,059	193,692	148,281	155,147	97,329	22,645
% Across Age Ranges	4.02%	17.67%	22.39%	17.55%	13.44%	14.06%	8.82%	2.05%
% Within Age Range	16.11%	20.93%	18.44%	16.88%	16.67%	17.40%	14.41%	11.92%
Income $50,000 - $74,999	24,776	202,404	304,276	246,960	170,158	130,335	74,997	16,638
% Across Age Ranges	2.12%	17.29%	25.99%	21.10%	14.54%	11.13%	6.41%	1.42%
% Within Age Range	8.99%	21.73%	22.70%	21.52%	19.13%	14.62%	11.10%	8.75%
Income $75,000 - $99,999	5,943	71,717	149,619	144,847	87,734	54,320	32,063	6,131
% Across Age Ranges	1.08%	12.98%	27.09%	26.22%	15.88%	9.83%	5.80%	1.11%
% Within Age Range	2.16%	7.70%	11.16%	12.62%	9.86%	6.09%	4.75%	3.23%
Income $100,000 - $124,999	2,156	28,099	70,842	76,677	48,336	26,437	16,113	2,850
% Across Age Ranges	0.79%	10.35%	26.09%	28.24%	17.80%	9.74%	5.93%	1.05%
% Within Age Range	0.78%	3.02%	5.29%	6.68%	5.43%	2.97%	2.39%	1.50%
Income $125,000 - $149,999	499	11,230	33,226	36,939	22,639	13,212	7,376	2,236
% Across Age Ranges	0.39%	8.82%	26.09%	29.00%	17.78%	10.37%	5.79%	1.76%
% Within Age Range	0.18%	1.21%	2.48%	3.22%	2.55%	1.48%	1.09%	1.18%
Income $150,000 - $199,999	414	8,446	27,154	32,663	23,241	13,242	7,459	1,815
% Across Age Ranges	0.36%	7.38%	23.73%	28.54%	20.31%	11.57%	6.52%	1.59%
% Within Age Range	0.15%	0.91%	2.03%	2.85%	2.61%	1.49%	1.10%	0.95%
Income $200,000 or more	715	7,831	32,388	40,691	29,750	20,476	12,948	2,546
% Across Age Ranges	0.49%	5.31%	21.98%	27.62%	20.19%	13.90%	8.79%	1.73%
% Within Age Range	0.26%	0.84%	2.42%	3.55%	3.35%	2.30%	1.92%	1.34%
Median Household Income	$23,162	$39,544	$46,808	$50,511	$43,644	$32,682	$26,401	$21,783

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Exhibit E

Exhibit F

From: (215) 825-8600
Daniel B. Lundy
Klasko, Rulon, Stock & Seltzer
1800 JFK Blvd.
Suite 1700
Philadelphia, PA 19103

Origin ID: REDA

FedEx Express

J131113021203 26

Ship Date: 11APR13
ActWgt: 1.0 LB
CAD: 3629429/INET3370

CSC

Delivery Address Bar Code

RECD APR 12 2013

STAMP #172

C30070

Ref # 8615 (Mountain Air)
Invoice #
PO #
Dept #

SHIP TO: (215) 825-8600 BILL SENDER

Attn: EB-5 Processing Unit
USCIS - California Service Center
24000 AVILA RD
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LAGUNA NIGUEL, CA 92677

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Department of Homeland Security
U.S. Citizenship and Immigration Services

I–797E, Notice of Action

A #	Application/Petition
	I924, Application for Regional Center under Immigrant Investor Pilot Program
Receipt # RCW1209050633	Application/Petitioner Appalachian E B-5 Regional Center
Notice Date October 11, 2012 / Page 1 of 9	Beneficiary

RECD CSC'12DEC26 19:49

H. Ronald Klasko
Klasko, Rulon, Stock, & Seltzer LLP
RE: Appalachian EB-5 Regional Center
1800 John F. Kennedy Boulevard, Suite 1700
Philadelphia, PA 19103

C30034

Request for Evidence

ACTION COMPLETED
APPROVED FOR FILING
DEC 28 2012
INITIALS:
FOC: CSC C30034

Notice also sent to:

RETURN THIS NOTICE ON TOP OF THE REQUESTED INFORMATION LISTED ON THE ATTACHED SHEET.

Note: You are given until January 3, 2013 in which to submit the requested information to the address at the bottom of this notice.

Please note the required deadline for providing a response to this Request for Evidence. The deadline reflects the maximum period for responding to this RFE. However, since many immigration benefits are time sensitive, you are encouraged to respond to this request as early as possible but no later than the date provided on the request.

Pursuant to 8 C.F.R. 103.2(b)(11) failure to submit ALL evidence requested at one time may result in the denial of your application.

For more information, visit our website at www.uscis.gov

Or call us at 1-800-375-5283

Telephone service for the hearing impaired: 1-800-767-1833

CSC4639 WS25097 DIV III AC 13 20 2 3

For non-US Postal Service
Attn: EB 5 RC Proposal
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

You will be notified separately about any other applications or petitions you filed. Save this notice. Please enclose a copy of it if you write to us about this case, or if you file another application based on this decision. Our address is:

USCIS - CALIFORNIA SERVICE CENTER
P.O. BOX 10590
LAGUNA NIGUEL, CA 92607-0590
800-375-5283

RCW1209050633

Please see additional information on the reverse side.

Form I–797E (Rev. 05/05/06)

A request for initial designation as a Regional Center under the Immigrant Investor Pilot Program ("Pilot Program") or an amendment to an existing Regional Center designation, may involve:

1. A request for review of an exemplar Form I-526, Immigrant Petition by Alien Entrepreneur, prior to the filing of Form I-526 petitions by individual alien entrepreneurs with USCIS and/or;
2. In the case of a Regional Center amendment request, a review of a new specific capital investment project where the Regional Center designation involved a review of an exemplar capital investment project.

It appears that you are requesting initial designation as a Regional Center under the Pilot Program.

I Background:

The proposed Regional Center entity, Appalachian EB-5 Regional Center, (AEB5), was established on October 13, 2011 in the state of North Carolina, and is structured as an LLC. AEB5 is requesting jurisdiction over a geographic scope that includes 29 counties in North Carolina and 50 counties in Tennessee. The regional center encompasses seven metropolitan statistical areas in their entirety and parts of three others. AEB5 is requesting jurisdiction over this geographic area within the States of North Carolina and Tennessee and include the following counties:

North Carolina			Tennessee				
Haywood	Stokes	Caldwell	Hamilton	Cocke	Campbell	Jackson	Rhea
Madison	Ashe	Mitchell	Claiborne	Louden	Johnson	Cannon	Roane
Buncombe	Burke	Polk	Sequatchie	Union	Bradley	Macon	Scott
Henderson	Davie	Forsyth	Cumberland	Meigs	DeKalb	Coffee	Sevier
Rutherford	Avery	Surry	Grainger	Carter	Fentress	Greene	Smith
Transylvania	Clay	Swain	Van Buren	Unicoi	Franklin	Monroe	Sullivan
McDowell	Graham	Yadkin	Hamblen	Bledsoe	McMinn	Morgan	Warren
Cherokee	Jackson	Watauga	Washington	Marion	Grundy	Overton	White
Alexander	Macon	Wilkes	Anderson	Clay	Hancock	Pickett	Knox
Allegheny	Yancey		Jefferson	Blount	Hawkins	Putnam	Polk

AEB5 plans to offer EB-5 capital investment opportunities in affiliated new commercial enterprise, organized as LLC focusing on projects in the following industry categories:

Industry	NAICS Code
Construction	236000
Real Estate Rental and Leasing	531000
Professional, Scientific and Technical Services	541000
Utilities	221000
Repairs and Maintenance	811000

The Industry Categories listed above and on the application do not match the descriptions of the codes listed in the North American Industry Classification System (NAICS). For example, NAICS code 236000 is actually titled "Construction of Buildings". NAICS Code 531000 is actually titled "Real Estate". "Real Estate and Rental and Leasing" is actually NAICS Code 530000.

(b)(4)

II Summary of the Proposal

The applicant presents an initial project—Mountain Air EB-5 Project in Yancey County, NC.

(b)(4)

Project	Type (A,E,H)*	NAICS Code	Industry
Mountain Air EB-5 Project	A	236	Construction
		531	Real Estate Rental and Leasing
		541	Professional, Scientific, and Technical Services
		221	Utilities
		811	Repairs and Maintenance

* A = Actual Project, E= Exemplar I-526 Project, H= Hypothetical Project

(b)(4)

The capital investment projects will involve combination of an equity investment and loans to job creating enterprises located within the proposed bounds of the Regional Center. The proposed initial project involves the expansion of a secluded and exclusive resort community located on top of Slick Rock Mountain in Yancey County, NC.

III Evidentiary Requirements for Regional Center Proposals

8 CFR 204.6 (m)(3), which is appended to this notice, describes the evidence that must be submitted in support of a Regional Center proposal. After review of your proposal, the following information, evidence and/or clarification is required. Note that in response to this notice, that it is helpful to provide a cover letter that acts as an executive summary, followed by a table of contents with sections that are tabbed at the bottom of the page.

IV Indirect Job Creation (8 CFR 204.6(m)(3)(ii)):

A. Business Plan

1. Market Analysis, Competitor Analysis: The applicant provides summary statistics for the area within the AEB5's requested geographic scope. The applicant examines these data by NAICS industry and presents a (b)(4) macro-level economic evaluation of the role of foreign direct investment (FDI), US competiveness, and state economic activity in the US since the recession. [redacted]

2. Pro Forma Financial Data: The total costs and net cash flows are forecasted over a four-year time horizon; these data include construction costs, which are not itemized into "soft" and "hard" costs. The applicant (b)(4) [redacted]

3. Timeline: The applicant presents construction and hiring timelines [redacted]

(b)(4) [redacted]

V Economic Impact Analysis

Section 610(c) of the Departments of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act of 1993, as amended, allows aliens admitted under the pilot program described in this section to establish reasonable methodologies for determining the number of jobs created by the pilot program, including jobs which are estimated to have been created indirectly through revenues, improved regional productivity, job creation, or increased domestic capital investment resulting from the pilot program.

8 CFR 204.6(m)(3)(ii) requires that a Regional Center proposal must provide in verifiable detail how jobs will be created indirectly, while 8 CFR 204.6(m)(3)(v) describes the analytical tools that the Regional Center must employ when making economic and job creation predictions. It is also noted in 8 CFR 204.6(m)(1) in pertinent part that *except as provided herein, aliens seeking to obtain immigration benefits under this paragraph continue to be subject to all conditions and restrictions set forth in section 203(b)(5) of the Act and this section.*

The reliability of job creation estimates provided by an economic analysis is dependent upon the validity of the information and assumptions that form the basis for the analysis. Any business plan, exemplar or actual, provided in support of a Regional Center proposal or amendment must contain sufficient specificity to provide valid and reasoned inputs into the economic model, if such a model is used to demonstrate job creation for EB-5 purposes. Otherwise, a determination cannot be made that the Regional Center proposal demonstrates in "verifiable detail" that the requisite jobs will be created. The ability of AEB5 to address the issues regarding the feasibility of each capital investment project, the validity of the economic analysis, and the timing of the EB-5 job creation is critical to the success of the immigrant investors' immigration process.

The applicant solicited the expertise of Economic and Policy Resources, Inc. ("EPR"), to prepare the economic impact analysis. EPR calculates the indirect jobs created from the construction and operations of a retirement/luxury community in Yancey County, NC. The economic model described in the proposal is REDYN calibrated on multiple levels:

1. Yancey, County, North Carolina
2. The remaining North Carolina counties within the regional center
3. The remaining Tennessee counties within the regional center
4. The United States less 79 counties of the regional center

EPR presents most of the results and tables with data at the county level.

(b)(4)

VI Regional Center Request for Approval an Actual Project

An I-526 exemplar petition has been submitted with the application. [redacted]

(b)(4) [redacted]

General issues

Translations:

Any document containing a foreign language submitted to USCIS shall be accompanied by a full English translation that the translator has certified as complete and accurate, and by the translator's certification that he or she is competent to translate from the foreign language into English.

Copies:

Unless specifically required that an original document be filed with an application or petition, an ordinary legible photocopy may be submitted. Original documents submitted when not required will remain part of the record, even if the submission was not required.

NOTES:

Any document submitted to the USCIS containing a foreign language, must be accompanied by a full English language translation that has been certified by the translator as complete and accurate, and that the translator is competent to translate from the foreign language into English. Submit clear and legible copies of all requested evidence. If clear and legible copies are not possible, submit the original documents. These originals will be returned, if requested.

Please provide an index of any submitted evidence and include corresponding tabs for each section of evidence.

Regulatory References

The regulation at 8 CFR 103.2(a)(3) provides the following definitions:

(3) Representation._An applicant or petitioner may be represented by an attorney in the United States, as defined in 1.1(f) of this chapter, by an attorney outside the United States as defined in 292.1(a)(6) of this chapter, or by an accredited representative as defined in 292.1(a)(4) of this chapter. A beneficiary of a petition is not a recognized party in such a proceeding. An application or petition presented in person by someone who is not the applicant or petitioner, or his or her representative as

defined in this paragraph, shall be treated as if received through the mail, and the person advised that the applicant or petitioner, and his or her representative, will be notified of the decision. Where a notice of representation is submitted that is not properly signed, the application or petition will be processed as if the notice had not been submitted.

The regulation at 8 CFR 204.6(e) provides the following definitions:

Qualifying employee means a United States citizen, a lawfully admitted permanent resident, or other immigrant lawfully authorized to be employed in the United States including, but not limited to, a conditional resident, a temporary resident, an asylee, a refugee, or an alien remaining in the United States under suspension of deportation. This definition does not include the alien entrepreneur, the alien entrepreneur's spouse, sons, or daughters, or any nonimmigrant alien.

Regional center means any economic unit, public or private, which is involved with the promotion of economic growth, including increased export sales, improved regional productivity, job creation, and increased domestic capital investment.

The regulation at 8 CFR 204.6(j)(4) provides:

Job creation --

(i) General. To show that a new commercial enterprise will create not fewer than ten (10) full-time positions for qualifying employees, the petition must be accompanied by:

(A) Documentation consisting of photocopies of relevant tax records, Form I-9, or other similar documents for ten (10) qualifying employees, if such employees have already been hired following the establishment of the new commercial enterprise; or

(B) A copy of a comprehensive business plan showing that, due to the nature and projected size of the new commercial enterprise, the need for not fewer than ten (10) qualifying employees will result, including approximate dates, within the next two years, and when such employees will be hired.

(ii) Troubled business. To show that a new commercial enterprise which has been established through a capital investment in a troubled business meets the statutory employment creation requirement, the petition must be accompanied by evidence that the number of existing employees is being or will be maintained at no less than the pre-investment level for a period of at least two years. Photocopies of tax records, Forms I-9, or other relevant documents for the qualifying employees and a comprehensive business plan shall be submitted in support of the petition.

(iii) Immigrant Investor Pilot Program. To show that the new commercial enterprise located within a regional center approved for participation in the Immigrant Investor Pilot Program meets the statutory employment creation requirement, the petition must be accompanied by evidence that the investment will create full-time positions for not fewer than 10 persons either directly or indirectly through revenues generated from increased exports resulting from the Pilot Program. Such evidence may be demonstrated by reasonable methodologies including those set forth in paragraph (m)(3) of this section.

The regulation at 8 CFR 204.6(m)(1) provides:

(1) Scope. The Immigrant Investor Pilot Program is established solely pursuant to the provisions of section 610 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriation Act, and subject to all conditions and restrictions stipulated in that section. Except as provided herein, aliens seeking to obtain immigration benefits under this paragraph continue to be subject to all conditions and restrictions set forth in section 203(b)(5) of the Act and this section.

The regulation at 8 CFR 204.6(m)(3) provides:

(3) Requirements for regional centers. Each regional center wishing to participate in the Immigrant Investor Pilot Program shall submit a proposal to the Assistant Commissioner for Adjudications, which:

(i) Clearly describes how the regional center focuses on a geographical region of the United States, and how it will promote economic growth through increased export sales, improved regional productivity, job creation, and increased domestic capital investment;

(ii) Provides in verifiable detail how jobs will be created indirectly through increased exports;

(iii) Provides a detailed statement regarding the amount and source of capital which has been committed to the regional center, as well as a description of the promotional efforts taken and planned by the sponsors of the regional center;

(iv) Contains a detailed prediction regarding the manner in which the regional center will have a positive impact on the regional or national economy in general as reflected by such factors as increased household earnings, greater demand for business services, utilities, maintenance and repair, and construction both within and without the regional center; and

(v) Is supported by economically or statistically valid forecasting tools, including, but not limited to, feasibility studies, analyses of foreign and domestic markets for the goods or services to be exported, and/or multiplier tables.

Note that promoting economic growth through increased export sales is no longer a requirement.

The regulation at 8 CFR 204.6(m)(6) provides:

(6) Termination of participation of regional centers. To ensure that regional centers continue to meet the requirements of section 610(a) of the Appropriations Act, a regional center must provide USCIS with updated information to demonstrate the regional center is continuing to promote economic growth, improved regional productivity, job creation, or increased domestic capital investment in the approved geographic area. Such information must be submitted to USCIS on an annual basis, on a cumulative basis, and/or as otherwise requested by USCIS, using a form designated for this purpose. USCIS will issue a notice of intent to terminate the participation of a regional center in the pilot program if a regional center fails to submit the required information or upon a determination that the regional center no longer serves the purpose of promoting economic growth, including increased export sales, improved regional productivity,

job creation, and increased domestic capital investment. The notice of intent to terminate shall be made upon notice to the regional center and shall set forth the reasons for termination. The regional center must be provided 30 days from receipt of the notice of intent to terminate to offer evidence in opposition to the ground or grounds alleged in the notice of intent to terminate. If USCIS determines that the regional center's participation in the Pilot Program should be terminated, USCIS shall notify the regional center of the decision and of the reasons for termination. As provided in 8 CFR 103.3, the regional center may appeal the decision to USCIS within 30 days after the service of notice.

Klasko, Rulon, Stock & Seltzer, LLP
Practice limited to Immigration and Nationality Law
PHILADELPHIA • NEW YORK

KLASKO
Immigration and Nationality Law

December 27, 2012

U.S. Citizenship and Immigration Services
California Service Center
ATTN: EB-5 Processing Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

RE: Application for Regional Center Designation (Form I-924)
Appalachian EB-5, LLC Regional Center
Mountain Air EB-5 Project
Receipt #: RCW1209050633

Response to Request for Evidence

Dear Sir/Madam:

We are the attorneys for Appalachian EB-5, LLC. We hereby submit the attached response to the Service's Request for Additional Evidence (RFE) on its behalf. On March 28, 2012, Appalachian submitted an I-924 Application for Regional Center Designation to USCIS. On October 11, 2012, USCIS issued an RFE requesting clarification of several issues, which will be addressed in turn below. A copy of the RFE precedes this letter. In support of this response, please find the following attached:

- **Exhibit 1**: Amended Form I-924;
- **Exhibit 2**: Letter from EPR of 12/21/2012 in response to RFE;
- **Exhibit 3**: Revised Comprehensive Business Plan of 12/21/2012;
- **Exhibit 4**: Revised Economic Impact Report of 12/21/2012;
- **Exhibit 5**: Residential Market Study Update December 2012;
- **Exhibit 6**: Letter from Odlum Capital re budget and financial projections;
- **Exhibit 7**: Letter from Tyner Construction re budget and schedule;
- **Exhibit 8**: Letter from Young & McQueen Grading Co. Re budget;
- **Exhibit 9**: Letter from Bench Mark Advisors re Conservation Easements;
- **Exhibit 10**: Detailed spreadsheets of financial projections.

I. Clarification of Requested Treatment of the Application

The RFE states:

1800 John F. Kennedy Boulevard, Suite 1700
Philadelphia, PA 19103
Telephone 215.825.8600 Facsimile 215.825.8699
www.klaskolaw.com

(b)(4)

[redacted]

II. Clarification of the Requested NAICS Codes

(b)(4)

[redacted] *See* RFE at 3. This submission contains an updated Business Plan and Economic Impact Report, as well as a revised Form I-924. *See* **Exhibits 1 to 4**. These [redacted]. Please note that a minimum of four digits has been provided for each target industry. The following ten NAICS codes are being requested by Appalachian EB-5 Regional Center for inclusion in its designation letter:

- 2213 Water, Sewage, and Other Systems
- 2361 Residential Building Construction
- 2362 Nonresidential Building Construction
- 2373 Highway, Street, and Bridge Construction
- 23711 Water and Sewer Line and Related Structures Construction
- 23799 Other Heavy and Civil Engineering Construction

- 5312 Offices of Real Estate Agents and Brokers
- 5313 Activities Related to Real Estate
- 5411 Legal Services
- 5413 Architectural, Engineering, and Related Services.

The inclusion of all of these target industry clusters is amply supported by the attached Business Plan and Economic Impact Report. Please note that the Mountain Air EB-5 project is a component of a massive, long-term, community development project that involves the construction of an entire community- including housing, infrastructure, and amenities (which even include an airstrip for landing private aircraft)- on the top of a mountain in North Carolina. The four-year segment of the overall development that has been structured as an EB-5 project includes infrastructure aspects, residential and non-residential construction, sales and leasing, and other activities that directly implicate all of the requested industry clusters. As such, a broad selection of target industry clusters is both appropriate and necessary to enable Appalachian to fully serve the economic development goals of the Pilot Program.

III. Market Analysis

The RFE states "Please present a detailed analysis of the supply and demand for luxury retirement/resort living in the region." RFE at 4.

A detailed Market Study has been provided with this response. *See* **Exhibit 5**. This study is an update of a 2008 study (which has not been provided due to its limited relevance to current market conditions).

8 C.F.R. § 206.4(j)(2) provides that an investor's investment must be at risk to qualify under the EB-5 program. There is no guaranteed market for what a developer builds, no matter what it is, and the risk that a developer might not be able to sell its inventory and make a profit is a risk inherent to the development of real estate. Investing in real estate development also shares this risk. However, the risk that the project will not be profitable and the investors might not receive a return of or on their investment is a risk inherent to the EB-5 program. As such, it would appear that the analysis of supply and demand requested by USCIS is only generally relevant to the ultimate question of whether it is credible that a developer would undertake such a project. The market study, as well as the other documents submitted, demonstrates that the project is not speculative, incredible or unlikely to proceed. The market study lends support to the financial projections and other information contained in the business plan, and provides evidence that the projections are reasonable according to local industry standards. Further, the market study lends credibility to the comprehensive business plan submitted herewith, as it shows that there is a likely market for the products being developed as part of the Mountain Air EB-5 project, and the project has a reasonable likelihood of success. *See also* **Exhibit 2** (Letter from EPR).

(b)(4) **IV. Pro Forma Financial Data**

[redacted]

(b)(4)

The budgets and financial projections were developed through a variety of sources. The primary sources for the construction budget were the experience of the development team and the two primary contractors for the project, Tyner Construction (the contractor responsible for vertical construction) and Young & McQueen Grading Co. (the contractor responsible for infrastructure, site prep, etc.).

Tyner Construction is a local developer with more than 33 years of experience building in the area. Additionally, Tyner has been involved with the development of the Mountain Air community for more than 20 years. *See* **Exhibit 7**. Based on its experience building in the western North Carolina Region, and specifically with construction on the Mountain Air development, Tyner was able to work with the developers to develop a construction budget for the vertical construction of the project based on the project plans and specifications, local costs, and local industry standards. To ensure the accuracy of the budget, Tyner cross checked its estimates against its own historical data for both the Mountain Air project and its other past projects in the region.

Young & McQueen Grading Co. has been operating since 1986, and is an experienced infrastructure contractor in the western North Carolina area. *See* **Exhibit 8**. Young & McQueen has been the primary infrastructure and site development contractor for the Mountain Air community since it began more than 22 years ago. It constructed the golf course, airplane runway, and building sites for many of the buildings in the community; installed utilities for the project; and has built more than 17 miles of roads throughout the Mountain Air community. Based on its experience and expertise, Young & McQueen developed a budget for the Mountain Air EB-5 project. *Id.*

The budget and financial projections were also developed with input from Odlum Capital, an affiliate of the developer. *See* **Exhibit 6**.

Overall, the construction budget was developed using the most accurate available information, and reflects local industry standards. The cost estimates were derived by highly experienced local contractors, and are based on their extensive and expert knowledge of local costs, practices,

[1] This spreadsheet may be difficult to utilize in printed format. The interplay and persistence of the data between worksheets is not as easy to understand in the printed version as it is in the electronic version. These spreadsheets represent extraordinarily sophisticated, long-term planning and analysis for the project. In places, they use a weighted average in place of actual costs (to reflect the fact that financing occurs over time). As such, the numbers in these spreadsheets do not always correlate completely with the pro formas and budgets developed for the EB-5 project, which occasionally use more specific figures.

and industry standards. Further, the cost estimates are based on actual experience- both at the Mountain Air project site and in the specific geographic region of the project.[2]

The financial projections were developed by the Mountain Air team, which has extensive experience building and operating the larger Mountain Air community. *See* **Exhibits 2 and 6.** The revenue projections were based, in part, on estimates of the revenues available from conservation easements by Bench Mark Advisors. *See* **Exhibit 9**. Otherwise, the pro formas were developed by an experienced and well qualified team, based on historical performance of the site and current market conditions. The revenue projections are supported by the 2012 update to the Market Study, which contains a comparative analysis to market competitiors. *See* **Exhibit 5.**

(b)(4)

V. Construction and Hiring Timeline

(b)(4)

VI. Economic Impact Analysis

(b)(4)

(b)(4)

VII. Two-and-a-half Year Calculation

In the discussion of the economic impact analysis, RFE at 5, and the discussion of the construction and hiring timelines, RFE at 4, the RFE requests an explanation of how jobs will be created within 2.5 years[3] of I-526 approval. This issue is addressed in **Exhibit 2**, but warrants a discussion here.

(b)(4)

[redacted]

VIII. Conclusion

Based on the foregoing, we believe that Appalachian EB-5 Regional Center has demonstrated by a preponderance of the evidence that it meets the requirements on the Pilot Program and is eligible for designation as a Regional Center.

Sincerely,

H. Ronald Klasko, Esq.

Exhibit 1

Amended Form I-924

OMB No. 1615-0061; Expires 09/30/2012

Department of Homeland Security
U.S. Citizenship and Immigration Services

Form I-924, Application for Regional Center Under the Immigrant Investor Pilot Program

Do Not Write in This Block - for USCIS Use Only (except G-28 block below)	
Action Block	Fee Receipt ☒ G-28 attached Attorney's State License No.

Part 1. Information About Principal of the Regional Center

Name: Last	First	Middle
Dover	Andrew	

C/O: Appalachian EB-5, LLC

Street Address/P.O. Box: 45 Mountain Air Drive

City: Burnsville	State: NC	Zip Code: 28714

(b)(6)

Date of Birth (mm/dd/yyyy):	Fax Number (include area code): (305) 400-0679	Telephone Number (include area code): (740) 704-3256

Web site address: www.AppalachianEB5.com

Part 2. Application Type (Check one)

☒ **a.** Initial Application for Designation as a Regional Center

☐ **b.** Amendment to an approved Regional Center application. Note the previous application receipt number, if any (also attach the Regional Center's previous approval notice): _____

Part 3. Information About the Regional Center

(Use a continuation sheet, if needed, to provide information for additional management companies/agencies, Regional Center principals, agents, individuals or entities who are or will be involved in the management, oversight, and administration of the regional center.)

A. Name of Regional Center: Appalachian EB-5 Regional Center

Street Address/P.O. Box: 45 Mountain Air Drive

City: Burnsville	State: NC	Zip Code: 28714

Web site address:	Fax Number (include area code):	Telephone Number (include area code):
www.AppalachianEB5.com	(305) 400-0679	(740) 704-3256

Part 3. Information About the Regional Center *(Continued)*

B. Name of Managing Company/Agency: Appalachian Eb-5, LLC

Street Address/P.O. Box: 45 Mountain Air Drive

City: Burnsville	State: NC	Zip Code: 28714
Web site address: www.AppalachianEB5.com	Fax Number (include area code): (305) 400-0679	Telephone Number (include area code): (740) 702-3256

C. Name of Other Agent:

Street Address/P.O. Box:

City:	State:	Zip Code:
Web site address:	Fax Number (include area code):	Telephone Number (include area code):

D. Continuation, if needed, to provide information for additional management companies/agencies, regional center principals, agents, individuals or entities who are or will be involved in the management, oversight, and administration of the regional center.)

William R. Banks, additional Principal. 45 Mountain Air Drive, Burnsville, NC 28714. Phone: (740) 704-3256. Fax: (305) 400-0679. Date of Birth: 7/1/1953.

Part 3. Information About the Regional Center *(Continued)*

Note: If extra space is needed to complete any item, attach a continuation sheet, indicate the item number, and provide the response.

1a. Describe the structure, ownership and control of the regional center entity.

Appalachian EB-5, LLC is a North Carolina Limited Liability Company formed on October 13, 2011.

b. Date the Regional Center was established(mm/dd/yyyy): 10/13/2011

c. Organization Structure for the Regional Center:

- ☐ 1. Agency of a U.S. State or Territory (identify) _____
- ☐ 2. Corporation
- ☐ 3. Partnership (including Limited Partnership)
- ☒ 4. Limited Liability Company (LLC)
- ☐ 5. Other (Explain) _____

2. Has this regional center's designation ever been formally terminated by USCIS, or has the regional center ever filed a Form I-924 or regional center proposal or amendment that was denied?

☒ No ☐ Yes - Attach a copy of the adverse decision, with an explanation, the date of decision, and case number, if any.

3. Describe the geographic area of the regional center. **Note:** This area must be contiguous. Provide a map of the geographic area.

See attached Regional Center Operations and Business Plan. The proposed territory is comprised of 50 counties in the State of Tennessee and 29 counties in the State of North Carolina. The Regional Center encompasses seven Metropolitan Statistical Areas (MSAs) in their entirety and parts of three others. The territory is located in the heart of the Blue Ridge Mountains section of the Appalachian range, and includes the western portion of North Carolina and the eastern part of Tennessee.

4. Describe the regional center's administration, oversight, and management functions that are or will be in place to monitor all EB-5 capital investment activities and the allocation of the resulting jobs created or maintained under the sponsorship of the regional center.

The Regional Center will engage in oversight and administration of investment activities pursuant to its responsibilities under the regulations. The Regional Center will create a database to keep records of the name, date of birth, nationality, location where the alien resides in the U.S., and alien registration number of each alien investor who makes an investment and files an I-526 petition or 829 application with USCIS, and whether the petition or application was approved, denied, or withdrawn by the alien. The Regional Center will track each investor's investment, the total aggregate investment, industry codes, job creation, and other data required to be kept for reporting to USCIS. The Regional Center will also manage the allocation of created jobs among investors. See attached Business and Operations Plan for a complete description.

Part 3. Information About the Regional Center *(Continued)*

5. Describe the past, current, and future promotional activities for the regional center. Include a description of the budget for this activity, along with evidence of the funds committed to the regional center for promotional activities. Submit a plan of operation for the regional center that addresses how EB-5 investors will be recruited, the method(s) by which the capital investment opportunities will be offered to the investors, and how they will subscribe or commit to the investment interest.

(b)(4)

6. Describe whether and how the regional center is engaged in supporting a due diligence screening of its alien investor's lawful source of capital and the alien investor's ability to fully invest the requisite amount of capital. Also, describe the regional center's prospective plans in this regard if they differ from past practice.

The Regional Center will screen each investor to ensure that the investor is an accredited investor under U.S. securities laws, is making the investment on his or her own behalf, and is investing funds acquired from a lawful source. Investors will be required to complete a questionnaire and submit documentation of the lawful source of their funds. The lawful source of funds will be further vetted by the escrow agent and bank in accordance with U.S. PATRIOT Act requirements, review by the Regional Center, and review by each investor's immigration attorney. See Business and Operations Plan.

7. Identify each industry that has or will be the focus of EB-5 capital investments sponsored through the regional center.

Industry Category Title:	Is the Form I-924 application supported by an economic analysis and underlying business plan for the determination of prospective EB-5 job creation through EB-5 investments in this industry category?
Residential Building Construction NAICS Code for the Industry Category: 2 3 6 1	☐ No - Attach an explanation ☒ Yes
Industry Category Title: Nonresidential Building Construction NAICS Code for the Industry Category: 2 3 6 2	Is the Form I-924 application supported by an economic analysis and underlying business plan for the determination of prospective EB-5 job creation through EB-5 investments in this industry category? ☐ No - Attach an explanation ☒ Yes
Industry Category Title: Legal Services NAICS Code for the Industry Category: 5 4 1 1	Is the Form I-924 application supported by an economic analysis and underlying business plan for the determination of prospective EB-5 job creation through EB-5 investments in this industry category? ☐ No - Attach an explanation ☒ Yes

See Addendum for Add'l

Appalachian EB-5, LLC Regional Center
Mountain Air Project
Application for Regional Center Designation (revised)
RCW1209050633

Addendum to I-924

Part 3, Question 7

Additional Target Industry Categories requested (supported by attached economic model):

- 2213 Water, Sewage, and Other Systems
- 2373 Highway, Street, and Bridge Construction
- 23711 Water and Sewer Line and Related Structures Construction
- 23799 Other Heavy and Civil Engineering Construction
- 5312 Offices of Real Estate Agents and Brokers
- 5313 Activities Related to Real Estate
- 5413 Architectural, Engineering, and Related Services.

Part 3. Information About the Regional Center *(Continued)*

8a. Describe and document the current and/or prospective structure of ownership and control of the commercial entity(s) in which the EB-5 alien investors have or will make their capital investments.

Foreign investors will invest in Mountain Air Lenders, LLC, a New Commercial Enterprise formed on October 11, 2011 under the laws of the State of Delaware. Investors will be Members in the LLC. The LLC will be managed by Mountain Air Manager, LLC, which is owned by the Regional Center. Mountain Air Lenders, LLC will loan 100% of the investors' EB-5 capital to the Mountain Air EB-5 Project. See attached business plan and organizational chart.

b. Date commercial enterprise established, if any (mm/dd/yyyy): 10/11/2011

c. Organization Structure for commercial enterprise:

- ☐ **1.** Corporation
- ☐ **2.** Partnership (including Limited Partnership)
- ☒ **3.** Limited Liability Company (LLC)
- ☐ **4.** Other (Explain) _____

d. Has or will the Regional Center or any of its principals or agents have an equity stake in the commercial enterprise?

☐ No ☒ Yes - Attach an explanation and documentation that outlines when and under what circumstances these remittances will be paid.

e. Has or will the Regional Center or any of its principals or agents receive fees, profits, surcharges, or other like remittances through EB-5 capital investment activities from this commercial enterprise, beyond the minimum capital investment threshold required of the EB-5 alien entrepreneurs?

☐ No ☒ Yes - Attach an explanation and documentation that outlines when and under what circumstances these remittances will be paid.

Part 4. Applicant Signature *Read the information on penalties in the instructions before completing this section. If someone helped you prepare this petition, he or she must compete* ***Part 5.***

I certify, under penalty of perjury under the laws of the United States of America, that this form and the evidence submitted with it are all true and correct. I authorize the release of any information from my records that U.S. Citizenship and Immigration Services needs to determine eligibility for the benefit being sought. I also certify that I have authority to act on behalf of the Regional Center.

Signature of Applicant	**Daytime Phone Number** *(Area/Country Codes)*	**Date** *(mm/dd/yyyy)*
Andrew B. Dover	(740) 704-3256	
Printed Name of Applicant	**E-Mail Address**	
Andrew Dover	andydover@odlumcapital.com	
Relationship to the Regional Center Entity (Managing Member, President, CEO, etc.)		
Manager		

Part 5. Signature of Person Preparing This Form, If Other Than Above *(Sign Below)*

I declare that I prepared this application using information provided by someone with authority to act on behalf of the Regional Center, and the answers and information provided by the Regional Center.

Attorney or Representative: In the event of a Request for Evidence (RFE), may the USCIS contact you by Fax or E-mail? ☐ No ☒ Yes

Signature of Preparer	**Printed Name of Preparer**	**Date** *(mm/dd/yyyy)*
	H. Ronald Klasko	
Firm Name and Address Klasko Rulon Stock & Seltzer, LLP 1800 John F. Kennedy Blvd, Suite 1700 Philadelphia, PA 19103		
Daytime Phone Number *(Area/Country Codes)* (215) 825-8600	**Fax Number** *(Area/Country Codes)* (215) 825-8699	**E-Mail Address** rklasko@klaskolaw.com

Exhibit 2

Letter from EPR of 12/21/2012
in Response to RFE

EPR Economic & Policy Resources
Economists, Policy and Financial Analysts
Reply to: PO Box 1660
Williston, VT 05495-1660

December 21, 2012

USCIS–California Service Center
P.O. Box 10590
Laguna Nigel, California 92607-0590

To Whom It May Concern:

This correspondence is in response to a request for clarification of issues identified by the USCIS in its Request for Evidence (RFE) dated October 11, 2012 and bearing the reference RCW1209050633 relating to the Mountain Air EB-5 Project in Yancey County, NC, which is the proposed, exemplar EB-5 project of the prospective Appalachian EB-5 Regional Center.

Economic & Policy Resources, Inc. (EPR) prepared a business plan and an economic impact assessment for the proposed EB-5 project. As part of the economic and job creation impact assessment, EPR prepared a report dated February 28, 2012 which was subsequently filed as part of a project application under the U.S. Citizenship and Immigration Service (USCIS) EB-5 Investor Visa Program. In response to the RFE from USCIS, we have prepared a letter and attachments intended to provide additional data, information, and tables to augment the Mountain Air EB-5 Project business plan and economic and job creation report in response to the issues raised by the USCIS. Attachment 1 to this letter is the updated business plan, dated December 21, 2012.
(b)(4) Attachment 2 is the updated economic and impact assessment, dated December 21, 2012.

[redacted]

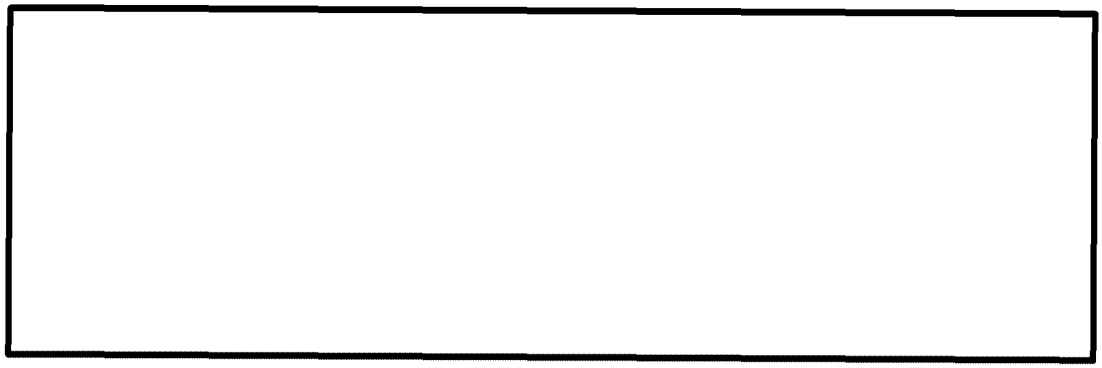
Each identified issue is addressed below and specific reference is made to the October 11, 2012 RFE.

(b)(4) [redacted]

Industry	NAICS Code
Construction	236000
Real Estate Rental and Leasing	531000
Professional, Scientific and Technical Services	541000
Utilities	221000
Repairs and Maintenance	811000

"The Industry Categories lists above and on the application do not match the descriptions of the codes listed in the North American Industry Classification System (NAICS). For example, NAICS code 236000 is actually titled 'Construction of Buildings'. NAICS Code 531000 is actually titled 'Real Estate'. 'Real Estate and Rental and

(b)(4) **Leasing' is actually NAICS Code 530000.**



Response:

The applicant took care in the original filing to ensure clarity on the NAICS request. Because the NAICS industries are a central part of the I-924 application, the categories requested for approval are reiterated the economic report and regional center application in multiple locations. Unfortunately, this extensive reiteration can lead to errors, and this did occur in the original filing.

Furthermore, due to Issue iii raised in the RFE, requiring the itemization of construction costs, the economic modeling was expanded to utilize more precise NAICS than were originally input. The NAICS listed in the table below and which are also found in Table 1 of the updated economic report *supplant any previous NAICS requests.*

The NAICS that the applicant would like approved for the Appalachian EB-5 Regional Center are:

Table 1: Current and Complete NAICS Requested for Approval - Appalachian EB-5 Regional Center

	Requested NAICS	NAICS Title
1	2213	Water, Sewage and Other Systems
2	2361	Residential Building Construction
3	2362	Nonresidential Building Construction
4	2373	Highway, Street, and Bridge Construction
5	23711	Water and Sewer Line and Related Structures Construction
6	23799	Other Heavy and Civil Engineering Construction
7	5312	Offices of Real Estate Agents and Brokers
8	5313	Activities Related to Real Estate
9	5411	Legal Services
10	5413	Architectural, Engineering, and Related Services

Prepared by: Ecohomic & Policy Resources, Inc.

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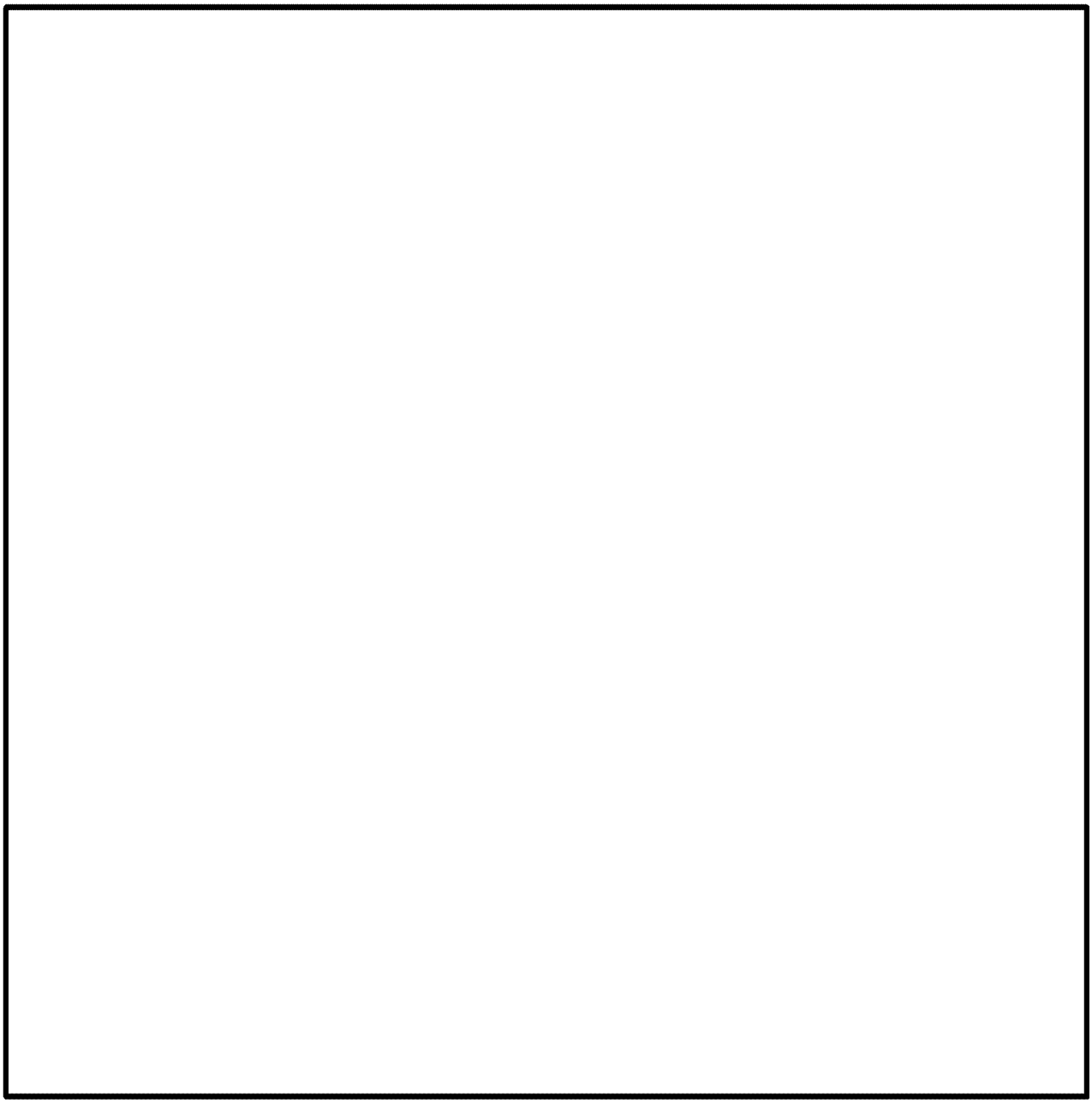

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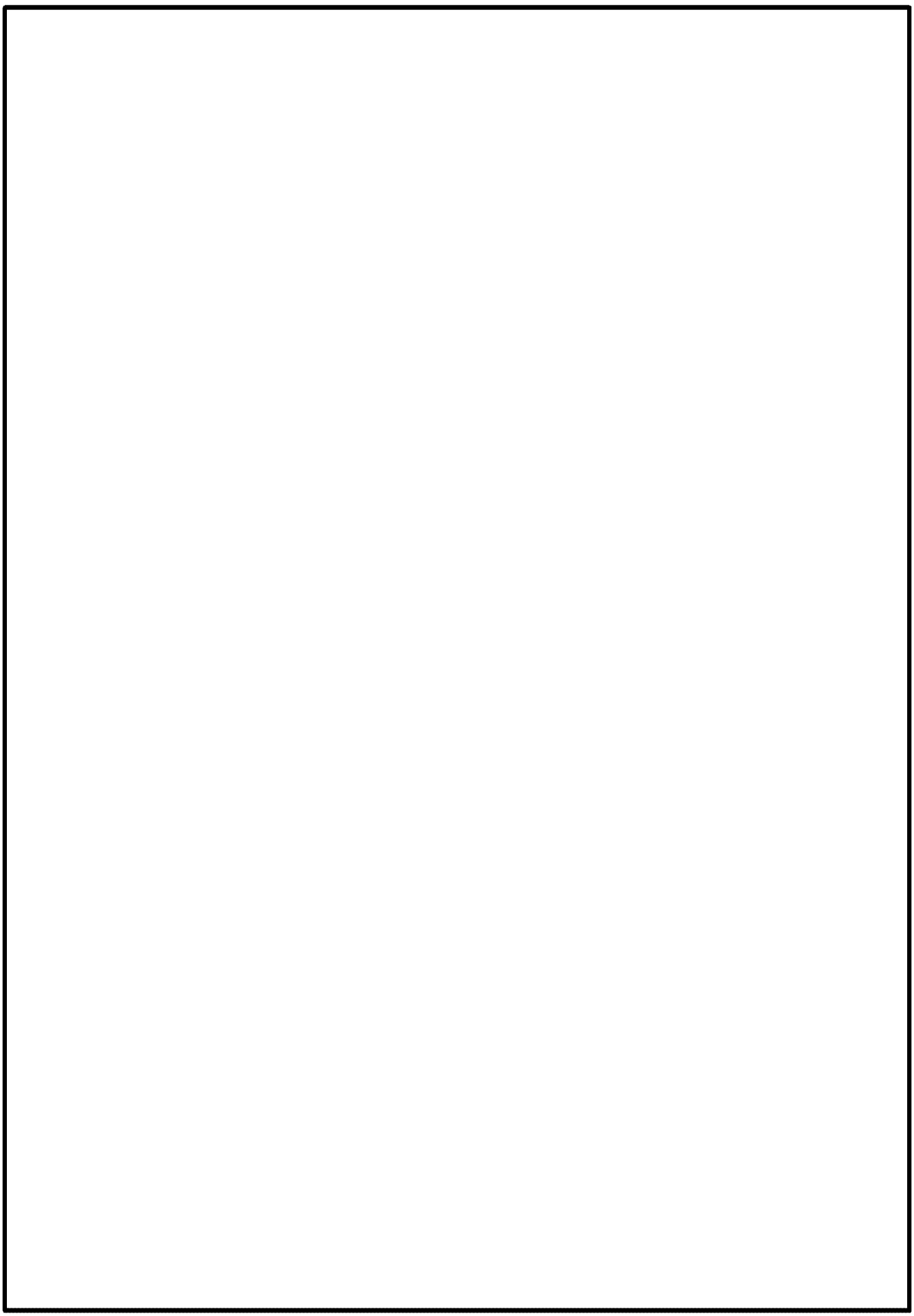

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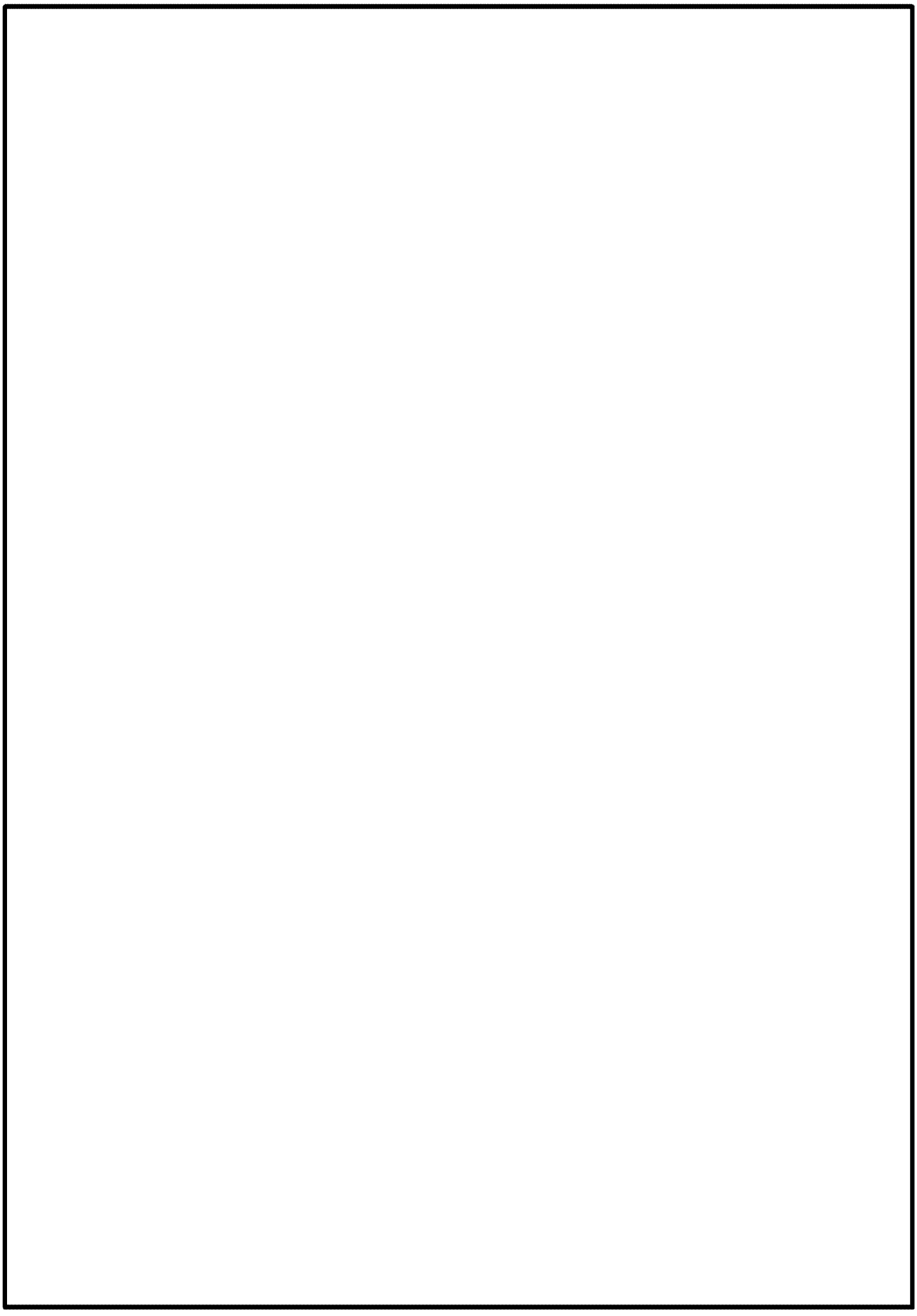

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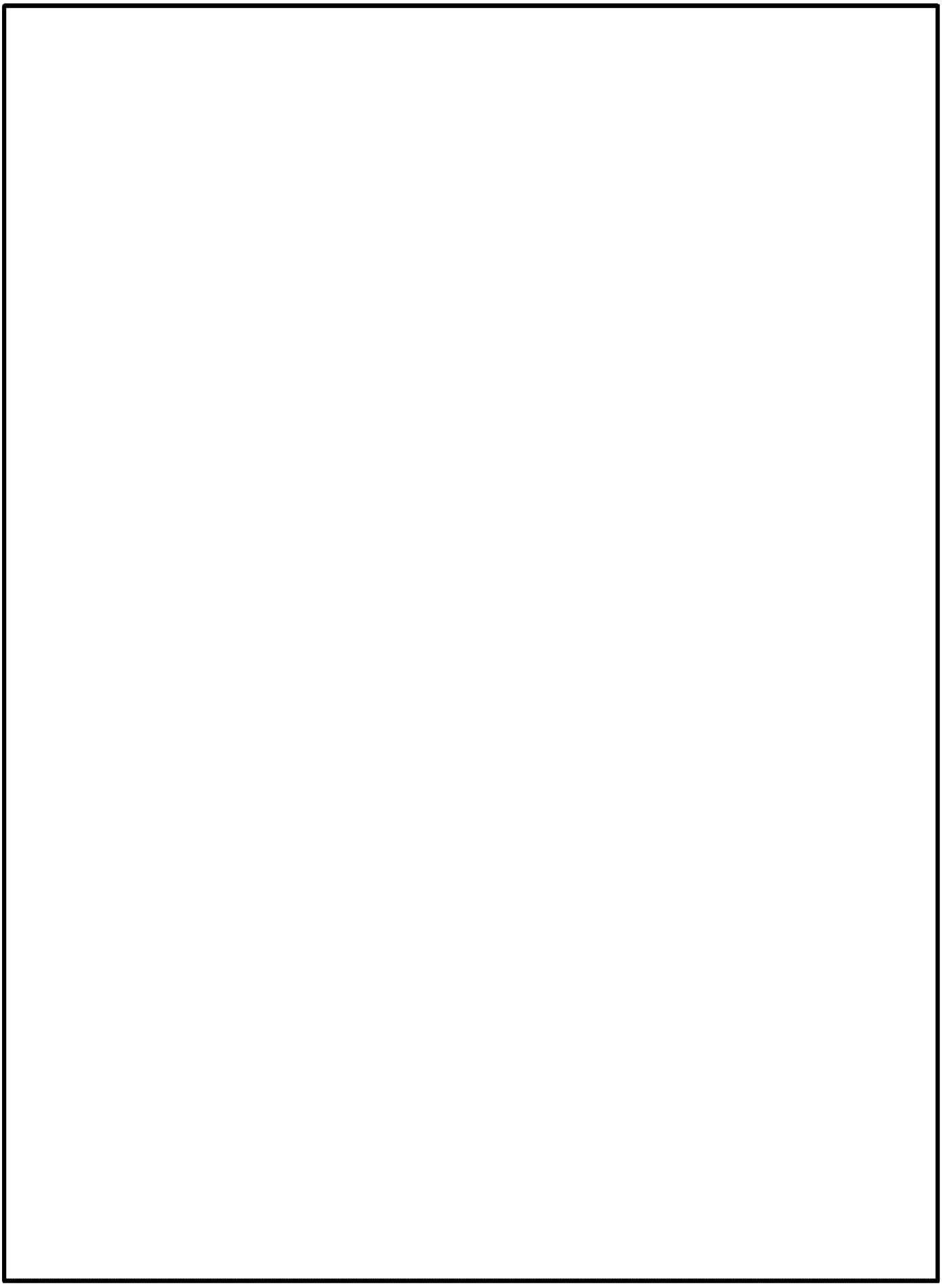

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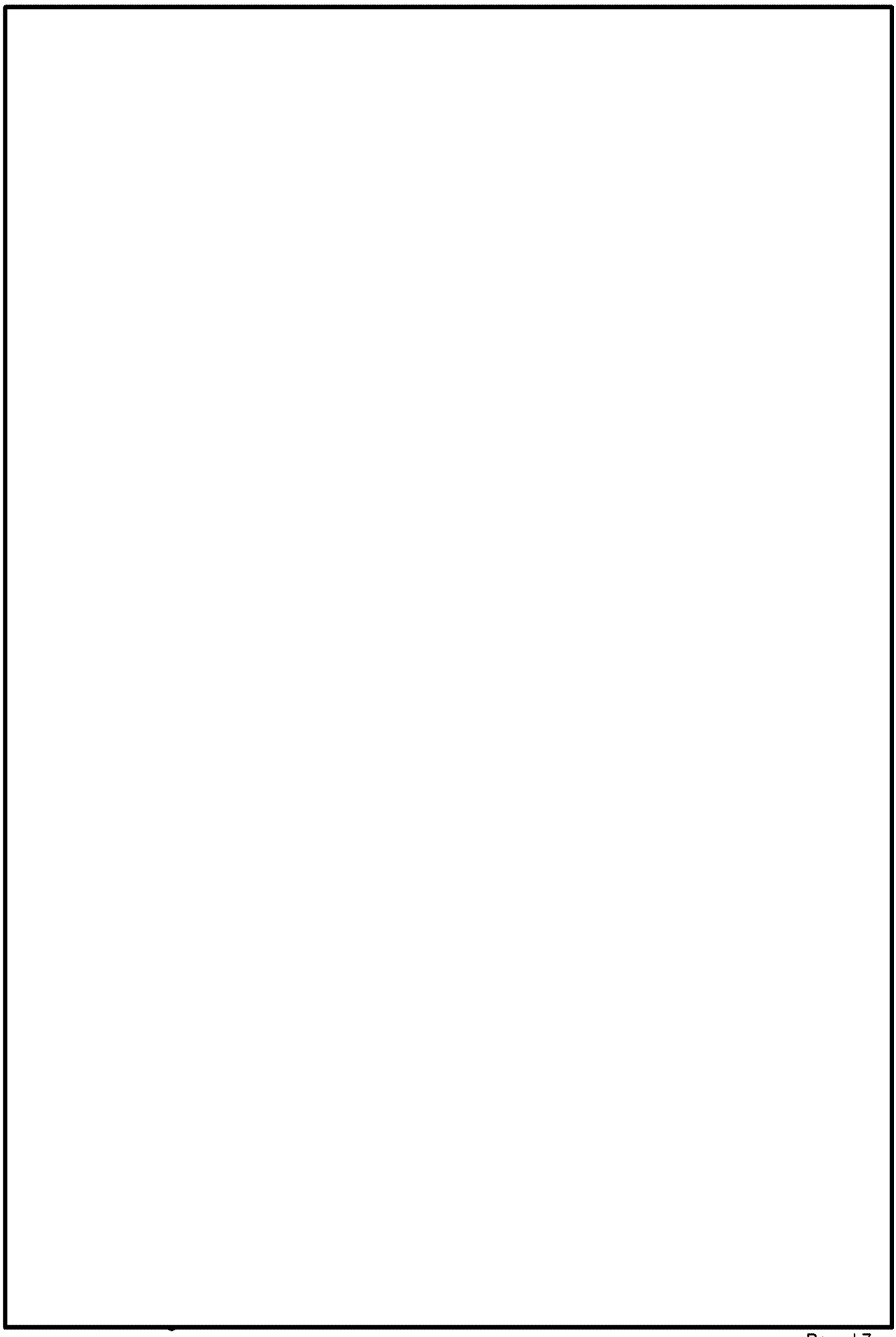

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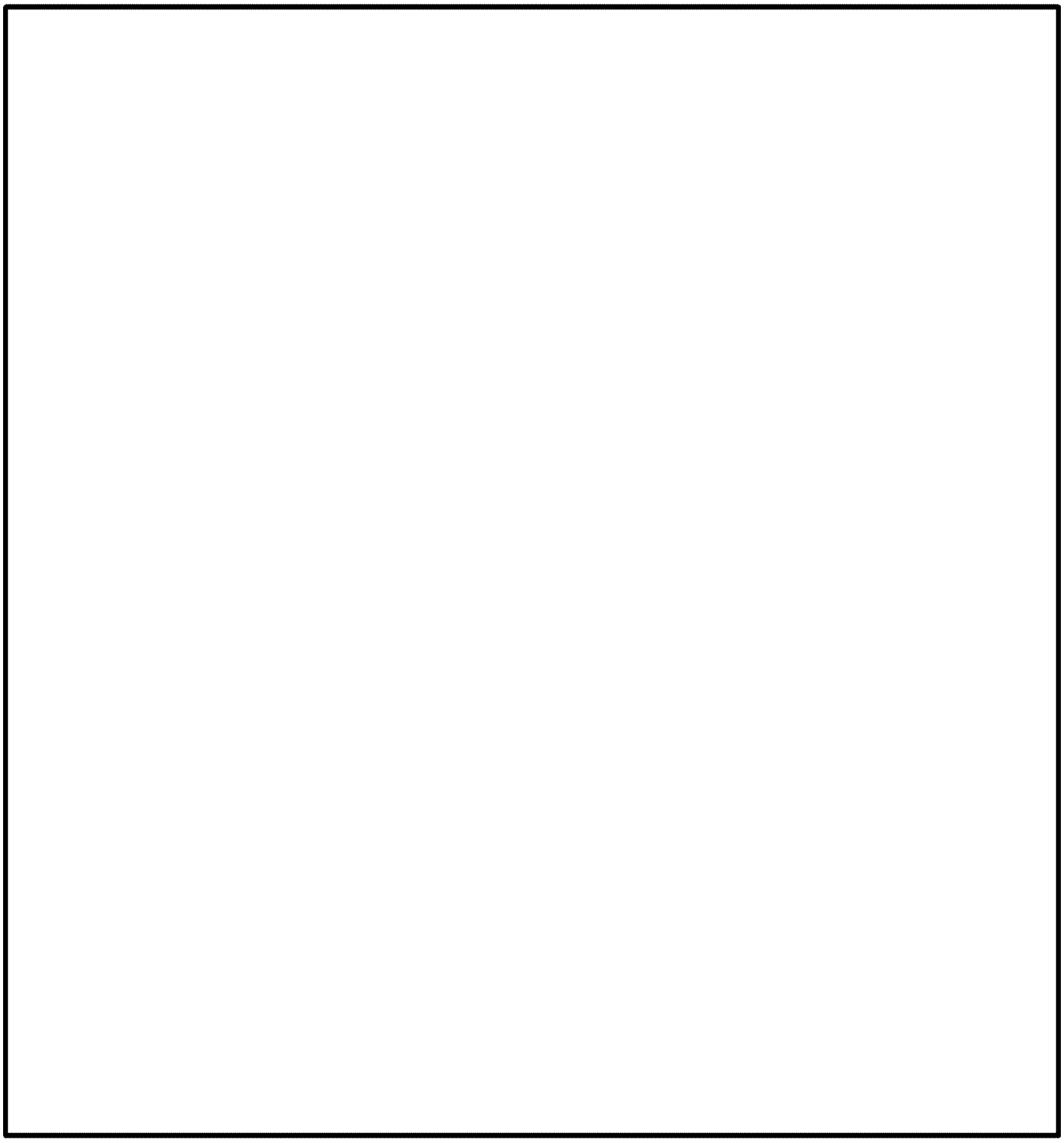

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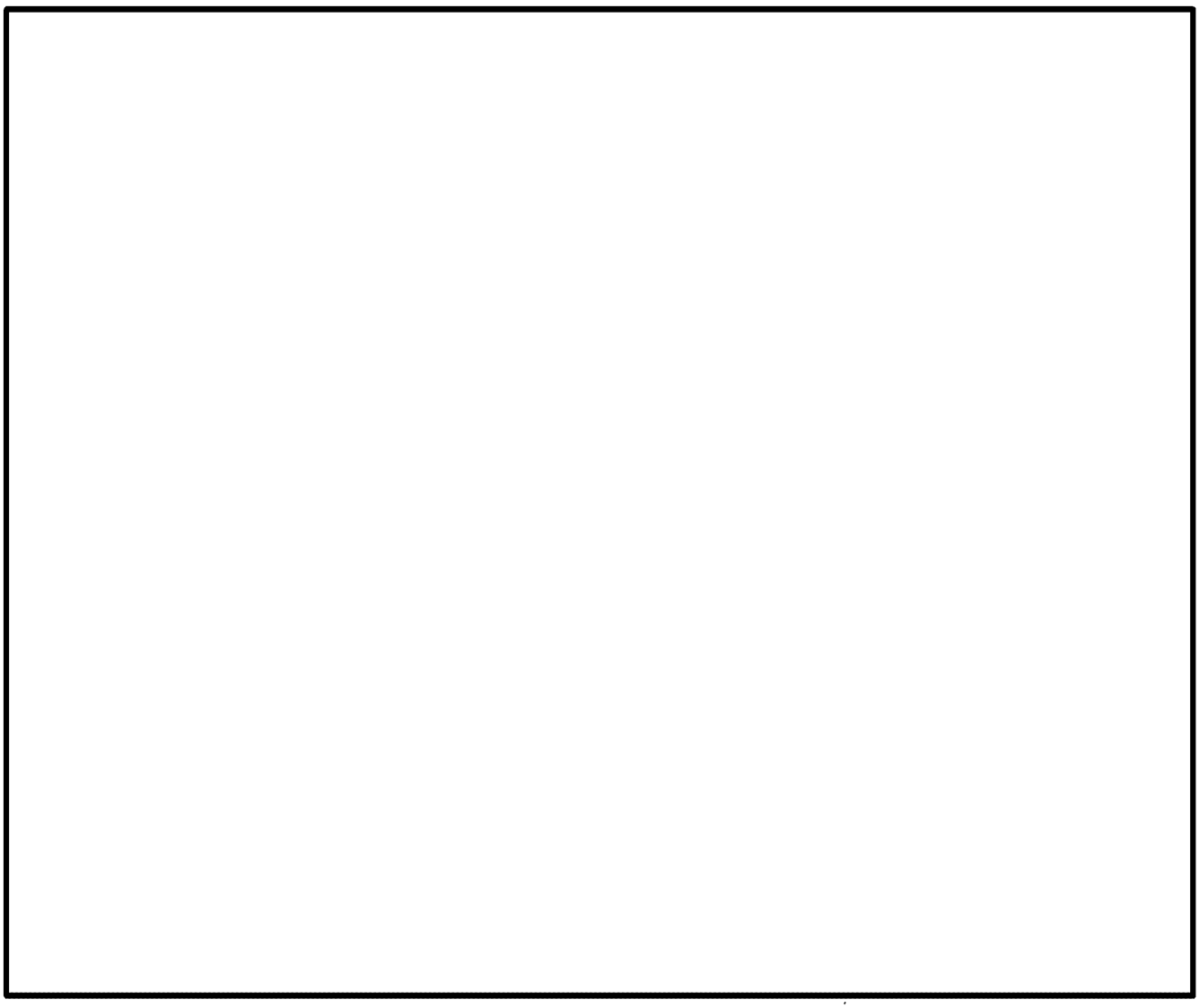

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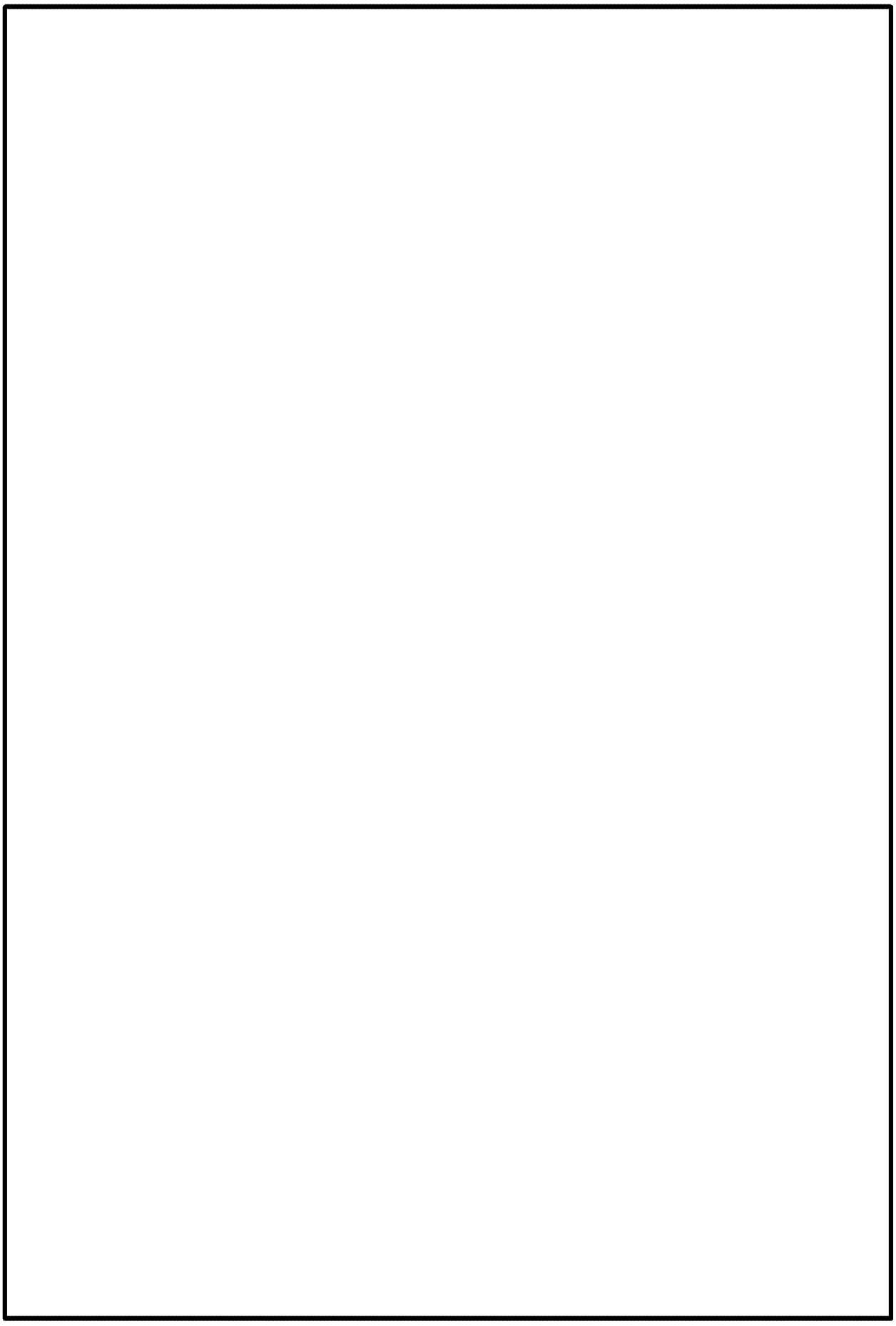

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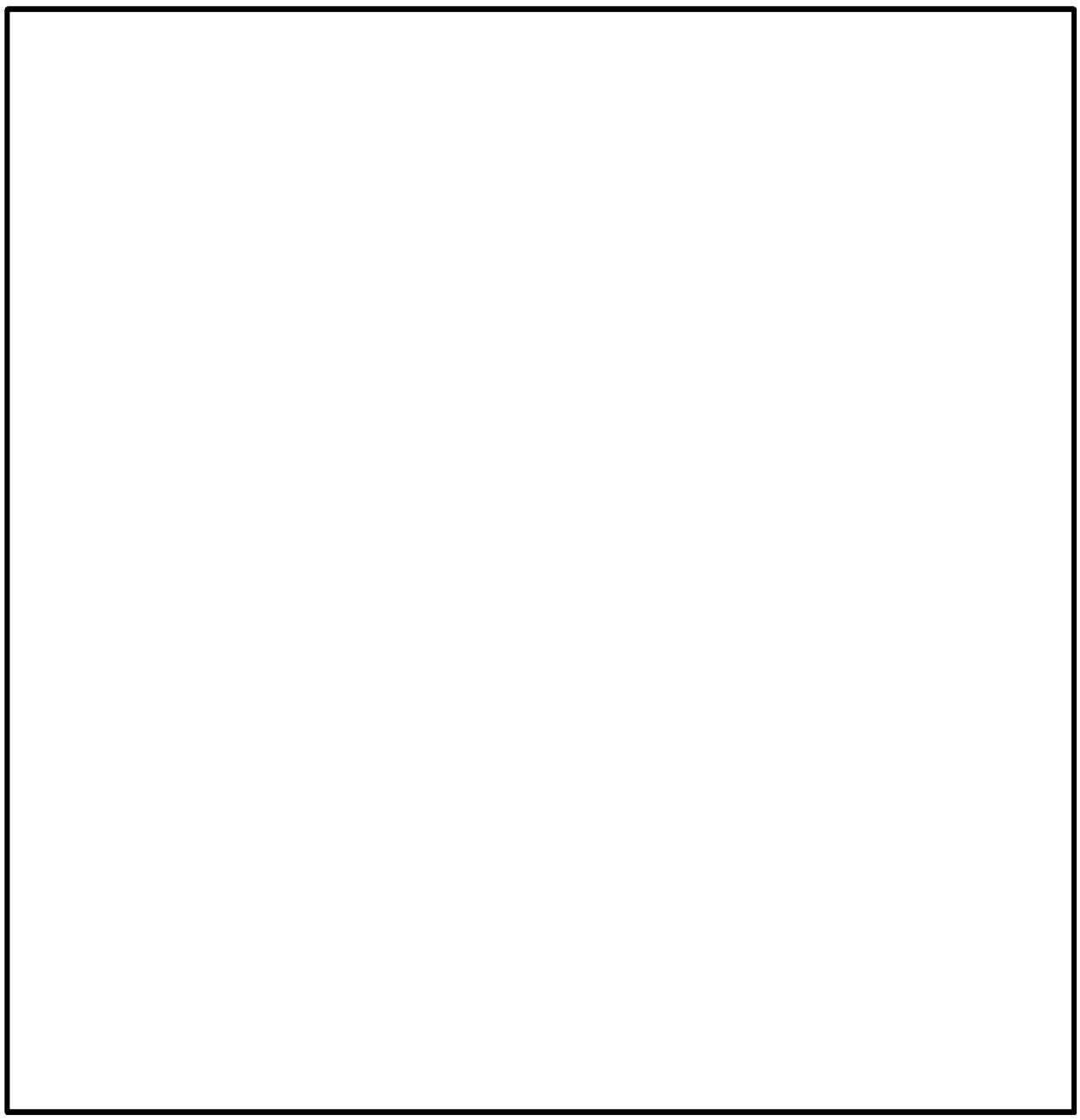
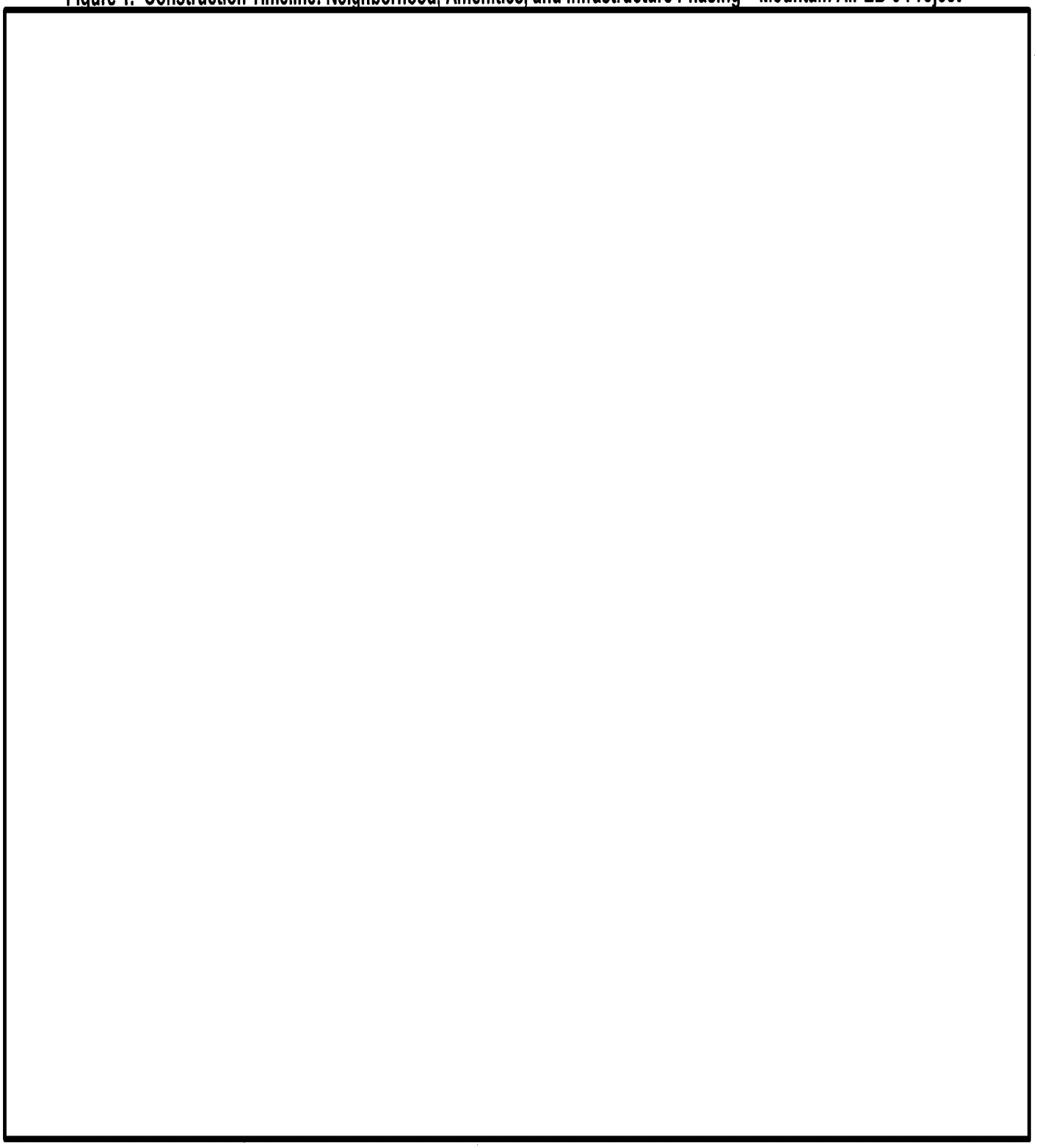


[1] This schedule is laid out in detail in the financial sources and uses table. This table is included on page 25-26 in the updated project business plan.

(b)(4)

Figure 1. Construction Timeline: Neighborhood, Amenities, and Infrastructure Phasing – Mountain Air EB-5 Project



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Notes

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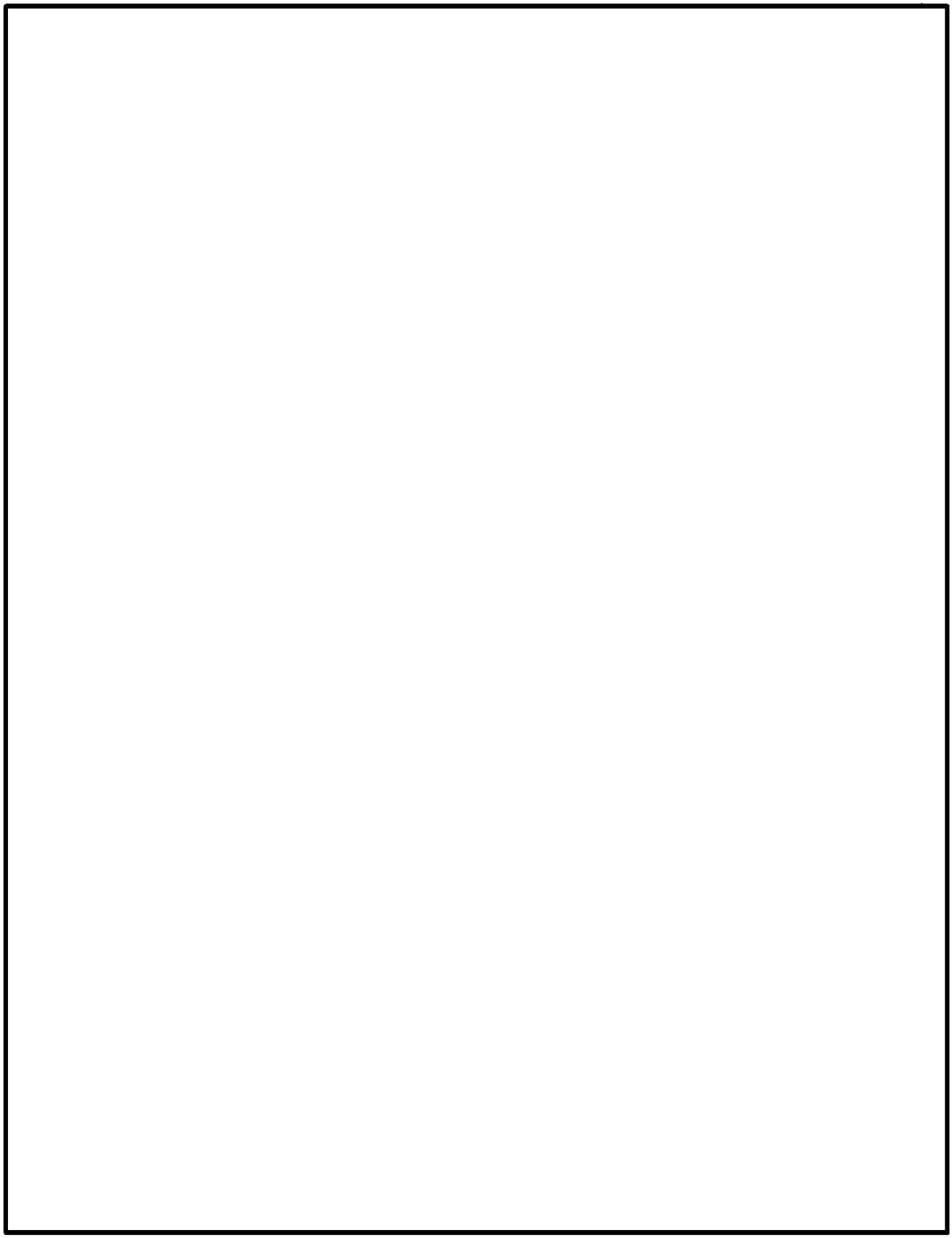

[2] Benchmark Advisors is a conservation design and development consulting firm specializing in conservation strategies and development management, www.benchmarkadvisors.com.

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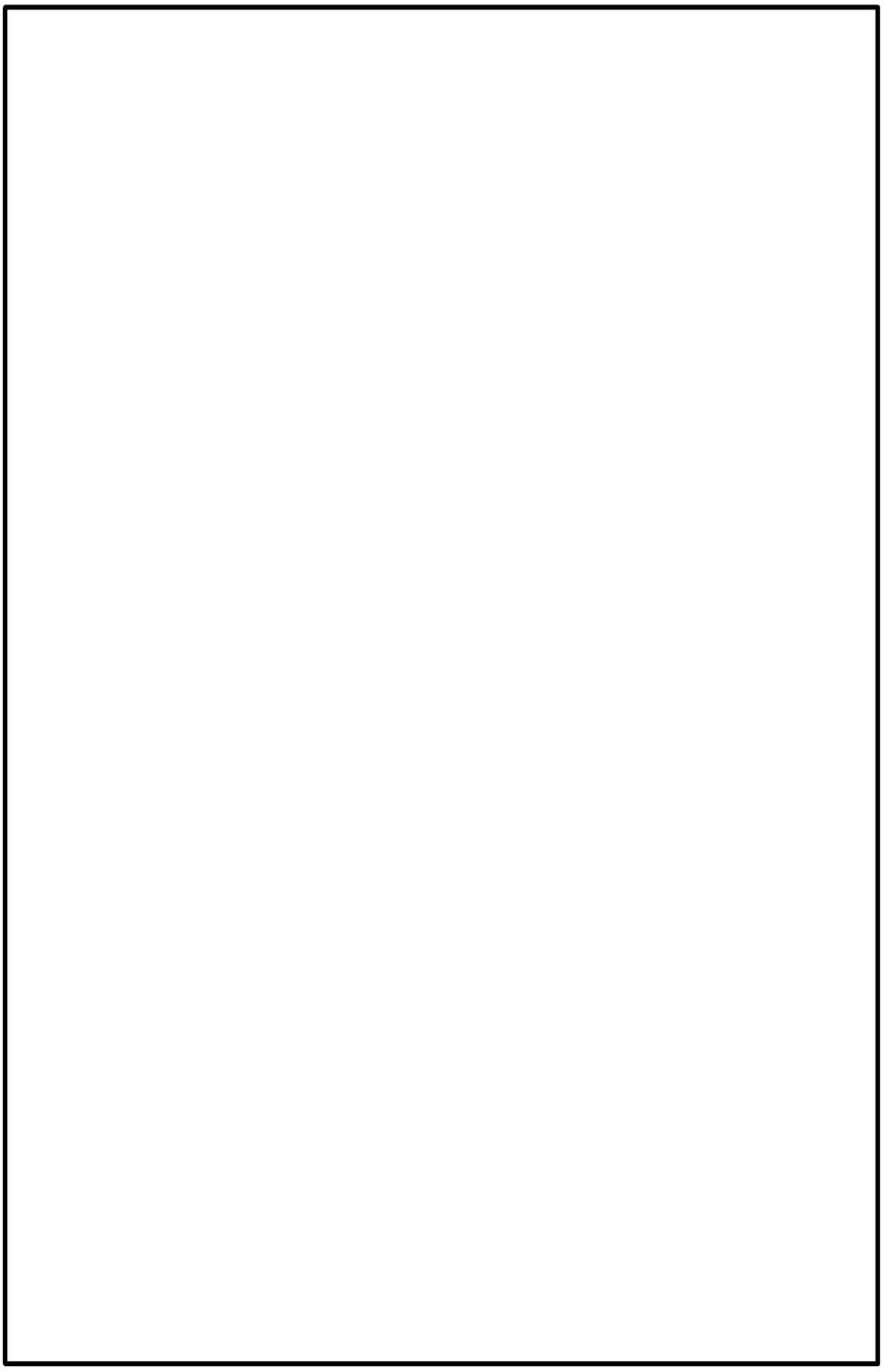

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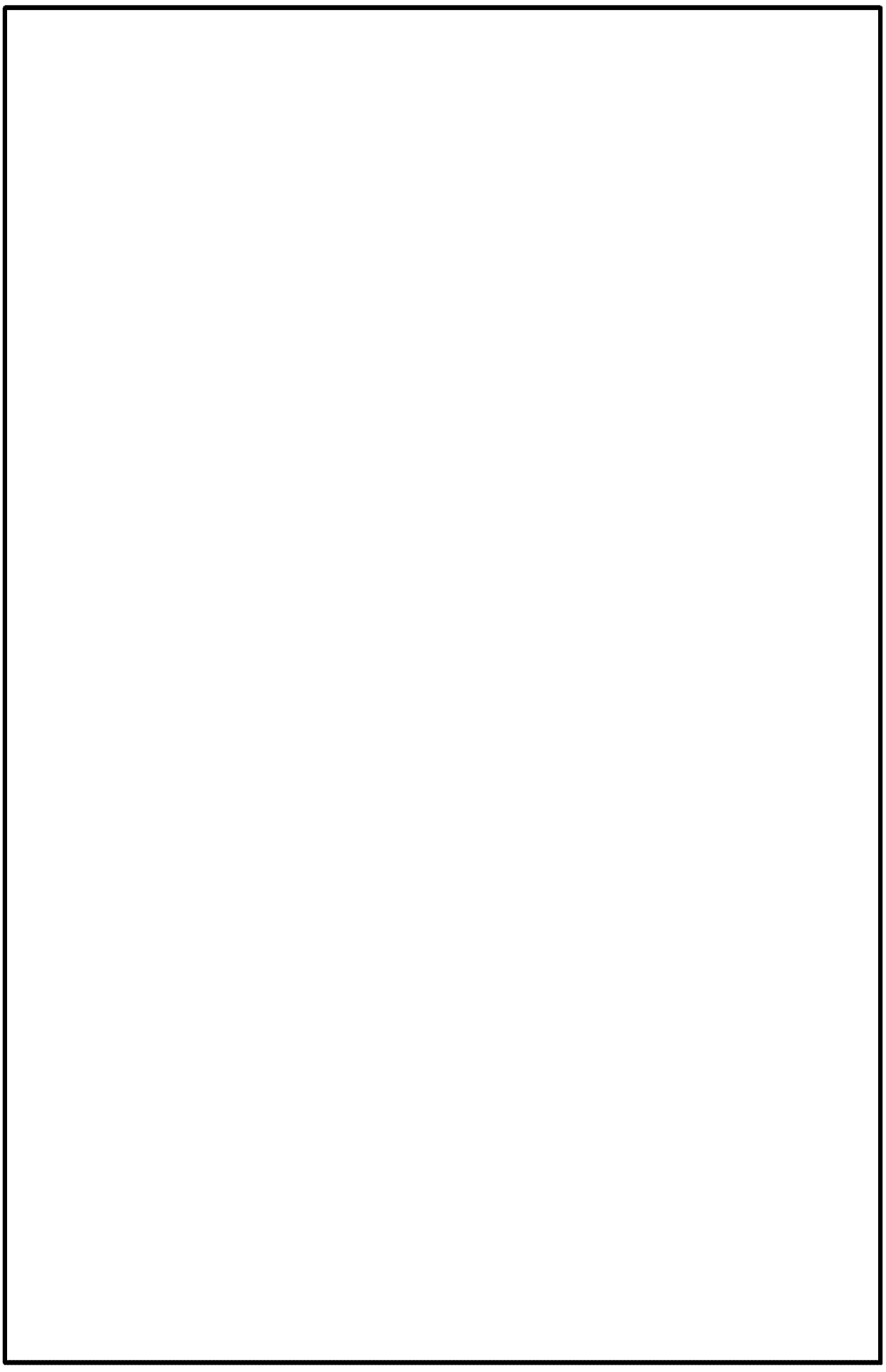

(b)(4)

[redacted]

[3] *Measuring the Nation's Economy: An Industry Perspective, A Primer on the BEA's Industry Accounts,* published by the Bureau of Economic Analysis in May 2011.

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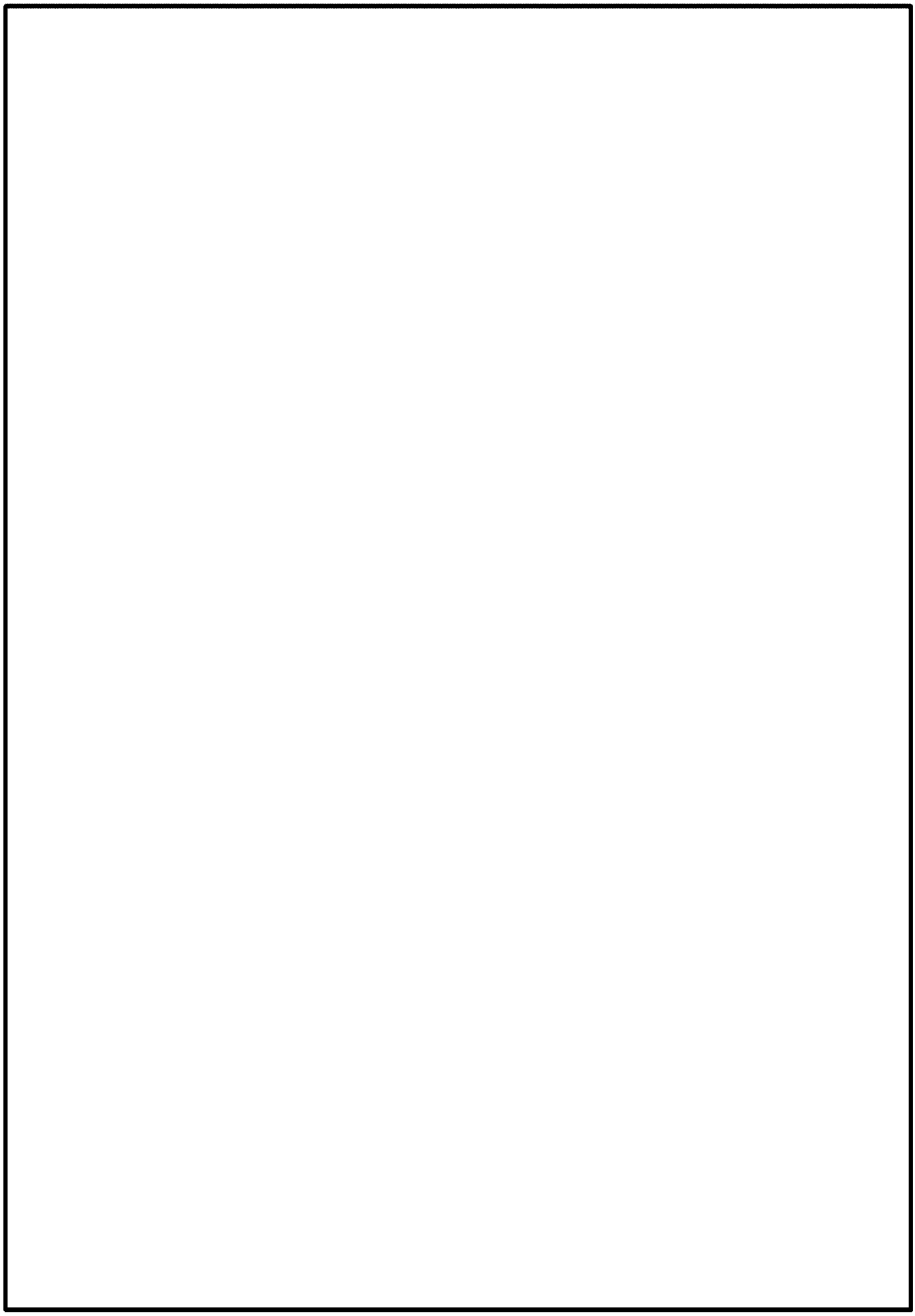

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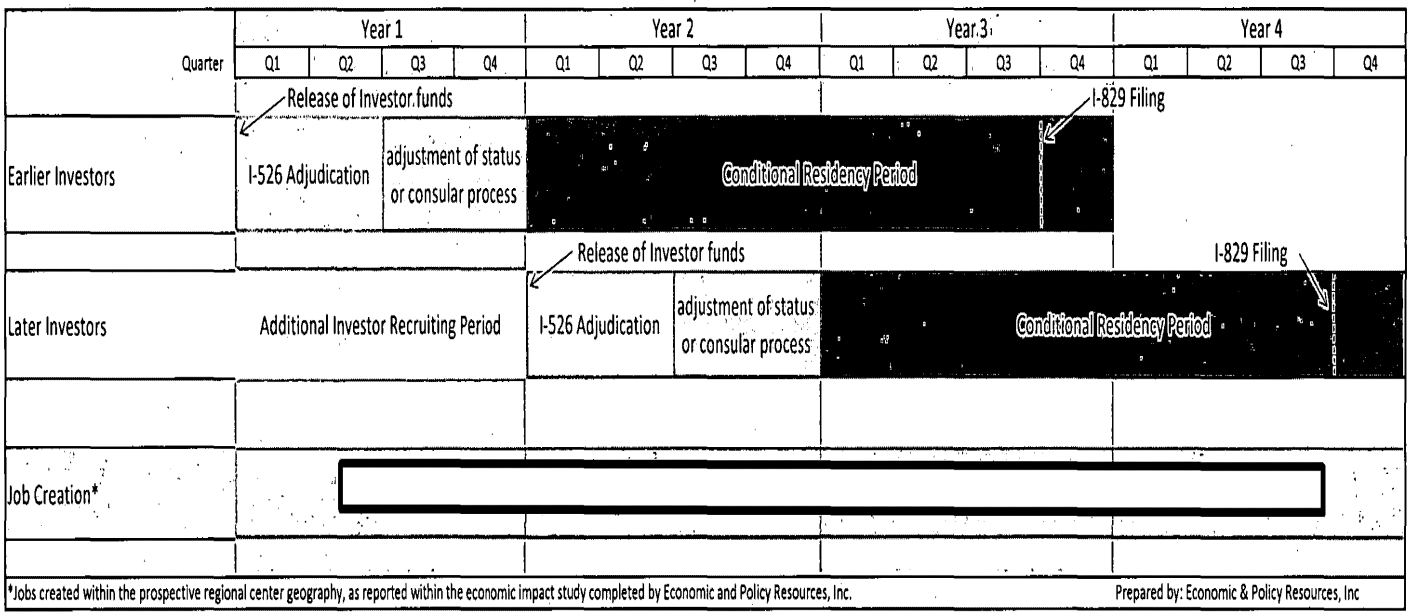
Figure 2: Alignment of I-526, Project Impact, and Job Creation Timelines – Mountain Air EB-5 Project



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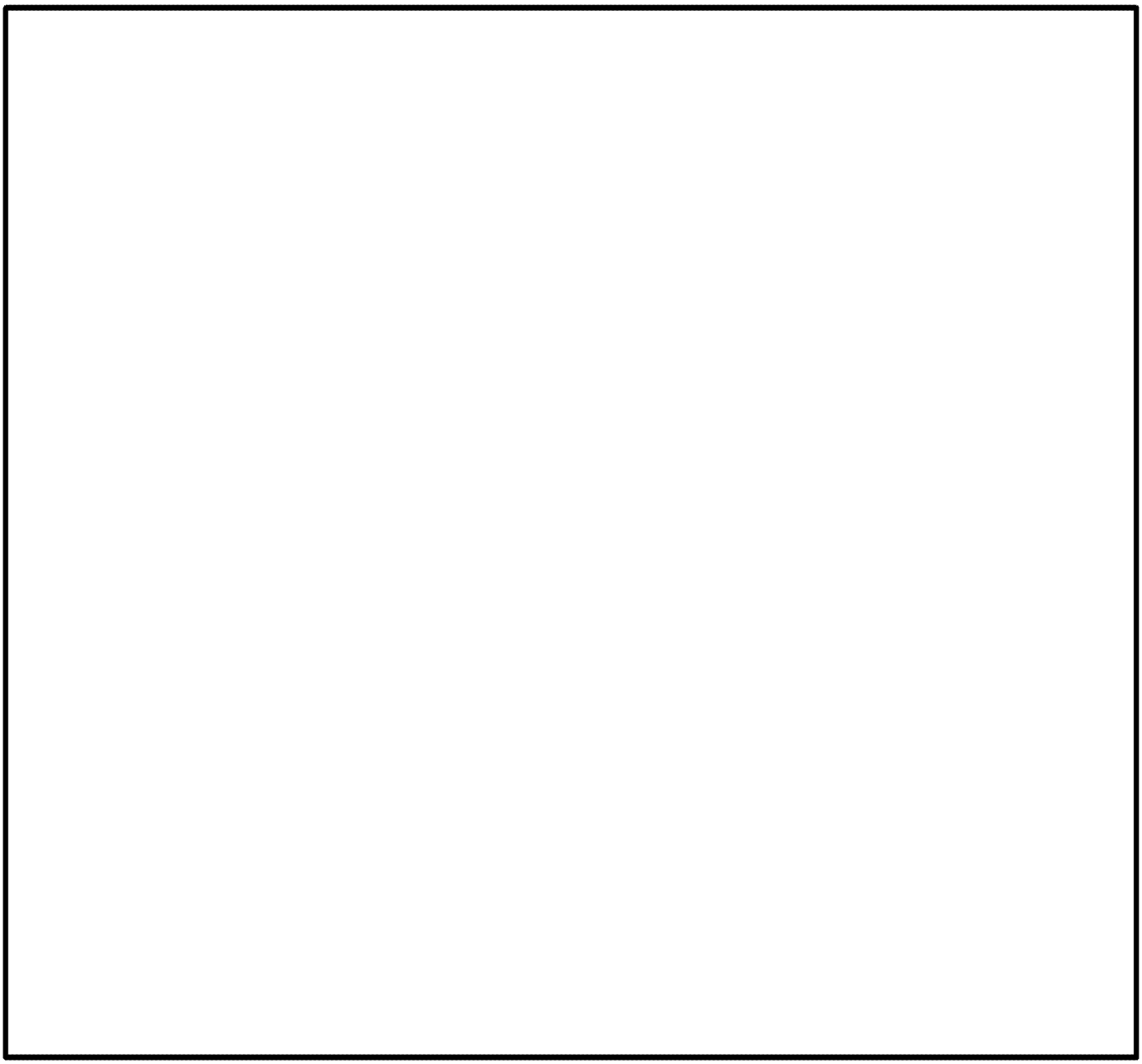


[7] See Section II. Background, page 4 of the December 2009 Neufeld Memorandum.
[8] Before considering the possibility of Visa issuance delays that may be forthcoming later this federal fiscal year.

(b)(4)

Thank you again for the opportunity to comment on the matters contained in the RFE. Please feel free to contact me if there are any questions regarding the analysis above.

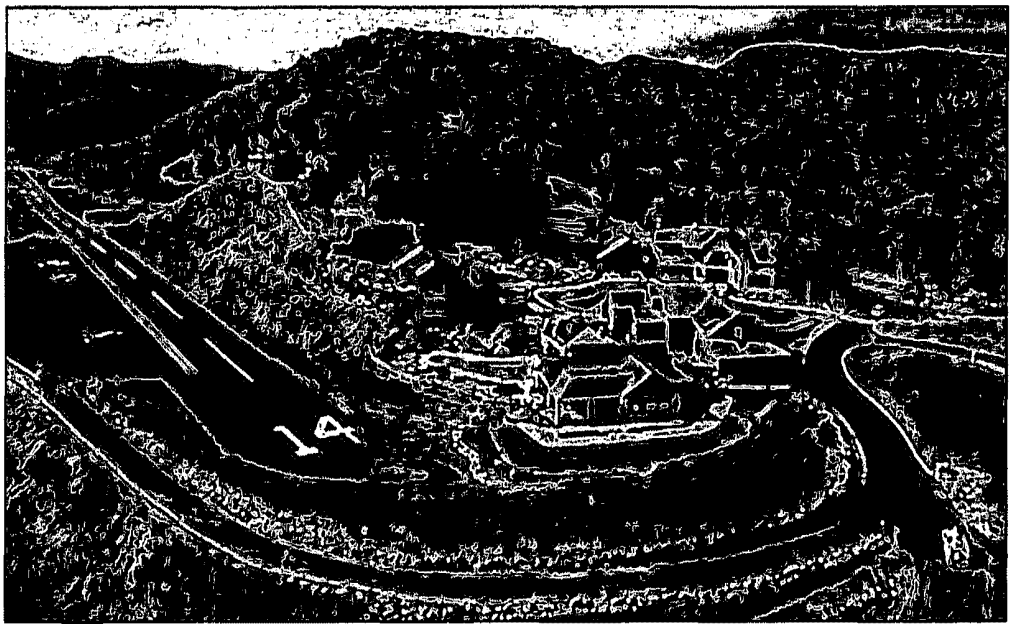
Sincerely,

Economic & Policy Resources, Inc.
By: Jeffrey B. Carr, President

Exhibit 3

Revised Comprehensive
Business Plan of 12/21/2012

APPALACHIAN EB-5, LLC REGIONAL CENTER
EB-5 PROJECT BUSINESS PLAN



REGIONAL CENTER DESIGNATION/PROJECT APPROVAL APPLICATION

December 21, 2012 Update

SPONSOR:
Appalachian EB-5, LLC Regional Center
45 Mountain Air Drive
Burnsville, North Carolina 28714

Email: info@AppalachianEB5.com
Web Site: http://www.AppalachianEB5.com

This document contains confidential and proprietary information belonging exclusively to: the Appalachian EB-5, LLC Regional Center. This is a business plan. It does not imply an offering of securities.

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1.1 Purpose

Regional Center (RC) Designation Application for the region including seventy-nine counties in the States of North Carolina and Tennessee under the regulations at *8 CFR §104.6(m).* The application also seeks project approval for the Mountain Air EB-5 project.

1.2 Sponsor/Applicant Company

Appalachian EB-5, LLC Regional Center on behalf of the
Mountain Air Lenders, LLC
c/o Mr. Andrew Dover
Odlum Tropaion LLC
45 Mountain Air Drive
Burnsville, North Carolina 28714

Telephone: (740) 704-3256
FAX: (305) 400-0679
Email: andydover@odlumcapital.com

Web Site: http://www.AppalachianEB5.com

1.3 Industry Focus

The focus of the proposed regional center will be the improvement and expansion of a unique mountain retirement-based community in the North Carolinian Appalachian Mountains. The development consists of single family homes, residential condominiums, a country club, and a village center featuring upscale lodging and dining, a spa, fitness center, theater, children's activity center, and other amenities that serve the small community. The Mountain Air EB-5 project will expand the residential base to include an additional: 37 single-family home sites, 70 developer-built homes, and 82 condominiums. The visitor activity base will be expanded with the sale of 150 new social memberships to the award winning country club that anchors the community.

Project development and operations activities and the positive economic impacts and net new job creation associated with them will cut across a large number of industry categories under the North American Industry Classification System (NAICS).[1] Within the proposed Appalachian EB-5, LLC Regional Center, these jobs will be created within a large number of NAICS categories. All of those jobs will be estimated through the development of a customized and extensive input-output model to measure economic activity and job impacts through the seventy-nine county economy[2] of the prospective Appalachian EB-5, LLC ("AEB-5") Regional Center and for the U.S. economy as a whole.

[1] 2012 NAICS industry categories are used in this description.
[2] This consists of 50 counties in Tennessee and 29 counties in North Carolina. The project falls near the center of this region, in Yancey County, NC.

The input-output model inputs capture the increase in investment associated with new construction well as the increase in direct employment and wages planned to accompany the expansion of the Mountain Air community. These occur in several NAICS sectors, as outlined in the inputs in the economic and job impact study. As a result of the expected EB-5 capital investment, net new jobs will be created in these and across a wide array of NAICS sectors and subsectors beyond those of the direct increases modeled as inputs. These total region-wide and national jobs impacts are presented in the economic and job impact assessment analysis completed by Economic & Policy Resources, Inc. as described herein.

However, it should be noted that the jobs that will be created by the EB-5 project, as presented in the economic and job impact study from Economic & Policy Resources, Inc., will not occur at Mountain Air Lenders, LLC—which is the EB-5 project business entity into which EB-5 investors are expected to make their equity investment. According to EB-5 project management, Mountain Air Lenders, LLC will provide financing to Mountain Air Global, LLC to develop and open the Mountain Air EB-5 project. The job creation from the expected EB-5 investor dollars will occur as a result of the development, construction, and operations of the EB-5 project—and this net new economic activity and new job creation will not occur at the EB-5 business enterprise into which EB-5 investors will be making an equity investment. **Because the positive economic activity and job creation impacts will be occurring at a different company than the EB-5 commercial business enterprise, all incremental economic activity and the net new jobs that will be created by the EB-5 project will be indirect for EB-5 program purposes.**

It follows from the discussion above that the Appalachian EB-5, LLC Regional Center, through its Mountain Air EB-5 project, is requesting USCIS approval of the following ten NAICS activities under this regional center application:

1. Water, Sewage and Other Systems (NAICS 2213) – Establishments in this industry group provide water, sewage service, and steam through a permanent infrastructure of lines, mains, and pipes. Sewage treatment is also included in this industry group.

2. Residential Building Construction (NAICS 2361) - Establishments within this industry group are primarily responsible for the construction of residential buildings. The work performed may include new work, additions, alterations, or maintenance and repairs. The on-site assembly of precut, panelized, and prefabricated residential buildings is in this industry group. Part or all of the production work for which the establishments in this industry group have responsibility may be subcontracted to other construction establishments--usually specialty trade contractors.

3. Nonresidential Building Construction (NAICS 2362) – Establishments within this industry group are primarily responsible for the construction of nonresidential buildings. The work performed may include new work, additions, alterations, or maintenance and repairs. The on-site assembly of precut, panelized, and prefabricated nonresidential buildings is in this industry group. Part or all of the production work for which the establishments in this industry group have responsibility may be subcontracted to other construction establishments--usually specialty trade contractors.

4. Highway, Street, and Bridge Construction (NAICS 2373) – This industry group comprises establishments primarily engaged in the construction of highways (including elevated), streets, roads, airport runways, public sidewalks, or bridges. The work performed may include new work, reconstruction, rehabilitation, and repairs. Specialty trade contractors are included in this group if they are engaged in activities primarily related to highway, street, and bridge construction (e.g., installing guardrails on highways).

5. Water and Sewer Line and Related Structures Construction (NAICS 23711) – This industry comprises establishments primarily engaged in the construction of water and sewer lines, mains, pumping stations, treatment plants, and storage tanks. The work performed may include new work, reconstruction, rehabilitation, and repairs. Specialty trade contractors are included in this group if they are engaged in activities primarily related to water, sewer line, and related structures construction. All structures (including buildings) that are integral parts of water and sewer networks (e.g., storage tanks, pumping stations, water treatment plants, and sewage treatment plants) are included in this industry.

6. Other Heavy and Civil Engineering Construction (NAICS 23799) – This industry comprises establishments primarily engaged in heavy and engineering construction projects (excluding highway, street, bridge, and distribution line construction). The work performed may include new work, reconstruction, rehabilitation, and repairs. Specialty trade contractors are included in this group if they are engaged in activities primarily related to engineering construction projects (excluding highway, street, bridge, distribution line, oil and gas structure, and utilities building and structure construction). Construction projects involving water resources (e.g., dredging and land drainage), development of marine facilities, and projects involving open space improvement (e.g., parks and trails) are included in this industry. Golf course construction is included in this industry.

7. Offices of Real Estate Agents and Brokers (NAICS 5312) – This industry group comprises establishments primarily engaged in acting as agents and/or brokers in one or more of the following: (1) selling real estate for others; (2) buying real estate for others; and (3) renting real estate for others.

8. Activities Related to Real Estate (NAICS 5313) – This industry group comprises establishments primarily engaged in providing real estate services (except lessors of real estate and offices of real estate agents and brokers). Included in this industry group are establishments primarily engaged in activities, such as managing real estate for others and appraising real estate.

9. Legal Services (NAICS 5411) – Industries groups in the Professional, Scientific, and Technical Services subsector group establishments engaged in processes where human capital is the major input. These establishments make available the knowledge and skills of their employees, often on an assignment basis, where an individual or team is responsible for the delivery of services to the client. The individual industries and industry groups of this subsector are defined on the basis of the particular expertise and training of the services provider.

c/o Odlum Tropaion, LLC
45 Mountain Air Drive
Burnsville, North Carolina 28714

Phone: (740) 704-3256
Fax: (305) 400-0679
Email: abdover@odlumcapital.com

Immigration Counsel:

H. Ronald Klasko
Klasko, Rulon, Stock & Seltzer, LLP
1800 John F. Kennedy Blvd.
Suite 1700
Philadelphia, PA 19103

Phone: (215) 825-8646
Fax: (215) 825-8699
Email: RKlasko@klaskolaw.com
Web: www.klaskolaw.com

SEC Counsel:

Ronald R. Fieldstone, Rebecca Abrams Sarelson
Arnstein & Lehr, LLP
200 S. Biscayne Blvd.
Suite 3600
Miami, FL 33131

Phone: (305) 428-4500
Fax: (305) 374-4744
Email: rrfieldstone@arnstein.com
Web: http://www.arnstein.com

Economic and Job Creation Impacts/Modeling:

Jeffrey B. Carr.
Economic & Policy Resources, Inc.
400 Cornerstone Drive, Suite 310
P.O. Box 1660
Williston, VT 05495-1660

Phone: (802) 878-0346

Email: jbc@epreconomics.com
Web: www.eb5economics.com

Accounting/Tax Planning:

At this point, the selection of an outside, independent accountant has not been made. This selection will be made by the end of the third quarter of calendar year 2012.

Business Plan Development:

Jeffrey B. Carr (see address and contact information above under **Economic and Job Creation Impacts/Modeling)**

EB-5 Marketing:

Mr. Jorge Cordova
Platinum Capital Investments, LLC
3219 E. Camelback, Suite 497
Phoenix, AZ 85018

Phone: (928) 380-3969
Email: Jorgekalm@aol.com

Investor Solicitation:

The selection of a firm or firms to handle investor solicitations is also underway. The firm or firms that could be employed in addition to Platinum Capital Investments, LLC (if any) will be designated by the end of the third quarter of calendar year 2012.

1.6 Total Anticipated Domestic Capital Investment (b)(4)

Through the EB-5 program, Mountain Air Lenders, LLC intends to raise up to [redacted] in EB-5 capital to fund the development and operation expansion planned in the Mountain Air EB-5 project in Yancey County, North Carolina. These expansions will result in the creation of new economic activity and new jobs for the prospective regional center economy and beyond.

1.7 Investor Program Summary

Summary of the Project

The focus of the regional center's investment program will be residential construction and expansion of the existing Mountain Air community that comprises the EB-5 project. The community is an award winning private village with its own country club, air strip and village center. Great value is contributed to the community by the existing infrastructure which includes: roads, sewer service, phone, electric, and cable internet provision. The expansion of the community will include new single family homes, developer-built homes and residential condominiums in addition to growth in the country club by 150 social members. The new housing construction, expanded population, and increase in country club visitors associated with the EB-5 project will expand the regional economy and create new jobs across a myriad of expected NAICS activity areas as listed in Section 1.3 (above) and then through additional sectors by way of the economic multiplier or "ripple" effect. The EB-5 project intends to use the development expertise of the regional center and the development company principal, Andy Dover, and a senior management team to develop the project.

Investor Program Summary

(b)(4) A portion of the investment capital for the initial project (with an expected minimum offering of up to [redacted] will be raised through an EB-5 Investment Program, offered exclusively to international investors seeking to gain the benefits of the program:

- Living and working anywhere in the U.S.,
- No employment authorization requirement to accept employment,
- Ability to develop and run a business,
- Ability to sponsor green cards for a spouse and minor children,
- Ability to travel outside of the United States and return to the United States without a visa,
- Education benefits of permanent residents such as admission to state universities at resident costs,
- Become a U.S. citizen once the investor has been a permanent resident for more than five years.

(b)(4)

A total of up to [redacted] investors, with a minimum investment of $500,000 each, will be solicited through the program. In exchange, each investor will be offered the opportunity to receive conditional permanent residency which can be converted to unconditional permanent residency after a period of 21 months. It is projected that investors will receive periodic income from the project but on a deferred basis, with an expectation for loan repayment in 5 years—with two 1 year extension options. See Section 3 for a full description of the investment project and the regional center's development plans.

1.8 Economic Impact Analysis Summary

The economic and job impact assessment analysis report prepared by Economic & Policy resources, Inc. is the result of a significant study by the firm. Economic & Policy Resources, Inc. has considerable experience in evaluating and preparing impact assessment reports in support of EB-5 Regional Center and project approval applications that demonstrate the economic and job creation impacts of activities on a specific geographic area such as the proposed regional center.

The impact study completed by Economic & Policy Resources, Inc. used a REDYN dynamic input-output model tool—one of the generally accepted approaches for measuring net job creation by the U.S. Citizenship and Immigration Services. A summary of the job-generating results of the initial investment projects follows:

- The Economic & Policy Resources, Inc. impact assessment concluded that the development and construction of the Mountain Air EB-5 project in the Appalachian EB-5, LLC Regional Center will generate significant and positive economic benefits for the U.S. economy.

(b)(4) [redacted]

- The planned Mountain Air EB-5 Project, if developed and operated as planned, will also have a positive impact on the regional economy of the AEB-5 Regional Center.

(b)(4) [redacted]

(b)(4)

Table 1 (below) displays the summary inputs and economic impacts of the planned development, construction and operation of the Mountain Air EB-5 Project in both the proposed AEB-5 Regional Center and the U.S. economy as a whole.

Table 1. Summary Model Inputs and Results - Mountain Air EB-5 Project

		Year 1	Year 2	Year 3	Year 4
Timeline		Construction			
		On-Going Operations			
Model Inputs	**2012**				
Construction	**NAICS**				
Residential Construction Hard Costs	2361				
Nonresidential Construction Hard Costs	2362				
Road Construction	2373				
Water and Waste Water Construction	23711				
Golf Course Construction	23799				
Architectural and Engineering Services	5413				
Legal Services	5411				
Operations					
Mountain Air Development	5313				
Mountain Air Realty	5312				
Mountain Air Legacy Homes	2361				
Mountain Air Utility Corp	2213				
Mountain Air Maintenance Services	5313				
Model Output [1]					
Total U.S. Economy					
Output ($2012, 000s)					
Disposable Income ($2012, 000s)					
Household Earnings ($2012, 000s)					
Jobs					
Regional Center Economy					
Output ($2012, 000s)					
Disposable Income ($2012, 000s)					
Household Earnings ($2012, 000s)					
Jobs					
Job Impacts by Component					
Construction Component					
Total Regional Center					
Total United States					
Operations Component					
Total Regional Center					
Total United States					

(b)(4)

Notes:
[1] Economic activity was modeled at the county level.

Prepared by: Economic & Policy Resources, Inc.

- The above described job and output impact totals are comprised in part from impacts in key subsectors. These include: NAICS 541 Professional, Scientific and Technical (Business) Services, NAICS 221 Utilities, NAICS 811 Maintenance and Repair, and NAICS 23 Construction. Detailed predictions of impacts associated with the Mountain Air EB-5 project are reported for inside and outside the pending regional center and for the U.S. economy in total.

- Table 2 (below) shows the year-by-year impacts expected **within the pending regional center** economy for each USCIS-requested subsector.

(b)(4)

  - Increased demand within the regional center is expected for: (1) Professional, Scientific, and Technical (Business) Services at [redacted] in impact Year 3 (with

(b)(4)

Table 2. Subsector Impacts Within the Regional Center—Mountain Air EB-5 Project

Within the Regional Center	NAICS	Industry Name	Year 1	Year 2	Year 3	Year 4
Employment Impacts	---	Total (industries below)				
	221	Utilities				
	23	Construction				
	236	Construction of Buildings				
	237	Heavy and Civil Engineering Construction				
	238	Specialty Trade Contractors				
	541	Professional, Scientific, and Technical Services				
	811	Repair and Maintenance				
Output Impacts	---	Total (industries below)	$			
(2012$, thousands)	221	Utilities	$			
	23	Construction	$			
	236	Construction of Buildings	$			
	237	Heavy and Civil Engineering Construction	$			
	238	Specialty Trade Contractors	$			
	541	Professional, Scientific, and Technical Services	$			
	811	Repair and Maintenance	$			

(b)(4)

Prepared by: Economic & Policy Resources, Inc.

- Table 3 (below) shows the year-by-year impacts expected **outside the pending regional center** economy for each USCIS-requested subsector.

(b)(4)

(b)(4)

Table 3. Subsector Impacts Outside the Regional Center—Mountain Air EB-5 Project

Outside the Regional Center	NAICS	Industry Name	Year 1	Year 2	Year 3	Year 4
Employment Impacts	---	Total (industries below)				
	221	Utilities				
	23	Construction				
	236	Construction of Buildings				
	237	Heavy and Civil Engineering Construction				
	238	Specialty Trade Contractors				
	541	Professional, Scientific, and Technical Services				
	811	Repair and Maintenance				
Output Impacts	---	Total (industries below)				
(2012$, thousands)	221	Utilities				
	23	Construction				
	236	Construction of Buildings				
	237	Heavy and Civil Engineering Construction				
	238	Specialty Trade Contractors				
	541	Professional, Scientific, and Technical Services				
	811	Repair and Maintenance				

Prepared by: Economic & Policy Resources, Inc.

- Table 4 (below) shows the year-by-year impacts expected for the **U.S. economy as a whole** for each USCIS-requested subsector. These impacts are equal to the sum of the inside the regional center and outside the regional center impacts.

(b)(4)

(b)(4)

Table 4. Subsector Impacts on the U.S. Economy in Total—Mountain Air EB-5 Project

Total United States	NAICS	Industry Name		Year 1	Year 2	Year 3	Year 4
Employment Impacts	---	Total (industries below)					
	221	Utilities					
	23	Construction					
	236	Construction of Buildings					
	237	Heavy and Civil Engineering Construction					
	238	Specialty Trade Contractors					
	541	Professional, Scientific, and Technical Services					
	811	Repair and Maintenance					
Output Impacts	---	Total (industries below)	$				
(2012$, thousands)	221	Utilities	$				
	23	Construction	$				
	236	Construction of Buildings	$				
	237	Heavy and Civil Engineering Construction	$				
	238	Specialty Trade Contractors	$				
	541	Professional, Scientific, and Technical Services	$				
	811	Repair and Maintenance	$				

Prepared by: Economic & Policy Resources, Inc.

2.1 Summary of the Program for the EB-5 Project

Mountain Air Lenders, LLC has been organized to provide financing to Mountain Air Global, LLC pursuant to a Memorandum of Understanding entered into with the Appalachian EB-5, LLC Regional Center to develop the Mountain Air EB-5 project. Appalachian EB-5, LLC will enter into a Memorandum of Understanding with Mountain Air Global, LLC to utilize the EB-5 Regional Center designation to develop the EB-5 Project. The regional center shall provide administrative, supervisory, due-diligence and other services as needed for the benefit of the EB-5 Project in consideration for receiving a supervisory/management fee related thereto.

The Mountain Air EB-5 Project consists of the expansion of an existing private residential community outside Burnsville, North Carolina. The community, which began as a getaway for close friends and acquaintances, has evolved into a 1,300 acre, more inclusive private residential development. The community centers on Slickrock Village, which includes the country club, community pool, restaurants, a spa and activity center, theater, and lodge. The Project expansion will add 37 homesites (to the existing 183), 70 developer-built homes (to the existing 123), and 82 condominiums (to the existing 210) for a total of 189 new residences. In addition to this residential expansion, Mountain Air Global will expand the country club membership by 150 social members and enter into conservation easement agreements, which will both raise funds and preserve the natural setting Mountain Air residents enjoy.

Since the Community is largely self-contained and provides some of its own infrastructure, utilities services, and administration, an expansion in the residential base will motivate an expansion of the supporting services provided by the community. Therefore, as shown in the economic report and Section 3.6 of this business plan, the project also includes the hiring of staff in a number of industries. These include real estate sales, utility provision, and professional support services required by the growing community.

The Mountain Air development is situated on the peak of 4,919 foot high Slickrock Mountain in the Appalachians of western North Carolina. While the property benefits from a remote atmosphere, it

is still accessible. The property is just outside of Burnsville, North Carolina, a mountain community that is home to more artists and craftspeople per capita than anywhere else in the U.S. Thirty minutes away sits Asheville, North Carolina. This city of about 83,000 is known for its thriving downtown, artistic community, and livability. Enhancing the accessibility of the community is its 2,875 foot, VASI-equipped runway and aircraft parking area.

Appalachian EB-5, LLC has also arranged for the Klasko, Rulon, Stock & Seltzer, LLP immigration law firm to file an EB-5 Application and a Form I-526 on behalf of each Subscriber, which will be done promptly following acceptance of the subscription and admission of the Subscriber as an Investing Member of the EB-5 Company. It is anticipated that the USCIS will act on each EB-5 Application within approximately one hundred eighty (180) to two hundred forty (240) days after the completed EB-5 Application is filed. If the EB-5 Application is granted, the Subscriber will become a regular Member of the EB-5 Company. If a Temporary EB-5 Application is denied, without appeal or after denial of any appeal, the Company will cancel such subsidiary Member's Interest by returning to the Member the five hundred thousand dollar ($500,000) subscription price (whichever is applicable), less the [redacted] deposit for legal, administrative, and marketing fees. The EB-5 Company will continue in existence during the time that it maintains its investment in Mountain Air Global, LLC unless sooner terminated as provided in the Operating Agreement.

(b)(4)

2.2 Qualification for Regional Development Center Designation

The program has been developed under the following USCIS requirements: (b)(4)

- Investors will be required to make an investment of at least $500,000, plus [redacted]n legal, administrative, and marketing costs and other fees.
- Each investor's contribution to the Mountain Air Lenders, LLC will generate at least 10 EB-5 program eligible jobs within the defined geographic area of the regional center.
- Funds may come from any legal foreign or U.S. source, including gifts, loans, executive pension funds, trusts, and divorce settlements.
- The investment must be received from the person seeking the visa, from clearly identifiable and legal funds.
- Borrowed investment funds qualify as long as they are not secured by the assets of the target U.S. investment.

The EB-5 Offering has been structured so that a Subscriber will have made an investment that qualifies for an EB-5 Visa entitling such Subscriber, assuming the Subscriber otherwise satisfies the non-investment criteria for an EB-5 Visa, to conditional permanent United States residency and, ultimately, to apply for U.S. citizenship without conditions. The planned EB-5 Project is located in a prospective regional center which is applying to be designated as an EB-5 regional center by the United States Citizenship and Immigration Services ("USCIS"). Since investors must wait to file their EB-5 petitions until after regional center approval validates the arrangements, should be able to show such approval and avoid further adjudication of the project arrangements. Accordingly, in the absence of unexpected circumstances, the factors that will lead to granting or denial of the EB-5 Visa will focus on personal facts and circumstances of each Subscriber, particularly relating to showing legitimate source of his or her funds. The Company has arranged to work with experienced immigration attorneys to file the EB-5 Petition for an EB-5 Visa on behalf of and at each

Subscriber's expense promptly following acceptance of the subscription and admission of the Subscriber as a Member in the LLC. It is anticipated that USCIS will act on each Petition within six (6) to eight (8) months after the completed Petition is filed, although a longer or shorter time period may apply in a particular case. If the Petition is granted, the Subscriber will become a regular Member of the Company. The Subscriber shall be responsible for all cost of travel and fees to USCIS.

2.3 Managerial Role—Active vs. Passive Investment

Mountain Air Lenders, LLC, the business enterprise into which EB-5 subscribers will invest is a Delaware Limited Liability Company. Under EB-5 regulations, the EB-5 immigrant investor is expected to participate in the management of the new enterprise by assisting in the formulation of the enterprise's business policy, by participating in one or more of the activities permitted in the Delaware Limited Liability Company Act,[3] and as otherwise set forth in the Operating Agreement. Investors in an EB-5 enterprise must have all the rights and duties usually accorded to members applicable under the Delaware Limited Liability Company Act. The rights of the Members under the Operating Agreement are consistent with rights normally granted to Members under the Act.

2.4 Company Privacy Policy

It is the company policy of Appalachian EB-5, LLC, **and all subsidiary business enterprises,** to protect the privacy of its investors. Therefore, the Company will not disclose the names of investors to those outside of the Company that each investor is invested in, unless required to do so by law. However, each investor has the legal right of access to names, contact information, and percentage of ownership of the other investors within his/her limited liability company.

2.5 Project Selection

The current EB-5 project represents an important business opportunity, and is only the first of a number of projects the proposed regional center is expected to undertake. The selection of this project is based on the strong likelihood that the new jobs will be created within the geographic boundaries of the proposed regional center if this application is approved. The EB-5 project seeking approval has provided a detailed economic and job creation impact assessment analysis based on this business plan specifying its employment requirements, which were carefully reviewed and evaluated by the regional center's management prior to recommendation of the project to investors. Throughout the life of the first EB-5 project, these newly added EB-5 qualifying jobs will be closely monitored by the regional center's management. This will be done using the regional center's own job reporting forms, and will be supplemented by the project's employment records. These data will be collected and reported according to USCIS requirements including through the Form I-924A process as outlined in the Regional Center

[3] Mountain Air Lenders LLC, the company into which the Investors will join as Members is a Delaware LLC.

Operations Business Plan. Estimates of indirect job creation were determined by the economic and job creation impact assessment study that accompanies this application. These estimates were based on the EB-5 qualifying jobs that were to be added by the expansion of the completion of the EB-5 project within the geographic boundaries of the proposed regional center Memorandum of Understanding for each project which itemizes the rights and requirements for a regional center—sanctioned EB-5 project. A draft copy of the regional center's proposed Memorandum of Understanding for project participation within the proposed regional center is provided in the Regional Center Operations Business Plan, Section 1.5.

3.1 Business Structure Overview

As noted above, Mountain Air Lenders, LLC (the EB-5 business enterprise) has been organized to provide financing to Mountain Air Global, LLC (the development company creating EB-5 jobs), a North Carolina limited liability company. The EB-5 development company has acquired the 1,300 acre Mountain Air community in addition to an adjacent property known as Mountain Spirit. This acquisition included all assets of the Mountain Air community. The property strikes a balance between the privacy of remote beauty and access to the small nearby (36 miles) town of Burnsville, NC and the larger Asheville, NC, which is noted for the character of its downtown.

The Mountain Air EB-5 Project consists of the expansion of the existing private residential community. The Project expansion will add 37 home sites (to the existing 183), 70 developer-built homes (to the existing 123), and 82 condominiums (to the existing 210) for a total of 189 new residences. In addition to this residential expansion, Mountain Air Global will expand the country club membership by 150 social members and enter into conservation easement agreements, which will both raise funds and preserve the natural setting Mountain Air residents enjoy.

Mountain Air Lenders, LLC will provide the above-referenced financing to Mountain Air Global, LLC pursuant to a Memorandum of Understanding entered into with Appalachian EB-5, LLC, a prospective regional center, to develop the EB-5 Project. The Mountain Air EB-5 Project will receive each Investor's $500,000 contribution, and will provide development/construction financing in connection with the EB-5 Project.

The EB-5 project location is in Yancey County, North Carolina. This is part of the proposed regional center area consisting of seventy-nine counties in western North Carolina and eastern Tennessee. The regional center boundaries were defined, in part, based on the boundaries used by the Appalachian Regional Commission. The commission is a federal, state, and local government partnership focused on economic development in Appalachia, a region of unique economic need and opportunity. The regional center encompasses about 31,000 square miles and contains the cities of Knoxville, TN and Asheville and Winston-Salem, NC. It is an area known for its natural beauty and Appalachian culture. This culture is recognized for distinctive craftsmanship and music in particular, and the regional center is home to many festivals celebrating this local personality. Economically, the region faces transportation barriers and declines in the textile, furniture, and tobacco

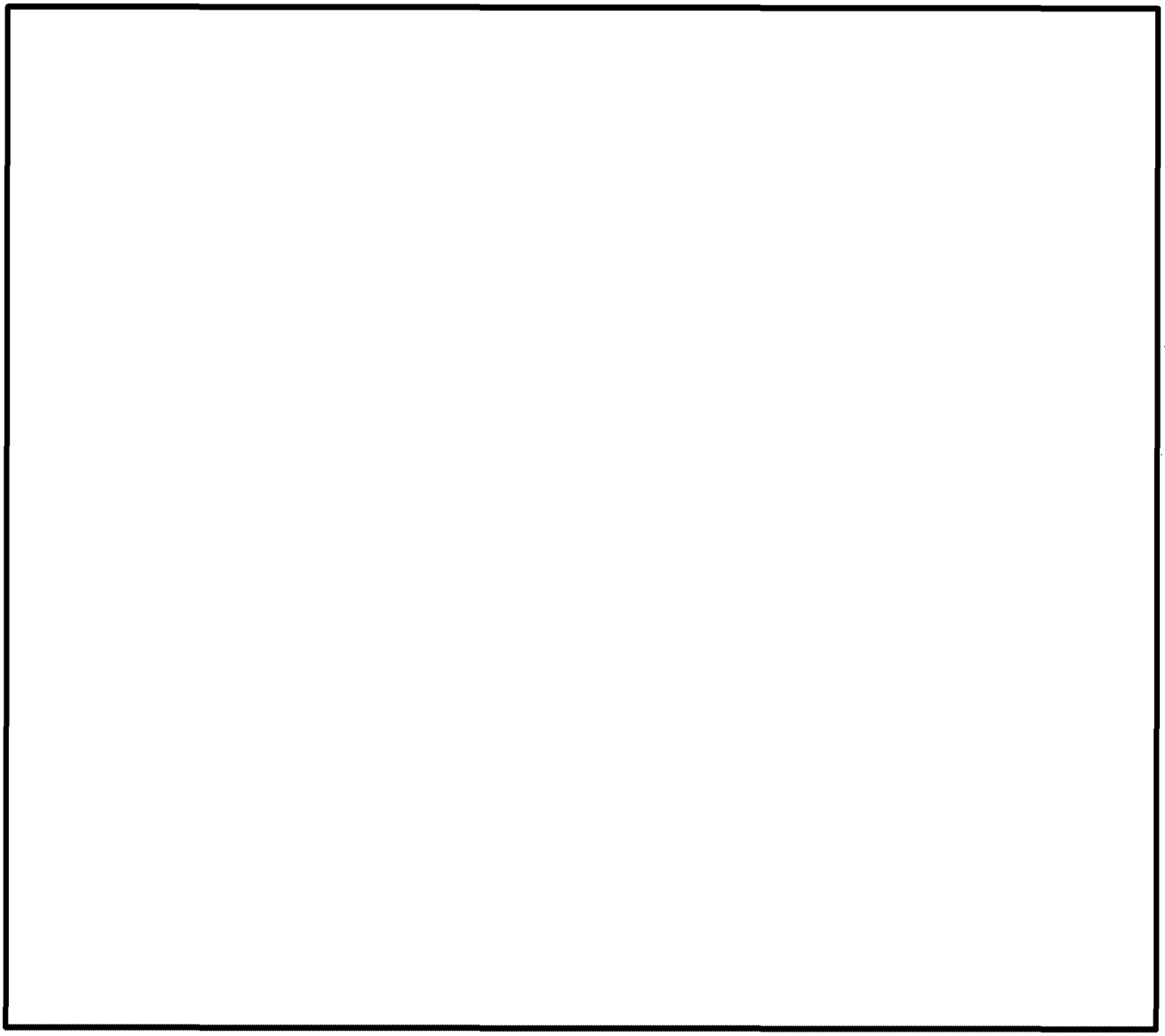
manufacturing industries on which it has depended in the past. The high technology-biotechnology and tourism industries are up-and-coming.

The chart below describes the overall corporate structure of the various subsidiaries for the prospective regional center and the prospective EB-5 project.

OVERVIEW STRUCTURE

(b)(4)

MOUNTAIN AIR LENDERS, LLC
(THE "EB-5 COMPANY")



* Principals include Andrew Dover and William R. Banks.

(b)(4)

** Excludes $[redacted] per Investor for Offering costs, migration services and immigration legal fees and costs.

*** Manager is owned by the Regional Center.

**** Certain parties shall be appointed by the Company to serve as agents of the Company.

***** Principals include Andrew Dover, William R. (Randy) Banks and John Mccallum.

Footnotes:

1. Excludes $60,000 per unit for Cost Allocation Amount. The Cost Allocation Amount shall be funded into an expense escrow account ("Expense Escrow Account"), and the $500,000 per Unit Project amount shall be funded in a project escrow account ("Project Escrow Account") as described herein.

2. Certain parties shall be appointed by the Company to serve as agents of the Company, including a Construction Disbursement Agent.

3. Appalachian EB-5, LLC will enter into a Memorandum of Understanding with the Developer to utilize the EB-5 Regional Center designation to develop the Project which will, in turn, create jobs. The Regional Center shall provide supervisory services for the benefit of the Project in consideration of receiving a portion of the Interest paid on the Loan. The Regional Center is affiliated with the Developer.

4. The Regional Center has an Advisory Board that includes Ronald Heifetz, Peter Salovey, Joe Vittoria, Jim Hindman and Tom Wicky.

3.2 Detailed Description—Mountain Air EB-5 Project[4]

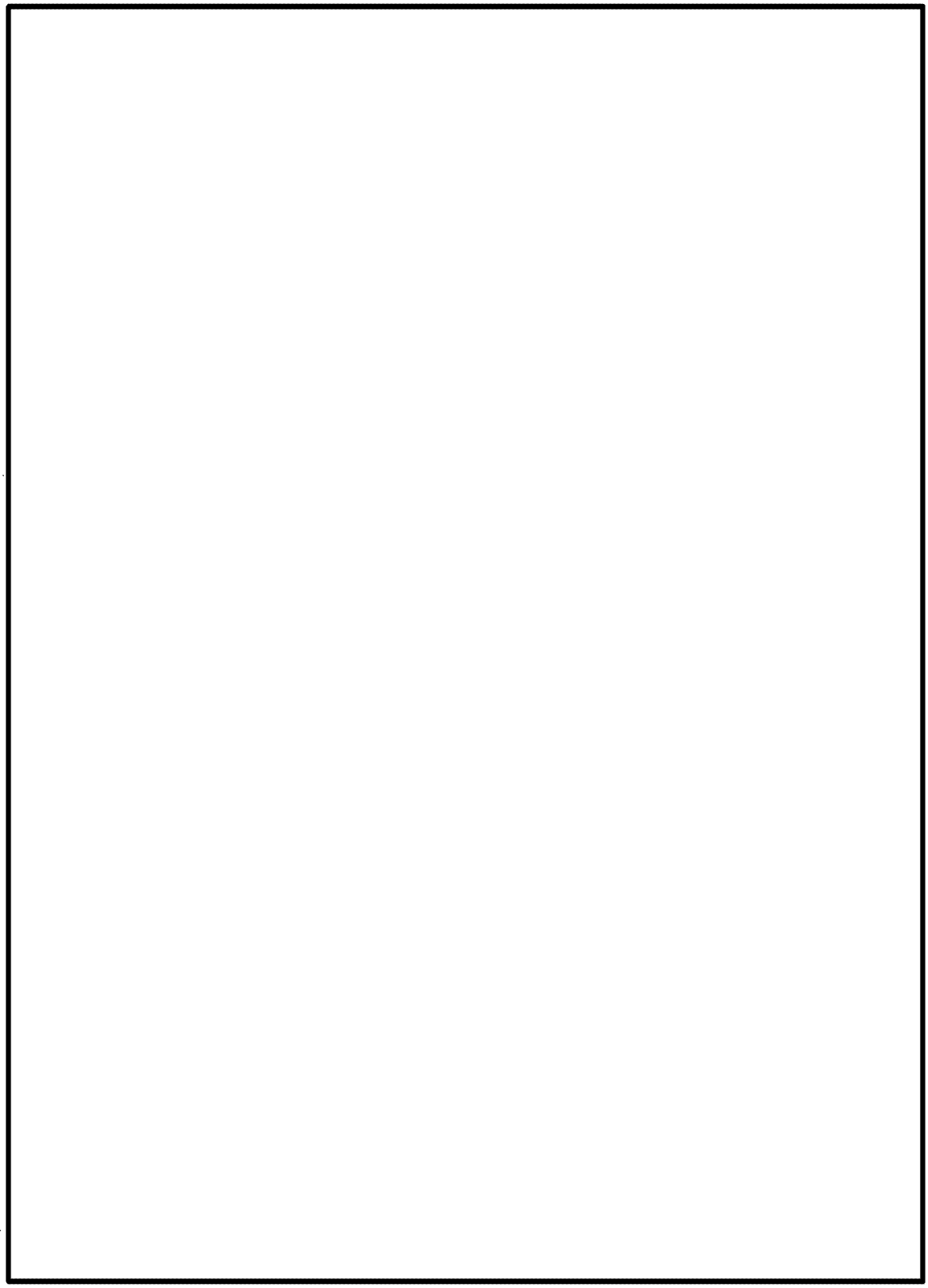
Mountain Air started with a desire to create a special mountaintop retreat for the Banks and Young families. It was originally conceived as a getaway for close friends and acquaintances, but quickly blossomed into a 1,300 acre award-winning private residential development complete with 18 holes of mountaintop golf and its own airstrip. The community is unique as a destination-oriented development with $100 million of amenities and infrastructure in place. The Mountain Air EB-5 project includes the property acquisition followed by expansion of residences and amenities within the community as well as the sale of conservation easements on surrounding land parcels, which will both retain the natural environment and improve Mountain Air property values.

Since the early 1990s, Mountain Air has sold more than 600 properties consisting of home sites, cabins, condominiums, and custom homes. In addition, there have been 400 resale properties with sales in excess of $400 million. Growth in the residential base of the community associated

[4] The Mountain Air EB-5 Project is comprised of the first four years of a larger Master Plan for Mountain Air. It is possible that there are additional EB-5 projects that will be developed and applied for over the next ten years. However, a five year plan and forecast is presented in some sections of this business plan in order to best demonstrate the scope of the development.

with the EB-5 project will be based on the sale of new homesites, developer-built single family homes, and condominiums. Historically, these have ranged in price from the mid-$100,000s for lots and smaller condominiums to over $5 million for custom homes. The construction of 417 new residential units is planned for the community over the course of the next 10 years.

(b)(4)



(b)(4)

The community rests on a solid base of physical infrastructure, including:

- 17 miles of completed roads;
- Onsite water wells, water treatment, and distribution network;
- City sewer service provided by the town of Burnsville;
- Underground electric, phone, cable (high speed internet) service;
- 2,875 feet of paved runway with VASI (specialized, certified runway lighting) and a parking area for 30 aircraft; and
- 8.5 miles of maintained hiking trails.

As part of this EB-5 project, improvements to this infrastructure will be undertaken. These improvements will integrate the newly constructed units into the community's roadway, water, and sewer systems as well as improving existing infrastructure used by current residents. The developers have planned construction of a lift station, road repairs and resurfacing, water system repairs and upgrades, city water tie-in, and sanitary system repairs and upgrades. These improvements will require a [redacted] nvestment.

(b)(4)

The success of Mountain Air is directly linked to the success of Yancey County, North Carolina. The vast majority of new property owners (over 80%) come from states other than North Carolina. Once complete Mountain Air will represent nearly (b)(4)

At the center of Mountain Air is Slickrock Village, the community's gathering place where residents can enjoy amenities such as five-star lodging and dining, a spa and fitness center, a theater, a children's activity center, and a heated pool. Through a compelling combination of meeting places and gathering spaces, Mountain Air offers a truly authentic mountain village experience. It sustains the heritage of family togetherness that runs deep through the community, and it reflects a profound respect for the mountain's natural beauty.

Slickrock Village, as mentioned above, features an attractive array of amenities available to residents and visitors. These include:

- Falling Leaf Lodge
  - Seven five-star hotel suites with fireplaces and large deck areas
  - Lounge with bar and fireplace
  - Community Concierge
  - Mountain Market for sandwiches, snacks, beer, wine, and gifts
  - Pro Shop for apparel and golf equipment

- Chautauqua Activity Center
  - Slickrock Cinema
  - Kids activity and game rooms
  - Fitness room overlooking the mountains
  - Men's and women's spa rooms

- Community pool
  - Large deck
  - Waterfall
  - Cabanas

- Orville & Wilburs Restaurant
  - Casual dining

- Mountain Air Country Club
  - Formal dining and bar
  - Administrative offices, business center, and conference room
  - Naturalist office and store
  - 18 (expanding to 27) hole golf course
  - Tennis courts

The Mountain Air Country Club is an important amenity and social center of the Mountain Air community. Originally, the club was planned for 850 members comprised of 550 full golf memberships, 150 associate golf memberships, and 150 social memberships. A [redacted] investment in golf facilities are bringing about an expansion to bring the course from 18 to 27 holes, and an additional $3.0 million will be invested in other club upgrades. Along with these expansions, the development team intends to add an additional 150 social memberships to bring the total to 1,000 members. These additional memberships will allow new residents of Mountain Air to make use of the club. (b)(4)

The EB-5 project also includes investments in amenities in other areas of the property. A teen center, a cabin in the Settler's Edge parcel, a sports complex in the Lost Chimneys parcel, and a shelter in the Old Growth forest park will be constructed with [redacted] nvestment.

Mountain Air has a history of success at placing land into permanent conservation easements. Originally, Mountain Air earmarked a 100-acre easement known as Old Growth Forest Preserve. In December 2001, the first 25 Old Growth Forest acres were set aside for permanent conservation at a value of over $3.5 million. Then in November 2006, an additional 41 acres of Old Growth Forest were preserved at a value of over $18.0 million. An additional 34 acres, valued at over $17.0 million, was prepared for conservation in 2007. Going forward, the developers will continue to pursue the conservation easement strategy that shows community commitment to the environment. The plan calls for up to 1,200 acres to be placed in permanent conservation easements. This will ensure future generations have an opportunity to enjoy the Old Growth Forest in its natural state and will raise an additional [redacted] n sales from the conservation investor programs. (b)(4)

In this time of economic transition, Mountain Air is well-positioned to take advantage of the growth in the private resort sector that is expected to accompany economic recovery. Its successful history gives it a competitive advantage in the real estate market, and the timing of the purchase presents a financial opportunity for investors.

3.3 Strategic Approach

The recent economic turbulence has devastated many of the nation's resorts and private communities. The sharp economic downturn that has wreaked havoc among the established resort community has virtually abolished the "coming soon" communities. Early-stage/on-the-drawing-board communities will not be viable for years to come, if ever. While there are a handful of mature developments, Mountain Air stands above the competition with its built-out infrastructure, debt-free amenities, and a track record of over 600 lots and homes sold to date.

Mountain Air's proven track record gives it a competitive advantage, but it has not been enough to make it immune to the economic reality of the past three years. Like the rest of the second home/resort industry, Mountain Air has suffered financial stress due to the decline in market activity. This has presented new investors with a significant opportunity to benefit from a highly collateralized, short term investment with above market rate returns. In addition to the competitive advantages specific to Mountain Air, the state of North Carolina has three of the top ten housing markets in the United States, as reported by *Builder* magazine's annual Healthy Markets Index.

These favorable market trends in combination with a proven management team speak to the anticipated commercial success of the Mountain Air EB-5 Project. It is clear that potential EB-5 investors are discerning in a market that provides a number of investment opportunities. Confidence in the anticipated commercial success and the resulting job creation that a successful real estate transactions and community operation will provide will be key in marketing the project to these investors.

A detailed plan of how the regional center and its initial project will be marketed to investors is found in section 5 of this business plan and the Region Center Operations Plan. The marketing effort will be undertaken in partnership with Platinum Capital LLC, an experienced firm with relationships in the major Asian EB-5 markets in addition to specialization in Mexico and Central America. The up-and-coming Middle Eastern market will also be an area of focus in regional center investor recruiting.

The Appalachian EB-5, LLC Regional Center marketing will emphasize the viability of projects and value of the regional center through various marketing mediums. Important elements of the plan include: networking with migration brokers, attendance at international EB-5 relevant exhibitions, a strategic online presence including social media tools, traditional media advertising (i.e. newspaper, magazine, television, trade publications etc.), and networking facilitated through organizations such as the American Immigration Lawyers Association, sister cities, and commercial partnerships. In these ways, the regional center and project will be promoted to international investors as a part of the path to commercial success anticipated to be realized through the initial Mountain Air EB-5 project.

3.4 Statement of Sources and Uses of Funds

The following table highlights the Mountain Air EB-5 project's expected sources and uses of funds over the four years of the proposed project's development and operations timeline. From the table, the EB-5 project intends to raise and utilize up t

[redacted]

Chart of Sources and Uses of Funds—Mountain Air EB-5 Project (b)(4)

Description	Year 1	Year 2	Year 3	Year 4	Total
Sources of Funds (000s):					
EB-5 Investor Capital	[redacted]				
Other Equity					
Real Estate Sales-Other					
Conservation Easement Sales					
Total Sources (000s)					

Uses Of Funds (000's)	Year 1	Year 2	Year 3	Year 4	Total
Land Acquisition					
Infrastructure Soft Costs					
Engineering-Design					
Conservation Easements					
Amenities Soft Costs					
Architectural Services					
Engineering-Design					
Residential Construction Soft Costs					
Architecture					
Engineering					
Permitting					
Legal					
Contingency					
Insurance					
Interest/Financing					
Infrastructure Hard Costs					
Road Construction					
Water and Waste Water Constructio					
Amenities Hard Costs					
Golf Course Construction					
Nonresidential Building Construction					
Residential Construction Hard Costs					
Waterfall Cabins					
Renaissance Cabins					
Spruce Run					
Lost Chimney					
Old Sawmill Cottages					
Settlers Edge Condos					
Old Sawmill Condos					
Lost Chimney Condos					
Lost Chimney Suites					
Heritage Ridge Condos					
Andrew Banks Overlook Condos					
Total Land Acquisition					
Total Soft Costs					
Total Hard Costs					
Total Cost					

(b)(4)

3.5 Development Timeline Summary

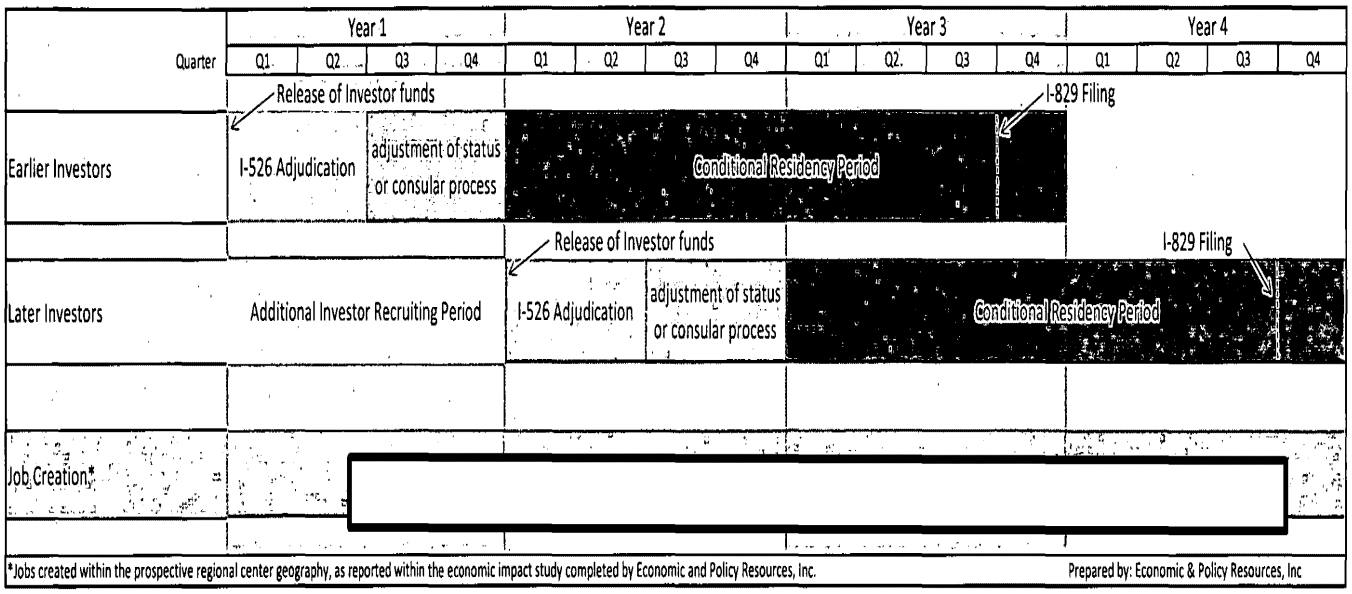
Figure 1 below depicts the timeline for an example earliest possible investor to the project, who is ready to file an I-526 immediately at project inception,[5] and an example latest anticipated investor to the project, who subscribes following a year of recruitment efforts by the project and regional center teams. These timelines are meant to demonstrate the ends of the full range of I-526 filing timeline possibilities.

I-526 applications will be submitted as investors are recruited and qualified throughout the course of year 1. However, in this timeline, management recognizes that petitioners will not all file their I-526 petitions, progress through the I-526 adjudication, and complete the process of establishing conditional permanent residency all at the same time. The earliest applications will be submitted at the beginning of the first quarter of Year 1, and approvals are assumed to be obtained at the end of the second quarter of Year 1 of the EB-5 project timeline. This assumes a six month I-526 adjudication period, which is believed to be reasonable. In addition, the timeline assumes a six month time period for each investor to either: i) complete a "change of status" process and establish residency in the U.S. as a Conditional Permanent Resident ("CPR"),[6] or ii) complete the consular process and establish residency in the U.S. as a CPR.[7] This assumption is inherent to the two year and six month timeline requirement cited in the RFE. The official establishment of conditional permanent residency is followed by the two-year conditional residency period.

Taken together, these assumptions place the two year six month benchmark for the earliest Mountain Air EB-5 Project investors at the end of the fourth quarter of impact Year 3. EPR has calculated job creation estimates for each year of the EB-5 project timeline, as shown. All impact Year 2, and 3 jobs have been created within the two year and six month window of the earliest investors. Late investors to the project will reach the two year and six month point at the end of the fourth quarter of Year 4, as shown in the figure. All impact Year 3 and 4 jobs will also have been created within this time period. Therefore, because Year 3 jobs are created during both early and late investor timelines, and because the Year 3 job creation estimates are more conservative, EPR selected Year 3 as the representative year in its economic impact analysis and project management selected Year 3 as the most appropriate on which to base its capital raise estimates for this application.

[5] Such an investor would have been interested in the project before the start of the development timeline.
[6] If the immigrant investor is already lawfully in the U.S. at the time of the I-526 filing approval.
[7] If the immigrant investor is abroad at the time of the I-526 filing approval.

Figure 21: Alignment of I-526, Project Impact, and Job Creation Timelines – Mountain Air EB-5 Project



(b)(4)

3.6 Development Pro-Forma

The following figure is a detailed pro-forma describing income and costs anticipated by the Mountain Air EB-5 project development team. (b)(4)

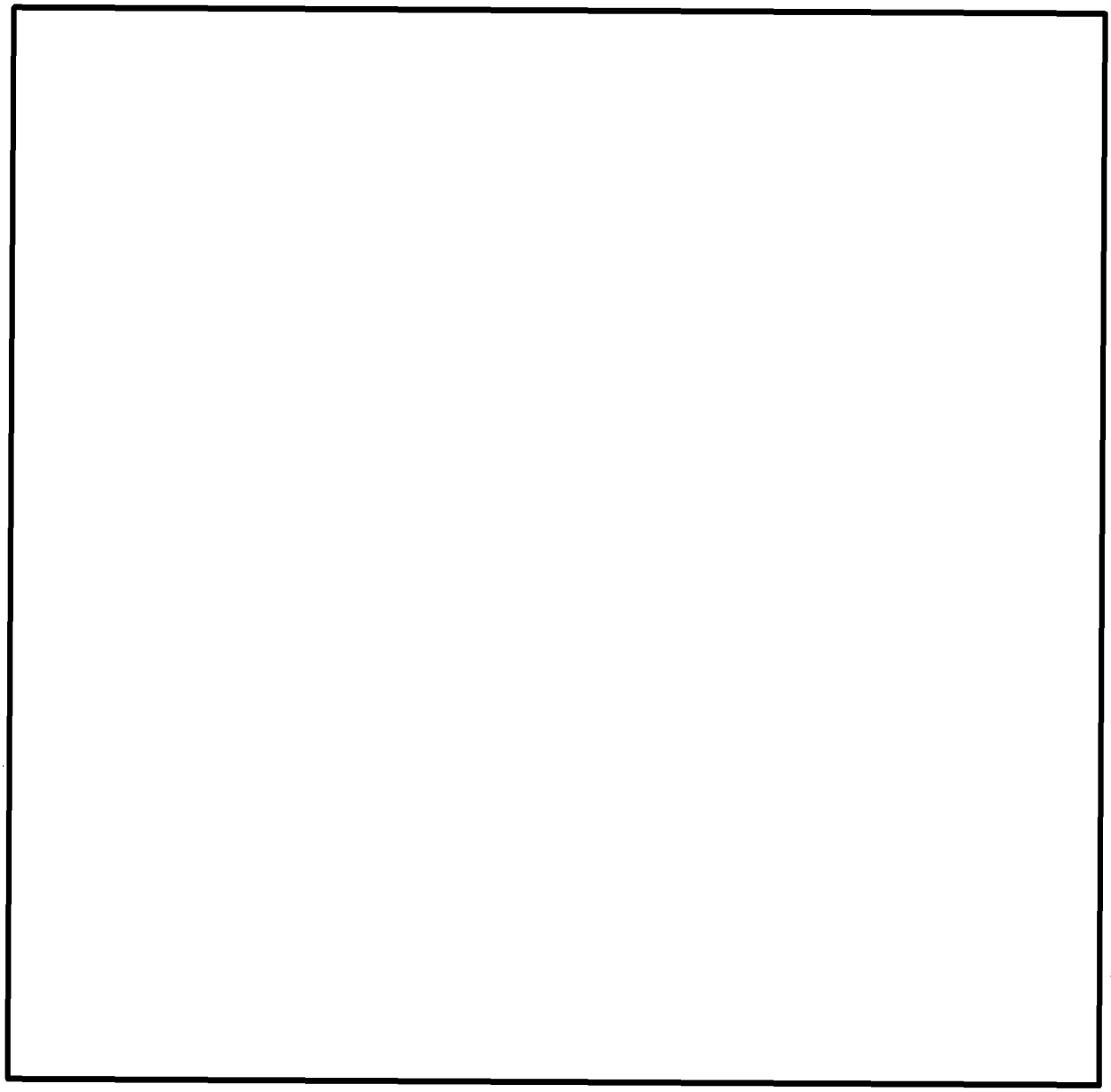
	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue						
Lots						
Lots Prepared						
Lots in Inventory						
Lots Sold						
Cumulative Sales						
Unsold Lot Inventory						
Ave Lot Revenue / Unit / Period						
Total Revenue Per Period						
Contribution Margin						
Less Commissions						
Net Contribution Margin						
Single Family						
SF Prepared						
SF in Inventory						
SF Sold						
Cumulative Sales						
Unsold SF Inventory						
Ave SF Revenue / Unit / Period						
Total Revenue Per Period						
Contritubution Margin						
Less Commissions						
Net Contribution Margin						
Condos						
Condos Prepared						
Condos in Inventory						
Condos Sold						
Cumulative Sales						
Unsold Condo Inventory						
Ave Condo Revenue / Unit / Period						
Total Revenue Per Period						
Contritubution Margin						
Less Commissions						
Net Contribution Margin						
Sales Summary						
Total Unit Sales / Year						
Total Cumulative Sales						
Total Revenue/Year						
Total Cumulative Revenue						
Total Net Contribution Margin / Year						
Cumulative Net Contributin Margin / Year						
Additional Revenues						
Club Equity Memberships						
Re-Sale Real Estate Operations						
Conservation Easement Sales						
Sale of Lodge & Offices						
Total Additional Revenues						
Total Net Revenues -- All Sources						

Mountain Air EB-5 Project Business Plan

		Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Disbursements							
Debt Buy-Out							
Amortized Debt Balance							
Balance							
Interest							
Total Debt Purchase, Amort & Interest Cash Flow							
Work-in-Process	Single Family						
	Condos						
	Interest						
Total Work-in-Process Interest Expense							
Amenities & Community Infrastructure							
Neighborhood Infrastructure							
Total Infrastructure							
General & Admin							
G&A Admin Overhead							
Accounts Payable							
Marketing							
Club Operations Subsidy							
Total General & Administrative							
Total Disbursements							
Project Cash Flow							
Net Revenues							
Disbursements							
Net Cash Flow							
Equity Contribution							
Cumulative Cash Flow							

(b)(4)

(b)(4)

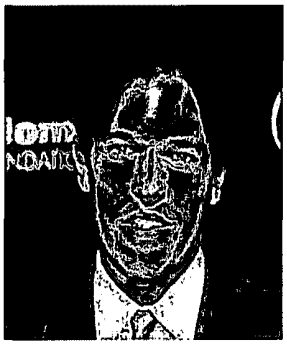


[8] Benchmark Advisors is a conservation design and development consulting firm specializing in conservation strategies and development management, www.benchmarkadvisors.com.

4.1 The Appalachian EB-5, LLC Regional Center Team

A number of highly-qualified professionals have been carefully selected in order to implement and manage the activities of the Appalachian EB-5, LLC Regional Center in compliance with USCIS regulations.

Regional Center Principal—Mr. Andrew B. Dover



Mr. Dover is the founder and managing partner of Odlum Capital. He is responsible for setting the firm's global asset strategy and managing the overall operations of the firm.

Prior to founding Odlum, Mr. Dover was the CEO of the Joe Torre Foundation in New York City. Before his tenure as CEO, he served as a senior vice-president at UBS. He started his investment career at Merrill Lynch.

Mr. Dover holds a BA in Philosophy from Yale University, an MPA from Harvard University's John F. Kennedy School of Government, and a Diploma in Organizational Leadership from the University of Oxford. In addition, he was a Fellow of the Center for Social Innovation (CSI) at the Stanford Graduate School of Business.

Regional Center Principal—Mr. William R. (Randy) Banks

Mr. Banks is President and Chief Executive Officer of Mountain Air Country Club and Mountain Air Development Corporation. Mr. Banks is an expert in developing, operating and managing of resort and residential communities, Mr. Banks has been employed by such well-known development companies as Gulfstream Development Corporation, The Hilton Head Company, and Wintergreen Development, Inc. He has served on the President's Council and Board of Directors of the National Association of Home Builders and as a local President and State Director of Home Builders Association of Georgia. Mr. Banks currently serves as Chair of the Urban Land Institute's National Recreational Development Council, Gold Flight. He was named the North Carolina Chapter's Developer of the Year in 2009 by the American Resort Development Association and the Community Association Institute.

Mr. Banks earned a BA in Political Science from the University of North Carolina-Charlotte.

Immigration Counsel: Klasko Immigration and Nationality Law

Klasko, Rulon, Stock and Seltzer, LLP has a team of nine full-time attorneys, all dedicated exclusively to immigration law. The firm's partners, headed by H. Ronald Klasko, are nationally recognized for their skills and field-leading law practice. The group serves companies and institutions large and small in addition to individual and family immigration cases.

Under Mr. Klasko's leadership, the firm was chosen with five other firms by ***Chambers Global*** in 2006, 2007, 2008 and 2009 as the top U.S. business, hospital and university immigration law firm. Ron, himself, was named as the world's most respected corporate immigration lawyer (The International Who's Who of Business Lawyers 2007 and 2008) and one

of the country's top immigration lawyers by clients and other immigration lawyers who said he is "revered for coming up with unique arguments that can save a client" ***(Chambers Global)***.

At the request of members of Congress and their staffs, Ron has testified before the U.S. House of Representatives Committee on the Judiciary and the U.S. Commission on Immigration Reform. He has been invited to lecture and provide training to staff members and lawyers of the U.S. Department of Labor, U.S. Department of State, INS General Counsel Management Conference, Immigration Judges Association and U.S. Department of Justice. In addition, he has been an Adjunct Professor of Immigration Law at Villanova University Law School and is a frequent lecturer on immigration law subjects.

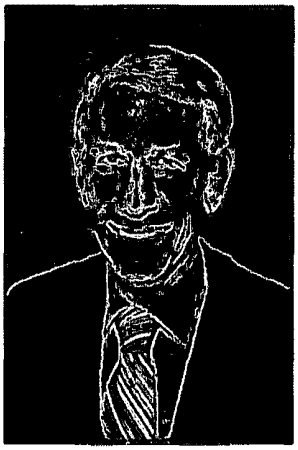
A member of the prestigious Alliance of Business Immigration Lawyers, Ron is the co-author of the two volume ***Employers' Immigration Compliance Guide*** (Matthew Bender 1985).

For the last 18 years, Ron has been included in the highly regarded Best Lawyers in America (Woodward and White). He is one of only three practicing attorneys ever honored with the AILA Founders Award for his contributions to immigration jurisprudence.

SEC Counsel: Arnstein & Lehr, LLP

Arnstein & Lehr LLP is one of the country's oldest and most respected law firms. Since its founding in 1893, the Firm has served clients – large and small – throughout the United States and in many foreign countries. More than a century later, Arnstein & Lehr has established itself as a sophisticated, full-service practice that addresses the diverse and complex needs of its clients with vision, expertise, and a commitment to quality and service. The company practices in five main service groups – Business, Litigation, Local Government, Tax and Estate Planning, and Real Estate.

Ronald R. Fieldstone is a partner in the Miami office of Arnstein & Lehr LLP, specializing in corporate/securities and taxation law.



Mr. Fieldstone is a member of the Real Property, Probate and Trust and the Tax Law Sections of The Florida Bar. He served as a panel member of the American Arbitration Association for 17 years and is a title agent of several title insurance companies. Mr. Fieldstone has published numerous articles and has been a lecturer in the fields of real estate, corporate, tax law and franchise law for the past 37 years. He currently practices primarily in the areas of corporate/securities and taxation law.

Since 2009 Mr. Fieldstone has actively been involved in serving as corporate/securities counsel for multifaceted industries involving real estate funds and specializing more recently on EB-5 immigrant visa investor offerings ("EB-5"). The EB-5 visa is a United States visa created by the Immigration Act of 1992. This visa provides a method of obtaining a green card for foreign nationals who invest money in the United States. Mr. Fieldstone represents a vast number of Regional Centers

in EB-5 offerings, involving in excess of 40 matters. Mr. Fieldstone's corporate/securities work includes the preparation of private placement memoranda and related documents. Mr. Fieldstone actively lectures and publishes in the EB-5 corporate/securities fields.

Mr. Fieldstone was a principal in a Blockbuster Video franchise that operated 25 stores in eight states from 1987 until October, 1995, when the business was sold to the franchisor. He is a principal of a multi-state lithotripsy company and a Miami-based medical diagnostic company. He was also a principal of Barnie's Coffee and Tea, Inc., the owner of the Barnie's operating system with approximately 80 corporate units and 20 franchised units.

Mr. Fieldstone has extensive real estate holdings in the state of Florida and serves as a managing partner of Landmark Residential, which has served as the sponsor and manager of approximately 20,000 multi-family units in the states of Florida, Alabama, Georgia, Texas and North Carolina.

Associate Rebecca Abrams Sarelson, in the firm's Miami office, focuses her practice on international and domestic corporate transactions, taxation, wealth preservation, estate planning, tax-exempt organizations, and real estate transactions. Ms. Sarelson handles complex business and tax planning and counsels clients in entity selection, joint ventures, general corporate and partnership matters and advises on complex tax and estate planning matters, asset protection, gift planning and trust administration.

During her undergraduate and law school career, Ms. Sarelson volunteered as a Guardian ad Litem in Alachua County, Florida and completed an externship in the Eighth Judicial Circuit. After earning her J.D. from the University of Florida, she completed a tax internship with a well-known tax boutique in Miami, Florida, and after earning her LL.M in Taxation in 2004, she joined Fieldstone Lester Shear & Denberg, LLP, and now works with Mr. Fieldstone at Arnstein-Lehr.

Ms. Sarelson is a member of the International Law, Real Property, Probate and Trust Law, and Tax sections of the Florida Bar, as well as the Young Lawyers Division.

Economic and Job Creation Impact Modeling: Economic & Policy Resources, Inc.

Since the company's founding in 1983, the professionals of Economic & Policy Resources have been providing clients with objective research, analysis, forecasting, and advisory services in multiple aspects of economics, finance, public policy, and strategic planning. The firm has completed successful projects for government, business, and institutional clients, allowing clients to move forward decisively to embrace their opportunities or address their problems.

The Company's experience includes a wide range of assignments. Completed projects range from performing economic impact analyses for clients who need to understand how their industry or project will affects a state, regional, or community economy to developing solutions and implementation strategies for dealing with the most complex economic, financial, or public policy problems. The firm also evaluates and drafts business plans for the EB-5 Immigrant Investor VISA

Program.

Jeffrey B. Carr, EPR, Corporate President & Economist, has more than 30 years of experience in economic analysis, economic forecasting, regional economic and fiscal impact analysis (including a growing national practice under the U.S. Citizenship and Immigration Service's EB-5 Immigrant Investor Program), financial analysis, economic-tax revenue forecasting, and preparing and presenting state economic-fiscal data to Wall Street bond rating agencies. In addition to more than 200 completed regional impact assessment assignments in his consulting practice, Mr. Carr has served as the consulting State Economist and Principal Tax Revenues Analyst-Forecaster for the past five Governors of Vermont, including the newly elected Vermont Governor Peter Shumlin, 8 years for former Governor James H. Douglas, and 12 years for former Vermont Governor Howard B. Dean. He has been the State Economic Forecast Manager for Vermont the past 20 years for the New England Economic Partnership (NEEP).

EB-5 Program Marketing Plan Development: Jorge Cordova, Platinum Marketing, LLC

The EB-5 marketing program will be handled by representatives of the regional center and Platinum Capital Investments, LLC utilizing their extensive network of international contacts in Mexico, Central America and South America. In addition, EB-5 project management will also potentially work with a third party with broad EB-5 program experience and reliable past performance for these services and will be paid according to a legally structured compensation agreement.

Business Plan Preparation: Economic & Policy Resources, Inc.

Please refer to the company description for Economic & Policy Resources, Inc. and Mr. Jeffrey B. Carr above.

Regional Center Escrow Agent: JP Morgan Chase Bank

The regional center's escrow agent will be JP Morgan Chase Bank. J.P. Morgan offers escrow services for an increasingly complex global economy, helping their customers and clients to successfully mitigate risk for critical transactions. JP Morgan Chase's dedicated escrow team offers reliable and dependable service to ensure that transactions close quickly, accurately and securely.

J.P. Morgan's suite of escrow services has been built on experience and customized to cover the needs that arise in your business including, but not limited to, escrow structures for mergers & acquisitions, regulatory/litigation, payments and raising capital. When risk management is critical, rely on a trusted provider-the escrow professionals of J.P. Morgan provide: (1) Quick services turnaround: Escrow Services provides rapid turnaround on escrow agreements, enabling clients to close deals without delay; (2) Fast, easy document preparation: JP Morgan walks customers through the steps to complete the escrow transaction, and then provides customers with a form of a contract that can be customized to meet the needs of the

transaction and then quickly reviewed with a dedicated team of document specialists; (3) Dedicated escrow professionals: J.P. Morgan has a team of dedicated escrow specialists, who understand the nuances of escrow and its many applications, including translating a customer's unique risk mitigation requirements into a simple, workable solution; (4) Global reach: Including escrow specialists and offices across the globe; (5) Financial strength: J.P. Morgan's fortress balance sheet, strong capital base and rigorous risk management policies provide a strong complement to our leadership in escrow services. This is especially important as clients navigate through turbulent markets, and (6) Integrated solutions: JP Morgan Chase clients of Escrow Services have access to a broad range of related capabilities, such as foreign exchange services to address currency risk in cross-border transactions.

4.2 Initial EB-5 Project Development Team

This section profiles the key team members that have worked to develop the Appalachian EB-5, LLC Regional Center's vision for the regional center and its subisiary business enterprises. Each will be involved in the development and operations of the new businesses and projects in the current regional center program.

Mr. Andrew Dover, Regional Center Principal.

See Mr. Dover's biographical information in Section 4.1 above.

Mr. William R. (Randy) Banks, Regional Center Principal.

See Mr. Bank's biographical information in Section 4.1 above.

Senior Development Team Biographies for the Mountain Air EB-5 Project

The development team for the Mountain Air EB-5 Project and the Appalachian EB-5, LLC Regional Center includes a number of skilled, senior professionals that will oversee the development, construction, and operations of the Appalachian EB-5, LLC Regional Center's first EB-5 project. These professionals bring together an impressive range of practical and successful experience in the development of such projects. Among the key professionals include:

Dr. Ronald Heifetz, Regional Center Board Member-Advisory Board

Dr. Heifetz is a Board Member of Odlum Capital and Appalachian EB-5, LLC Regional Center. Dr. Heifetz is the King Hussein bin Talal Senior Lecturer in Public Leadership at Harvard University's John F. Kennedy School of Government, where he also co-founded the Center for Public Leadership. His book "Leadership Without Easy Answers" (Belknap/ Harvard University Press, 1994) is currently in its 13th printing. Dr. Heifetz is co-founder of Cambridge Leadership Associates. Dr. Heifetz earned his Bachelors of Arts degree from Columbia University, an MD from Harvard Medical Schoolm and an MPA, John F. Kennedy School of Government, Harvard University/

Mr. Peter Salovey, Regional Center Board Member-Advisory Board

Dr. Salovey is a Board Member of Odlum Capital and Appalachian EB-5, LLC Regional Center. Dr. Salovey is Provost at Yale University and the Chris Argyris Professor of Psychology. Dr. Salovey is also a Professor of Management, Epidemiology and Public Health at Yale, where he directs the Health, Emotion and Behavior Laboratory. Dr. Salovey has published more than 300 articles and chapters, and he has authored, coauthored, or edited 13 books.

D. Salovey earned his AB in Psychology and co-terminal MA in Sociology from Stanford University. He earned his MS, MPhil and PhD in Psychology from Yale University.

Mr. Joe Vittoria, Regional Center Board Member-Advisory Board

Mr. Vittoria is a Board Member of Odlum Capital. He was Chairman and CEO of Avis, Inc., where he created the Avis Employee Stock Ownership Trust, the largest ESOP at the time and a model for other companies. As an adviser to the United Airlines board, Mr. Vittoria would later spearhead the creation of UAL's landmark ESOP. In 1997, Mr. Vittoria founded Travel Services International, a public company that changed the industry's traditional distribution system. Selling it in 2000, Mr. Vittoria became an investor and Chairman of Puradyn Filter Technologies, Inc. In 2006, he became Puradyn's CEO, a position he holds today. Mr. Vittoria is also Chairman of the Board of Great Wolf Resorts and Greenjets, Inc.

Mr. Vittoria earned his BS in Civil Engineering from Yale University, and an MBA from Columbia University.

Mr. James Hindman, Regional Center Board Member-Advisory Board

Mr. Hindman is a Board Member of Odlum Capital. Mr. Hindman founded Jiffy Lube in 1979 and grew it to 1,000 units internationally. Upon the sale of Jiffy Lube in 1989, Mr. Hindman founded Youth Services International, a private agency serving more than 3,000 juveniles from 35 states and operating residential and community-based educational programs for adjudicated and at-risk youth. Today, Mr. Hindman is the co-founder and former Chairman of Avatech Solutions, a software consulting company. He was awarded the Entrepreneur of the Year Award in 1987 by the International Franchise Association.

Mr. Hindman earned his BA from Western Maryland College.

Mr. Tom Wicky, Regional Center Advisory Board

Mr. Wicky is a distinguished hotel management executive responsible for making Mountain Air a five-star experience. Mr. Wicky began his management career in Europe, bringing the highest standards of hospitality to premier resorts and luxury urban hotels. Returning to the U.S., Mr. Wicky earned the coveted Mobil 5-Star or AAA 5-Diamond awards at four renown properties: The Boca Raton Hotel & Club, The Breakers Palm Beach, The Cloister at Sea Island (Ga.), and Hotel Intercontinental. Mr. Wicky has served on the Board of Directors of privately owned, corporate and equity member ownership properties. Mr. Wicky has represented extensive real estate assets, including single-family homes, condominiums, hotel accommodations, and membership sales. Mr. Wicky has also run a $100 million site renovation and spearheaded

operational aspects of recreational facilities including golf, tennis, marinas, and retail outlets. Mr. Wicky has been a guest speaker at Cornell and a lecturer at both Florida State University and Florida Atlantic College.

Mr. Wicky earned his Certified Hotel Administrator degree from Michigan State University. He has completed post-graduate studies at Cornell University's School of Hotel Management and the University of Miami.

4.3 Listing of Key Mountain Air EB-5 Project Contractors

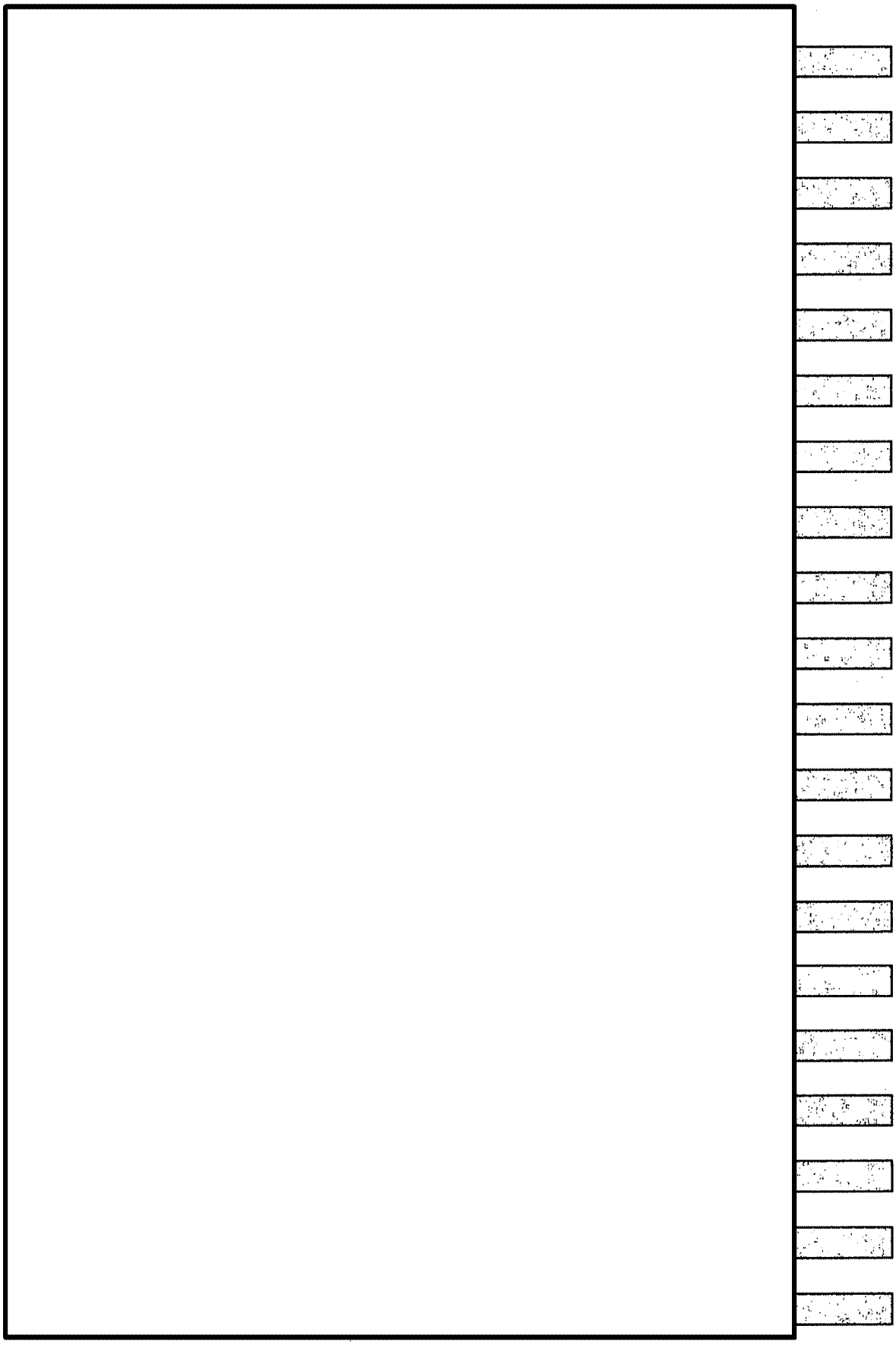
In addition to the above, the Mountain Air EB-5 Project has provided a list of key vendors. These vendors are listed in the table below.

(b)(4)

Supplier List
Mountain Air Development Co.
Mtn Air Development Co.

Supplier Name	City
[redacted]	

(b)(4)



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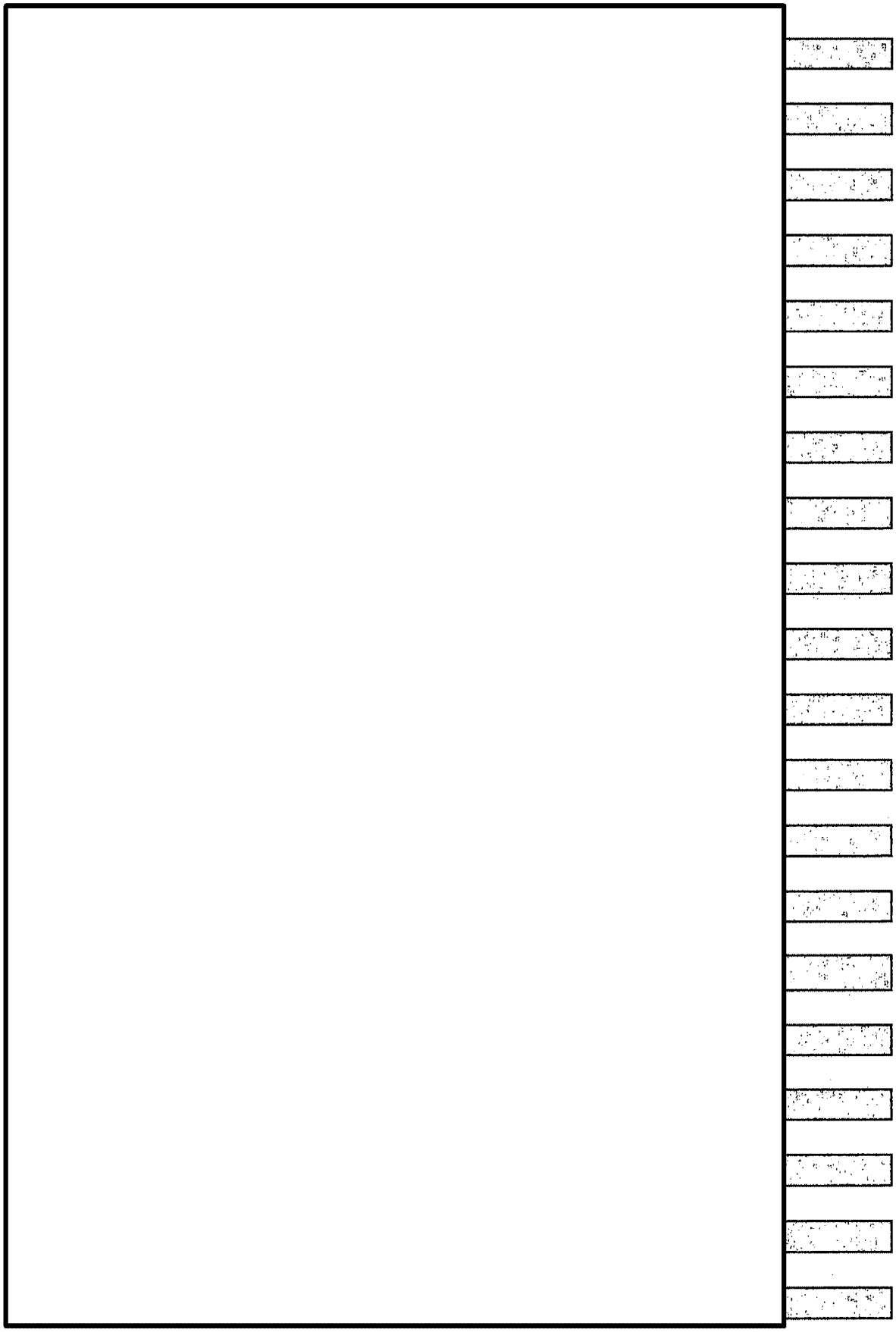

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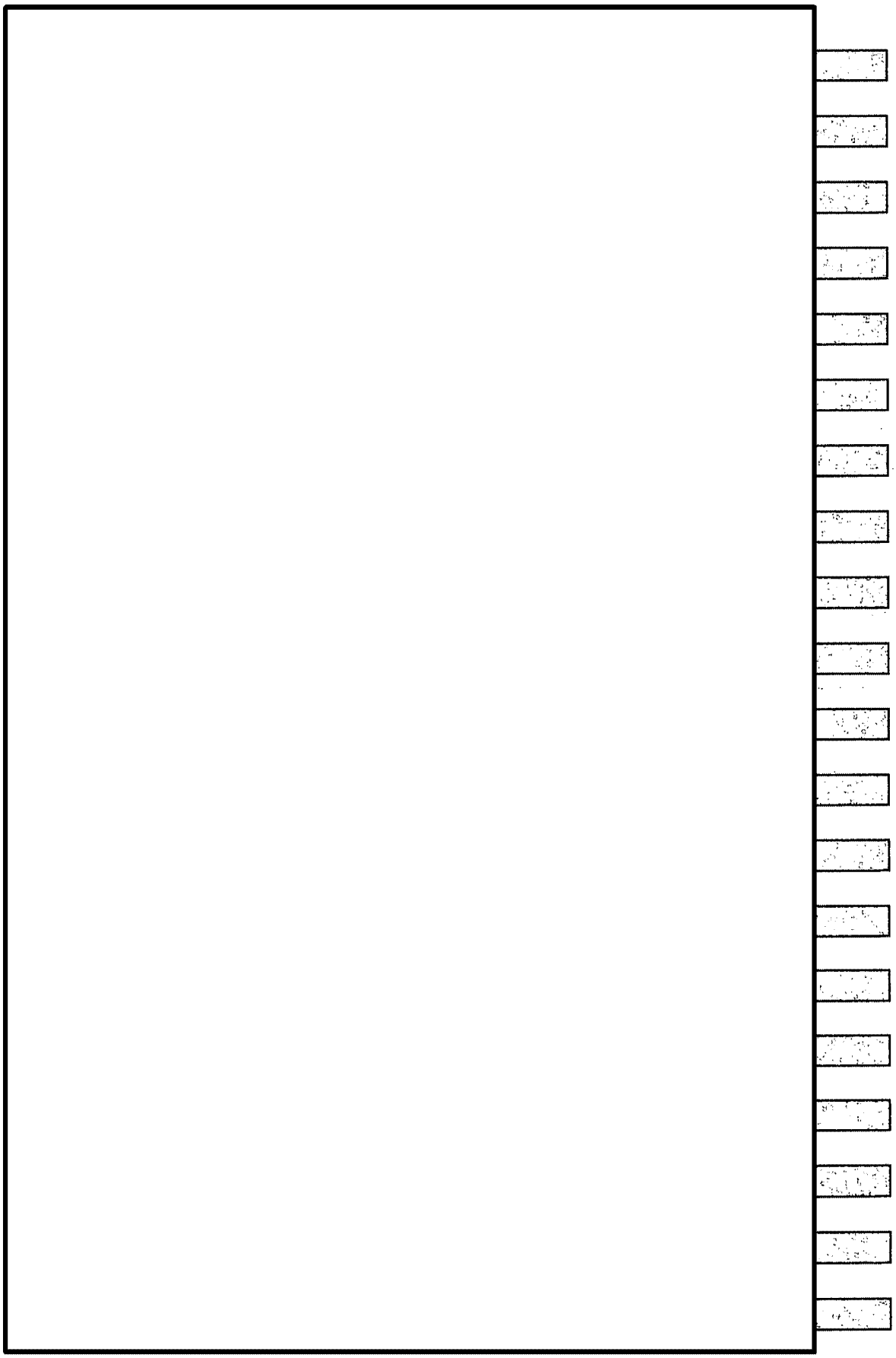

Mountain Air EB-5 Project Business Plan

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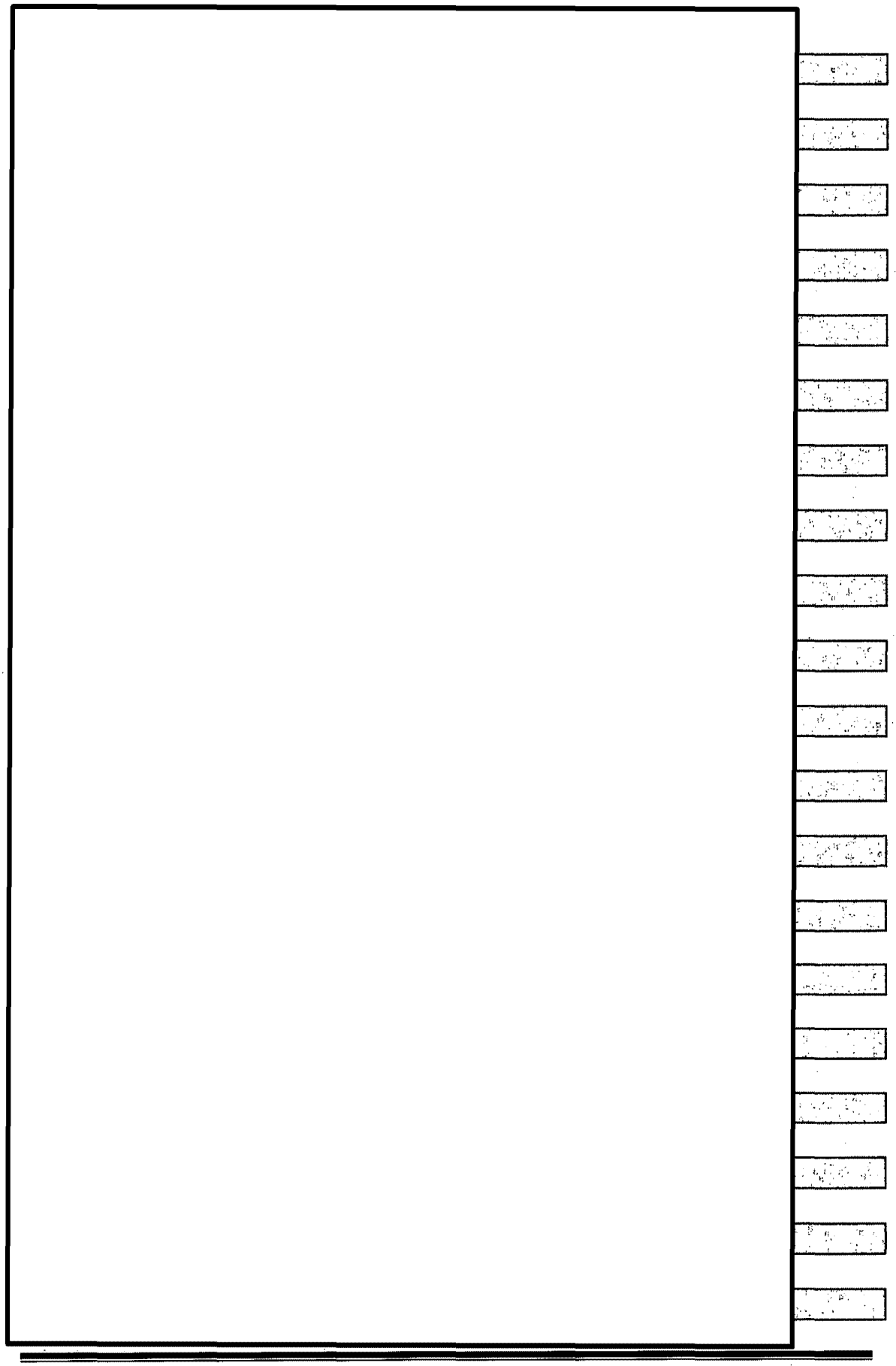

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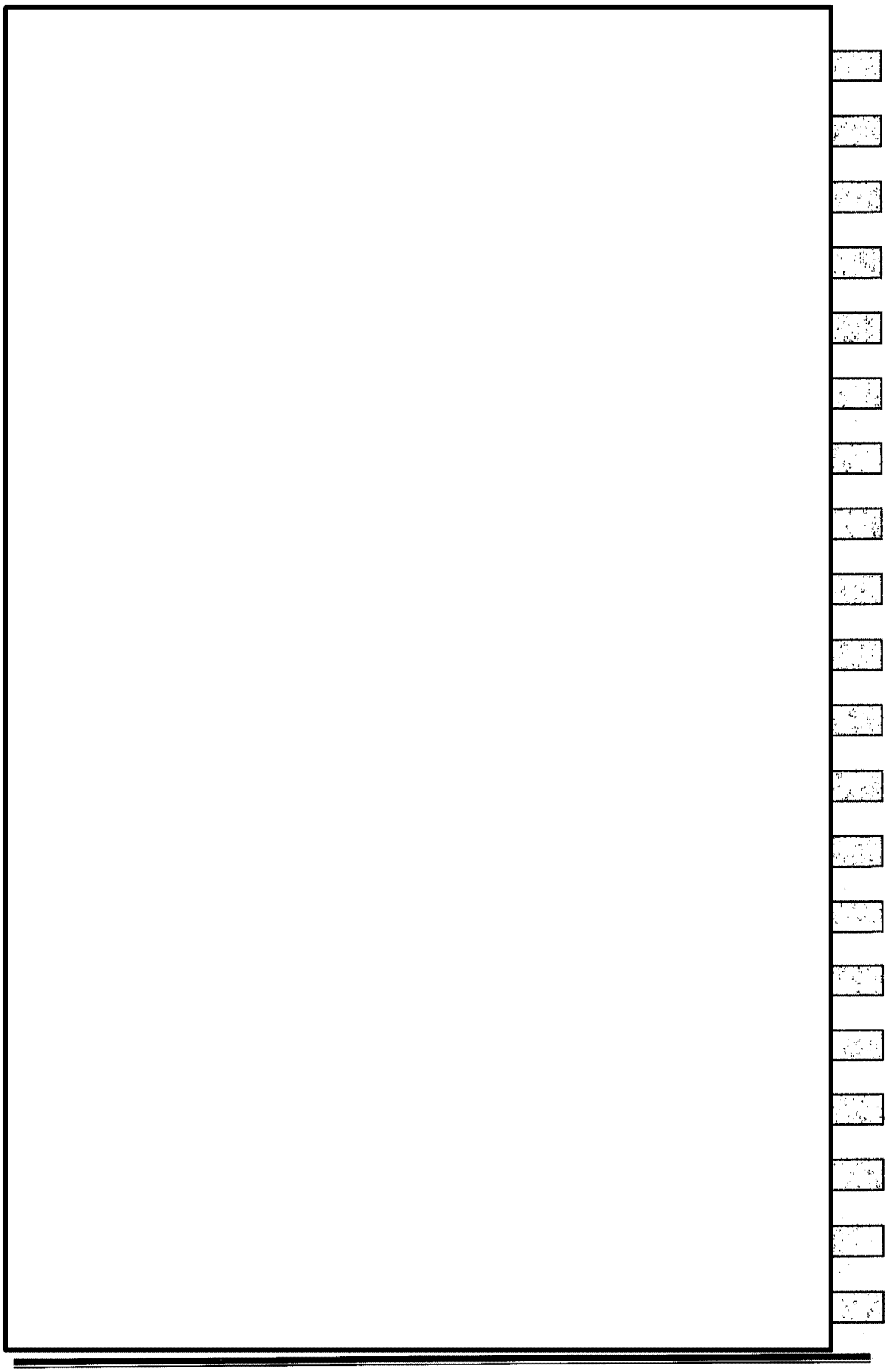

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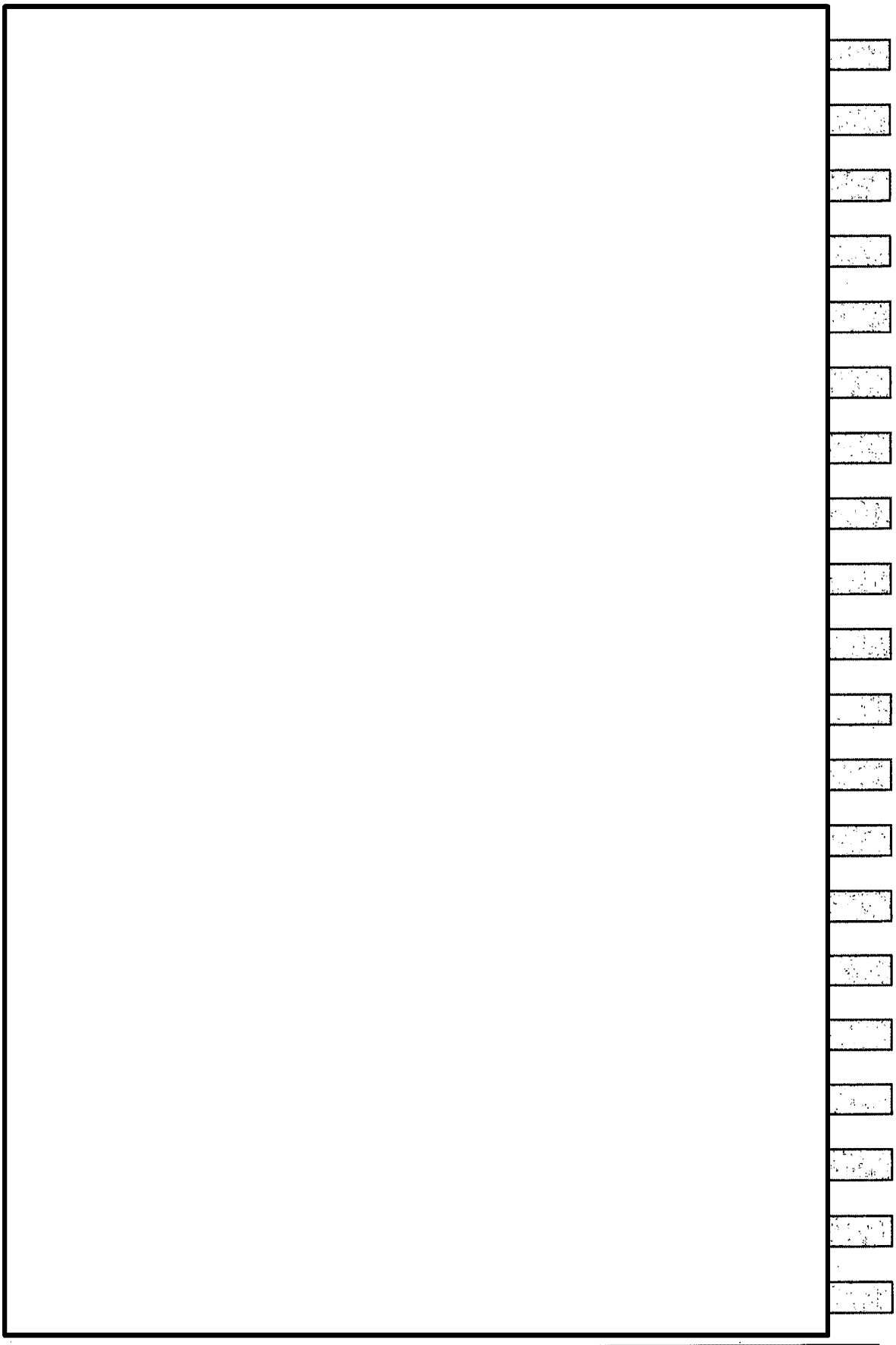

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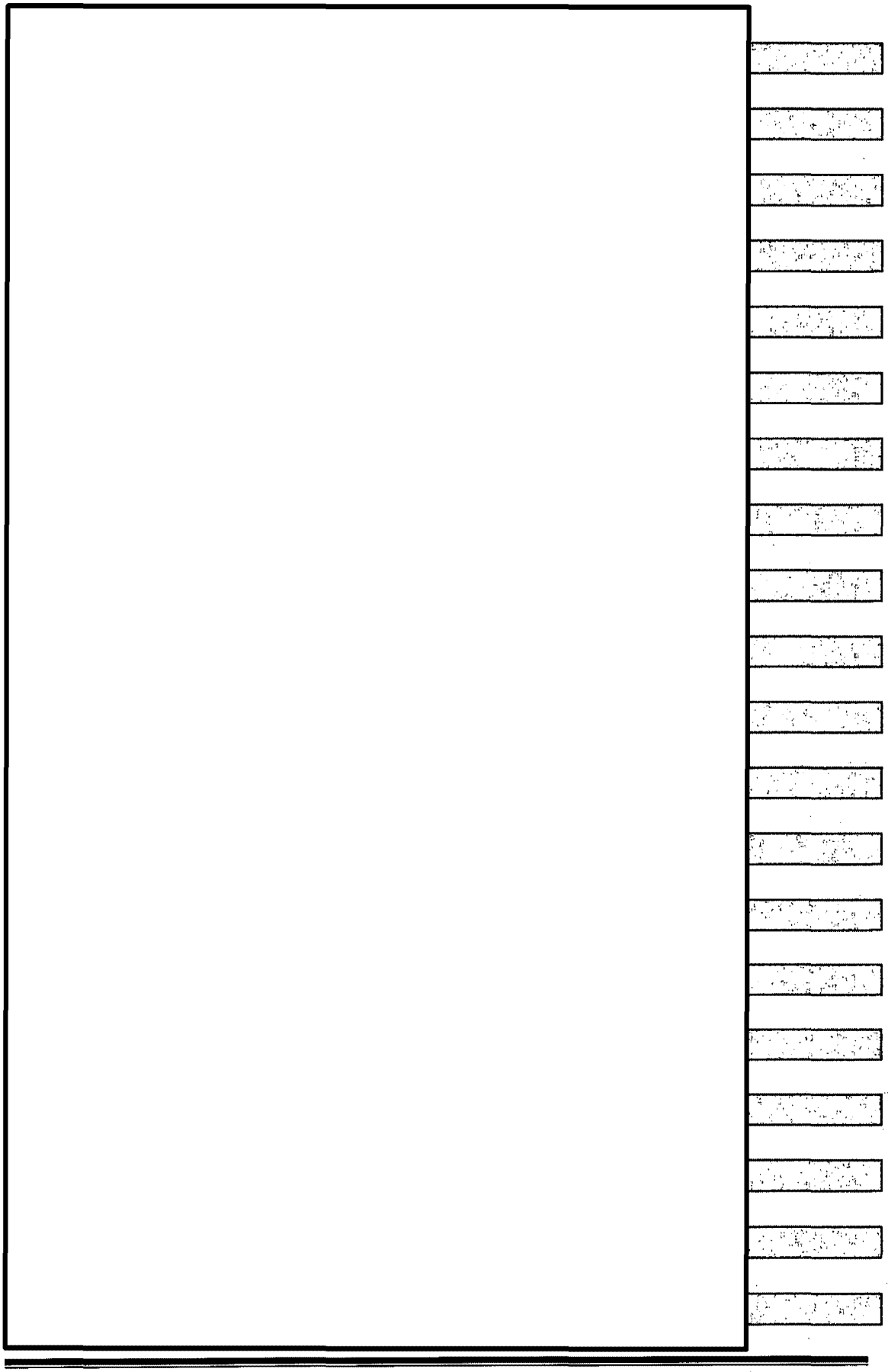

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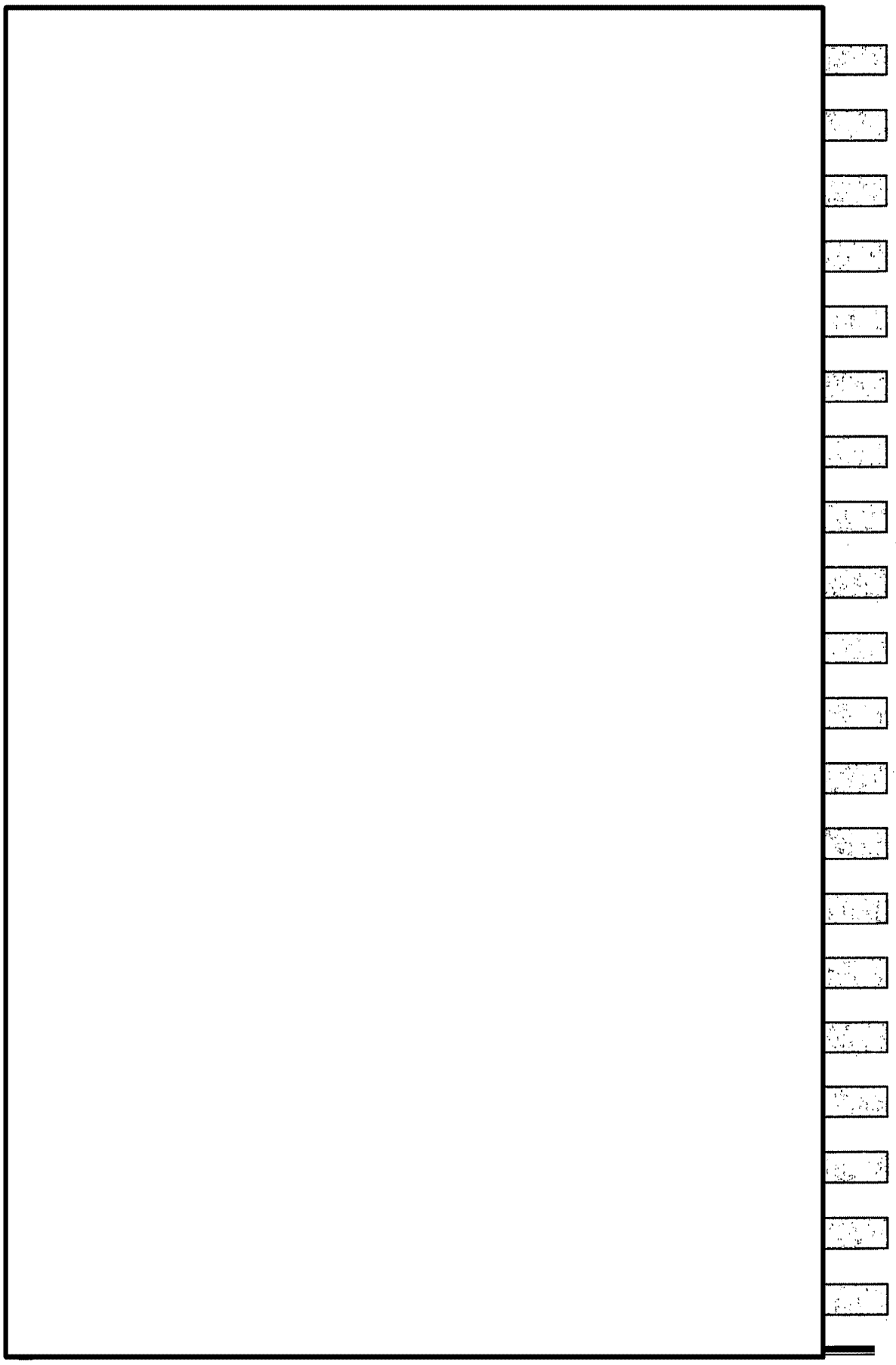

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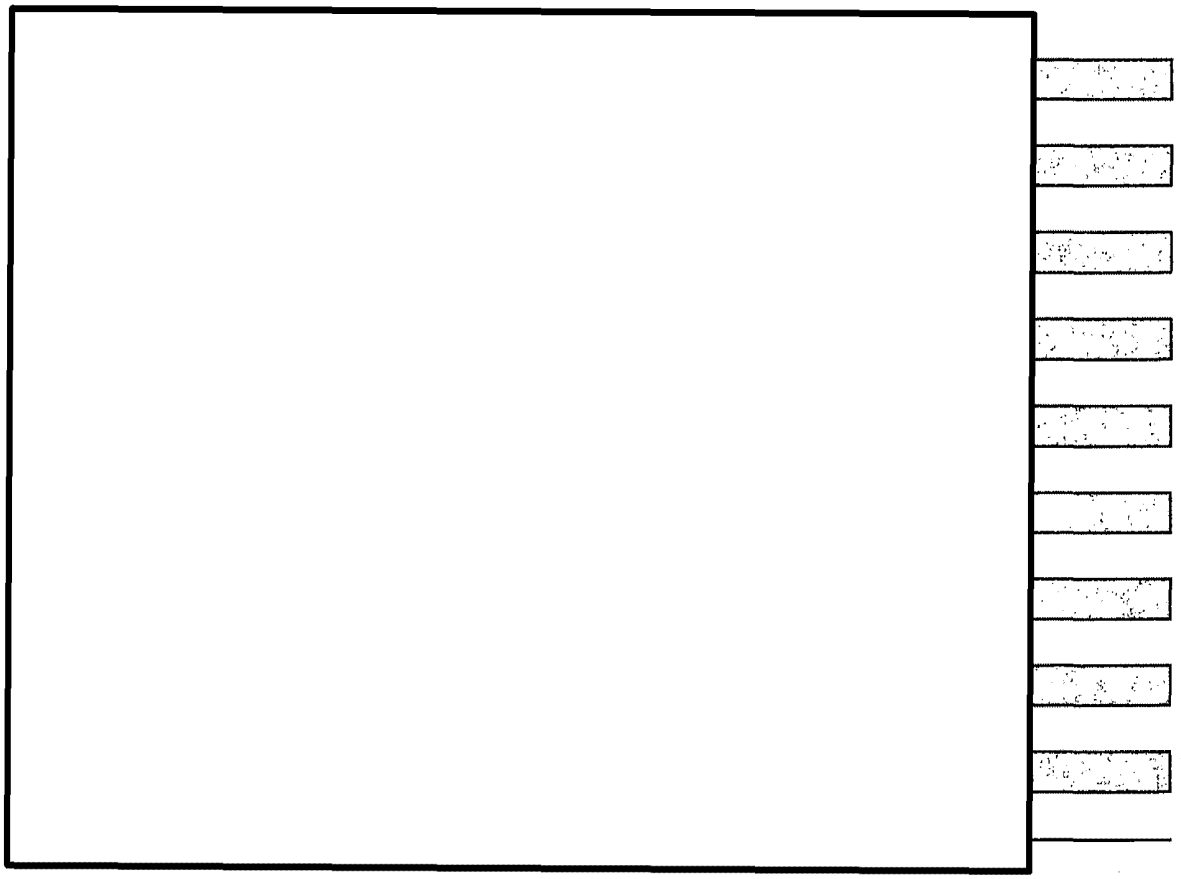


4.4 Listing of Permits and Licenses Required for the Mountain Air EB-5 Project

Most permits and licenses required for the execution of the business plan for the Mountain Air community are already in place, however some require periodic renewals or are recurring in nature. Yancey County has no subdivision or zoning regulations, thus county approvals are limited to individual construction building permits.

Following is a list of permits and licenses required for the ongoing implementation of the Mountain Air project business plan:

(b)(4)

1.
2.
3.
4.
5.
6.
7.
8.

Various state real estate registration licenses (Required by certain states in order to market to residents of that state for the purpose of selling real estate within the community. Registration is in place in states where we currently market. Each state has different registration requirements and if we choose to enter new markets, we will need to adhere to the registration requirements of that particular market.)

4.5 Listing of Staff Positions of the Mountain Air EB-5 Project

The following table details full time positions established to operate the expanded elements of the Mountain Air community associated with the EB-5 project.

Full Time Employees - Mountain Air EB-5 Project					
Department	Year 1	Year 2	Year 3	Year 4	Year 5
Mountain Air Development					
Mountain Air Realty					
Mountain Air Legacy Homes					
Mountain Air Utility Corp					
Mountain Air Maintenance Services					
Professional Services					
TOTAL					

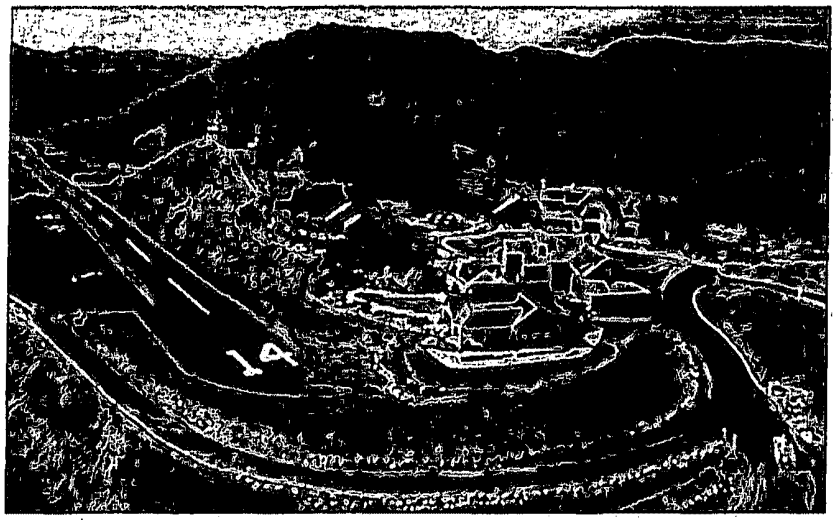
(b)(4)

Exhibit 4

Revised Economic Impact Report
of 12/21/2012

The Economic Impact of the Mountain Air EB-5 Project in the Prospective Appalachian EB-5 Regional Center

December 21, 2012 (Update)



Prepared by:

EPR Economic & Policy Resources, Inc.
Economists, Policy and Financial Analysts

400 Cornerstone Drive, Suite 310
Williston, VT 05495
800-765-1377
www.epreconomics.com

Letter of Transmittal

December 21, 2012

Mr. Andy Dover
Odlum Capital
1071 Terrace Ct
Zanesville, OH 43701

Dear Mr. Dover:

Attached with this letter is the economic impact analysis of the potential Mountain Air EB-5 project to be developed in Burnsville, North Carolina, which our firm prepared at your request. The report is intended to accompany a project pre-approval application to be filed with the U.S. Citizenship and Immigration Service's EB-5 Immigrant Investor Program. In the report you will find an explanation of the findings and the methods used to estimate the project's prospective economic impacts.

We have prepared our analysis using assumptions and estimates developed from third party data sources, information you have provided, and research and knowledge of the industry and region from our many years of applied economic practice. Where we have used third party data and project information from you and your team, we have assumed that information to be correct. In completing our analysis, we have performed a number of tests and cross checks to verify the internal consistency of the results and find those results to be reasonable. However, changing events and circumstances may cause actual results in any one given year, and for the impacts in total, to be materially different than those reported here.

Thank you; we appreciated the opportunity to work with you and your professional team on this project.

Sincerely,

Jeffrey B. Carr
President and Economist
Economic & Policy Resources, Inc.

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Highlights and Findings

- The Appalachian EB-5, LLC seeks EB-5 project approval of the proposed Mountain Air EB-5 project from the U.S. Citizenship and Immigration Services (hereafter the "USCIS") EB-5 Immigrant Investor Program. This study was prepared as part of an application to the USCIS for designation of a 79-county regional center spanning the North Carolina-Tennessee border.

  - This study presents estimates of impacts which illustrate how the Mountain Air EB-5 project would increase economic growth and cause net new job creation in the prospective Appalachian EB-5 Regional Center (AEB-5 RC).

  - USCIS regulations allow applicants to submit an economic analysis of a proposed EB-5 project to demonstrate how a regional center designation will promote economic growth (e.g. through improved productivity, job creation and increased capital investment) within a region under 8 CFR 204.6(m)(3)(i).

  - This analysis is intended to be such a demonstration and show how the Mountain Air EB-5 project will contribute to regional economic growth, including job creation and increased capital investment, within the proposed AEB-5 RC if both the project and regional center are approved.

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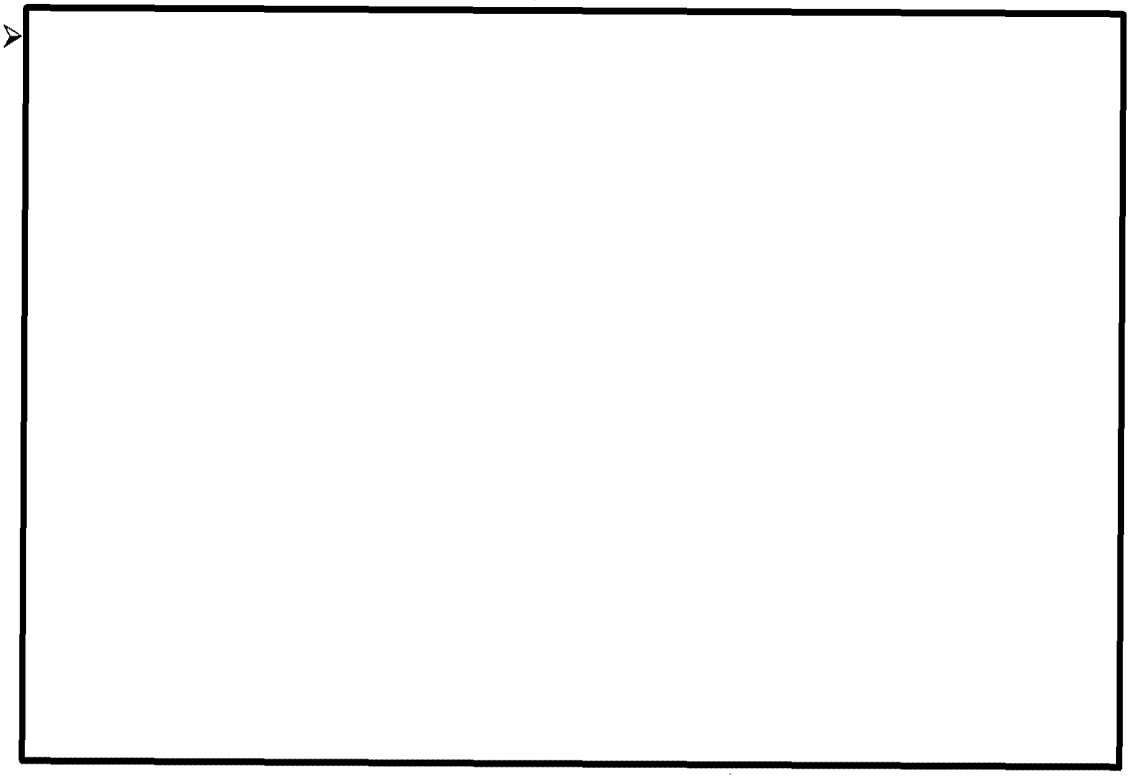

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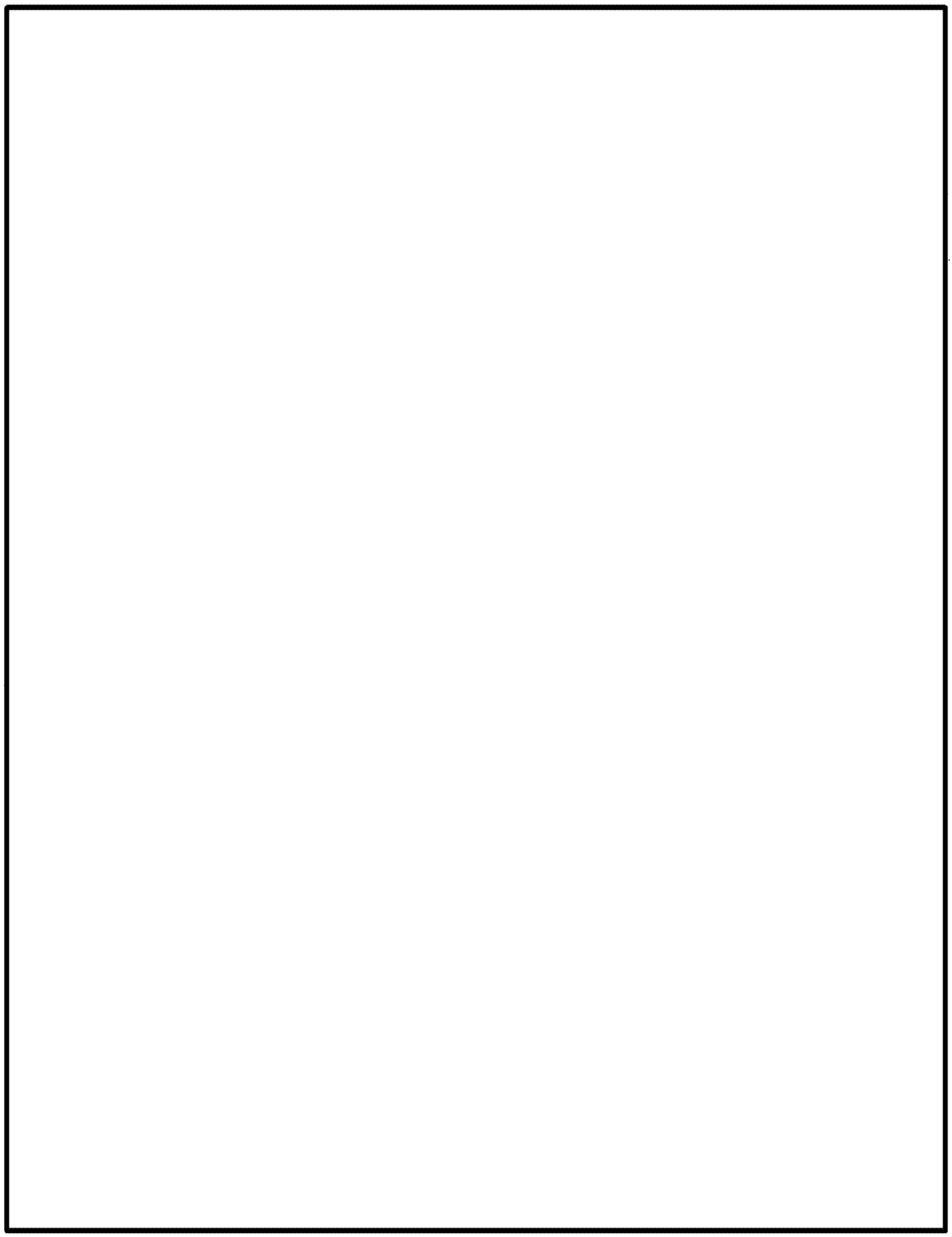

[1] NAICS refers to the North American Industrial Classification System.
[2] For a full description of the REDYN input-output model see Appendix 3 of this report.

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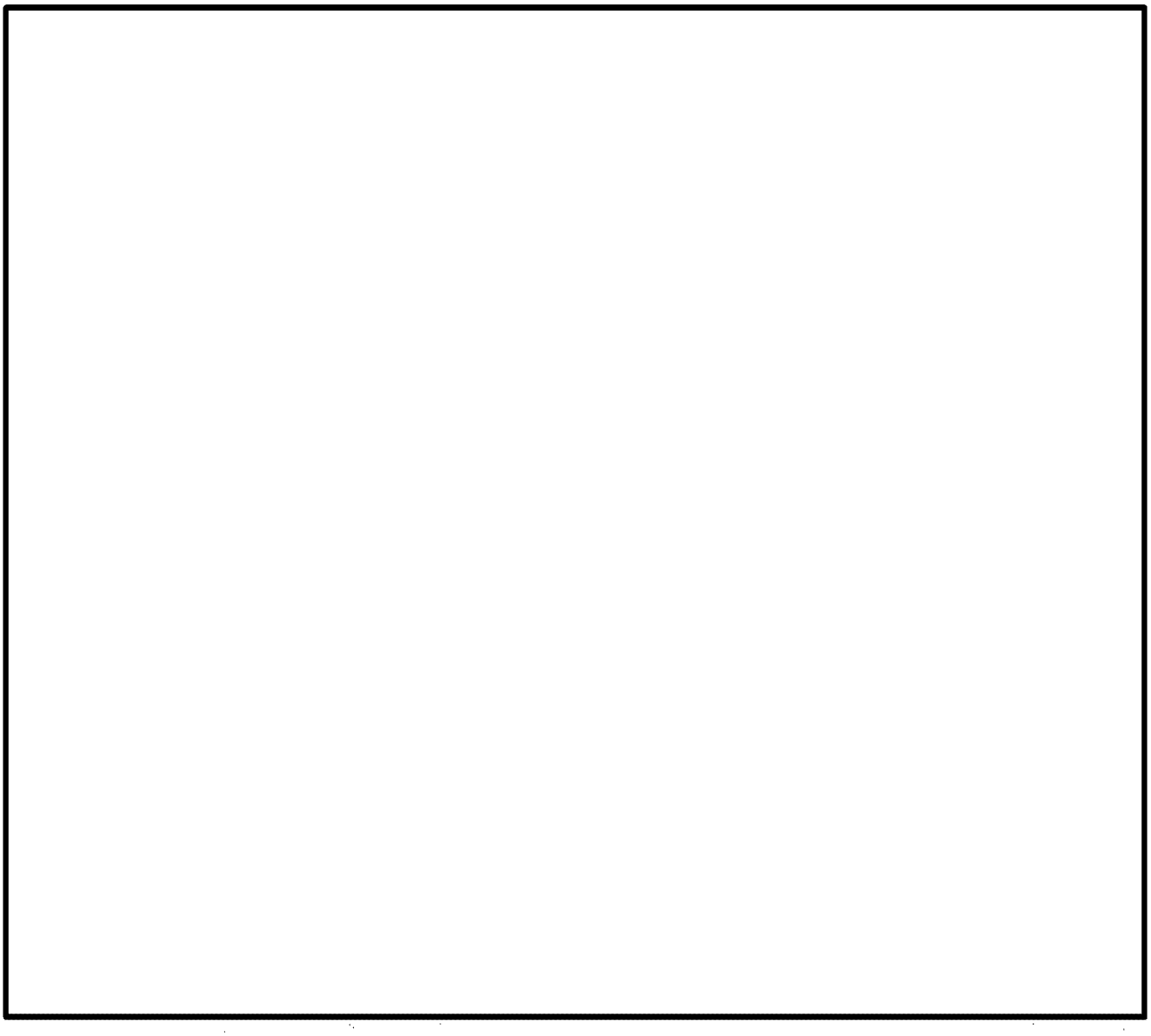

[3] Because the project is using a lending approach to the EB-5 capital investment, all the jobs created are indirect for EB-5 program purposes.

[4] These outside the regional center impacts are calculated as the difference between the cumulative U.S. totals for each variable less the estimated impacts within the Appalachian EB-5 Regional Center geography.

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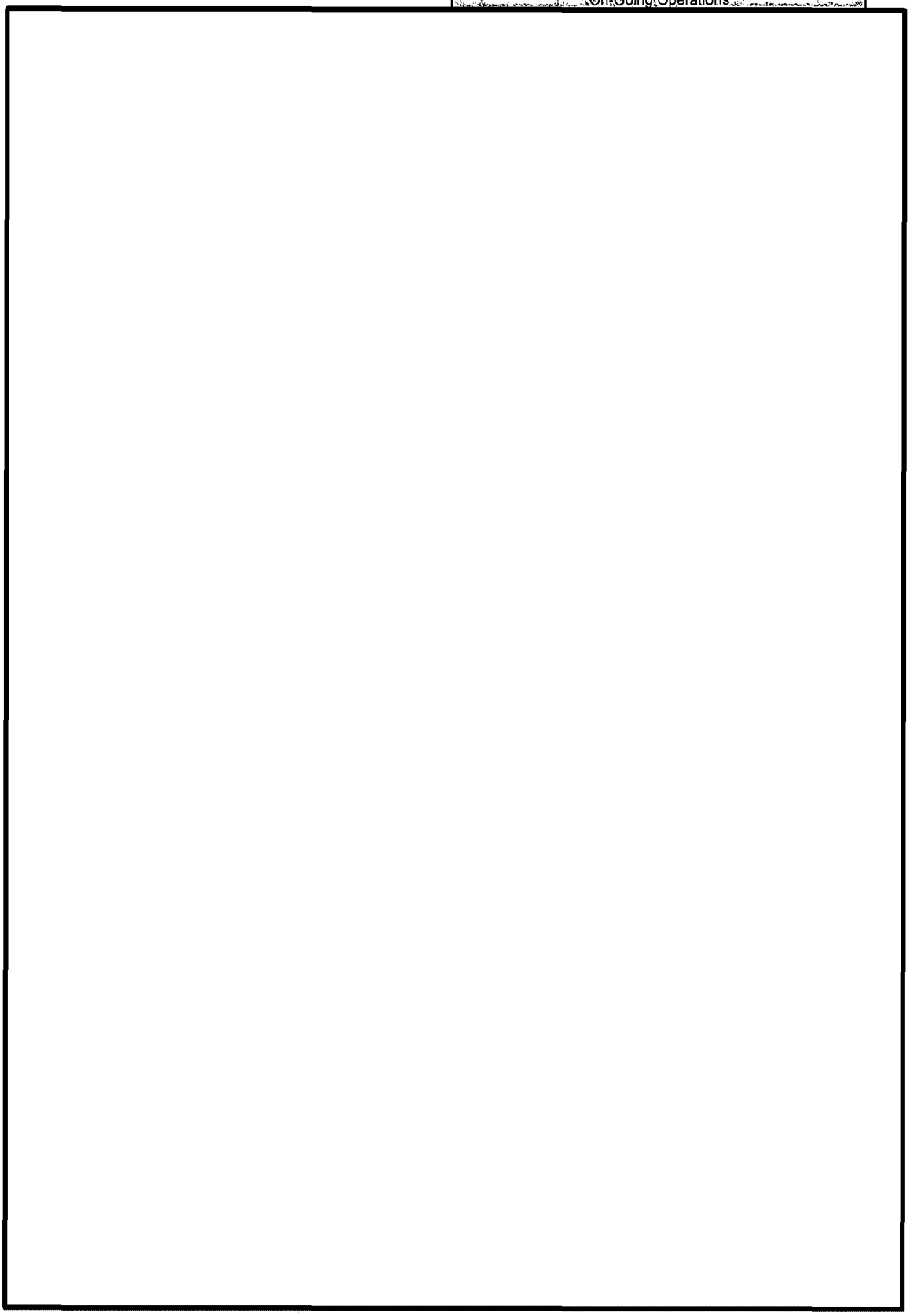
Table 2. Summary of Study Results–Mountain Air EB-5 Project

	Year 1	Year 2	Year 3	Year 4
Timeline	Construction			
	On-Going Operations			



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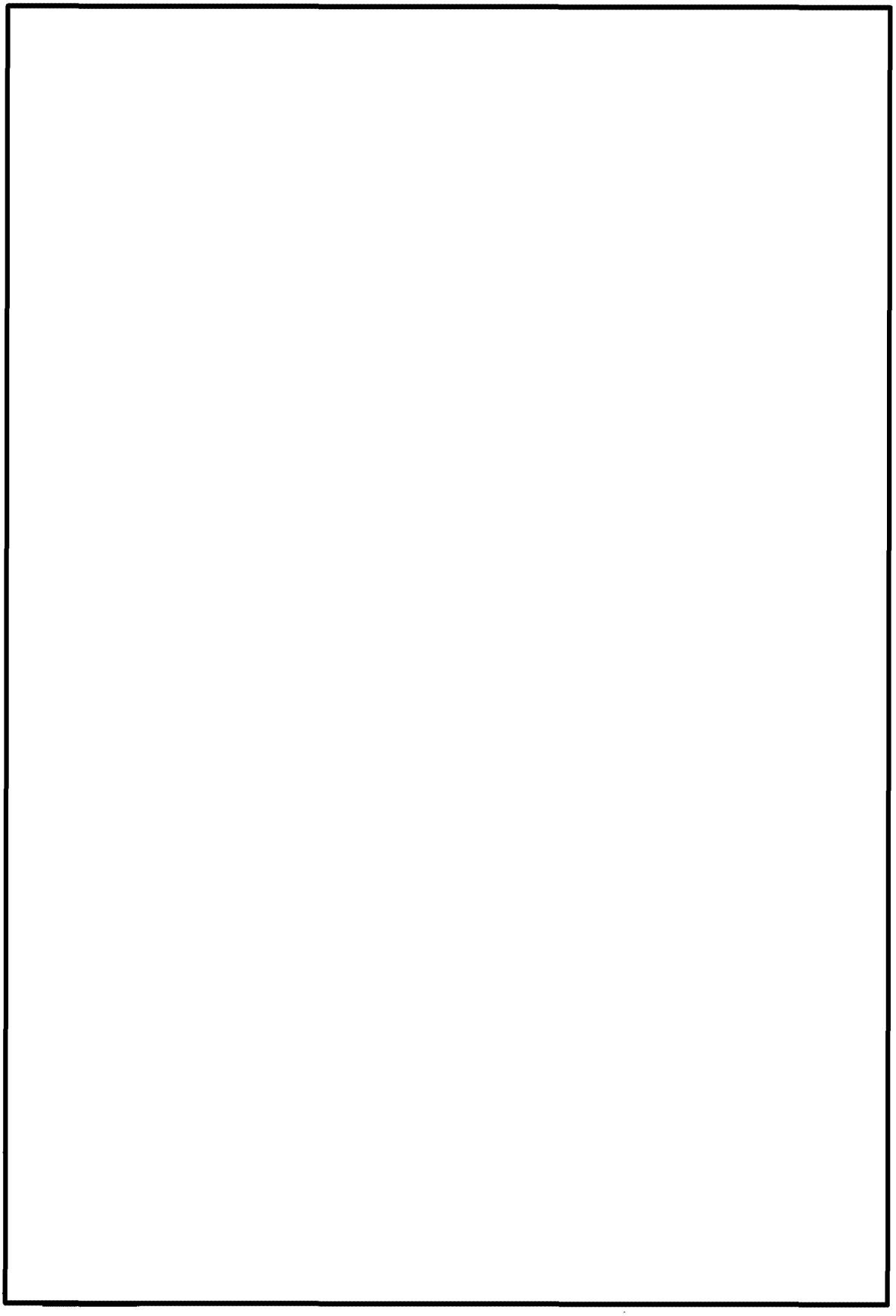

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[redacted]

- The estimates of new economic activity and net new jobs presented in this economic and job impact assessment study demonstrate how the project will promote economic growth within the prospective regional center's geography in the industry sector activities that are expected to be included in the regional center application (NAICS 2213, NAICS 2361, NAICS 2362, NAICS 2373, NAICS 23711, NAICS 23799, NAICS 5312, NAICS 5313, NAICS 5411, and NAICS 5413. Please see Table 1 for this listing with NAICS titles).

  - USCIS approval of the proposed EB-5 project will result in significant and positive economic and job impacts for both the regional economy of the Appalachian EB-5 Regional Center and

the economy of the U.S. as a whole—consistent with the specific impacts detailed above.

- Lastly, it should be noted that the Mountain Air EB-5 project location in Yancey County, NC is not within a Metropolitan Statistical Area (MSA) as defined by the Office of Management and Budget.

  - It is in Burnsville, NC, which has a population of 1,693 according to the 2010 census, which is less than the 20,000 rural classification threshold.

  - Thus, it is considered a rural Targeted Employment Area (TEA) by EB-5 Immigrant Investor Program standards. Therefore, investors in the project qualify for the $500,000 EB-5 investor minimum.

Introduction

Purpose of the Study

This analysis is intended to assist the USCIS in their evaluation of the Mountain Air EB-5 Immigrant Investor regional center designation/project pre-approval application. In compliance with USCIS guidance, this study sets forth the likely net economic and job creation impacts associated with the proposed EB-5 project in Burnsville, North Carolina. Changes in the number of jobs, economic output, personal income, and household earnings that the EB-5 project is expected to generate are described for inside the regional center, outside the regional center, and for the U.S. as a whole geographies. The proposed geographic region of the prospective regional center is also described in detail in this report with emphasis on regional transportation networks and the economic climate. Thus, the project's economic benefits are demonstrated both regionally and nationally.

The Mountain Air EB-5 project entails initial development, including construction of single family homes and residential condominiums. Additional and continuing economic activity will be generated from the expanded operations of the community. These expanded operations include jobs in real estate marketing, real estate development, professional services, maintenance services, and utilities. Additional details are discussed in the model inputs section.

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This economic development is contingent upon project funding, which is to include up to [redacted] in EB-5 investor capital combined with [redacted] in project equity. This expansion of the regional base of invested capital, the creation of new jobs, and associated economic growth effects[5] cannot be realized without the EB-5 investor capital, which is required to fund the project. In this way, the economic growth impacts reported in this analysis are dependent upon USCIS approval of the proposed project.

This impact assessment analysis shows that the proposed EB-5 project, as planned, would result in significant positive economic impacts for the regional economy of the prospective regional center, the balance of the U.S. outside the regional center, and for the U.S. economy overall. Most importantly from an EB-5 program context, these benefits would include a significant number of new EB-5 eligible jobs within the regional center economy. The proposed Mountain Air EB-5 project, if approved, would also increase labor demand, output, and personal income (of persons and therefore households) within a number of key subsectors inside and outside the regional center's economy, contributing to the U.S. economy as a whole. These impacts were estimated using the REDYN

[5] This economic and job impact assessment study, taken together with the project business plan, presents the specific details of how the Mountain Air EB-5 project will result in new economic growth within the prospective regional center, outside the prospective regional center, and the U.S overall.

dynamic input/output model, which has been approved by the USCIS for completion of EB-5 economic impact analyses.[6]

Dynamic input-output models like REDYN simulate the economic relationships between sectors of an economy on several levels of geographic detail. These models provide precision beyond that provided by simple multipliers used in analyses such as RIMS II and allow analysts to see how changes in individual or multiple sectors in a state or regional economy ripple throughout the broader system. Incremental demand created by investment expenditures in one sector of a regional economy increases employment not only in that sector, but also in other related sectors and geographic regions. Linkages exist with other sectors and regions which provide commodities or other inputs to a project; consequently, impacts of the original investment are felt in these other sectors and regions through increased output, employment, and income.

The REDYN economic model employed for the economic and job creation impact study estimates the impact a specific investment will generate throughout a determined area—in this case the prospective Appalachian EB-5 Regional Center economy. The input/output model uses a dynamic (or a longitudinal) approach that models not only the relationship between sectors in an economy (e.g. for a county or state), but also the interconnectivity of regional economies. The dynamic element of the model has a well-developed impedance database that is able to account for temporal effects due to competitive differences between either geographic regions and/or different sectors of the economy. Over time, these competitive pressures emerge and then tend to bring the regional economy back to equilibrium. The process, in that way, depicts the so called "ripple effect" impact of economic changes on a region.

In this impact assessment study, the initial economic stimulus (i.e. the construction and operation of the Mountain Air community) reverberates through the economy of the Appalachian EB-5 Regional Center, and progressively spreads outward from the source of the new business activity. Eventually the new waves of economic activity are absorbed into the larger economy creating a new level of economic equilibrium. In the long run, the project, if developed as proposed, is expected to materially alter the regional economy through a significant amount of new investment and related business development activities. Therefore, it is expected that the regional economy of the prospective Appalachian EB-5 Regional Center will have a correspondingly higher level of output, investment, employment, and income than would otherwise be the case in the absence of the proposed Mountain Air EB-5 project, which seeks project pre-approval and regional center designation for the proposed geography detailed in the following section.

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[6] See Section entitled "*The Regional Dynamics Economic Analysis Model (REDYN)*" on page 34 and Appendix 3 for a thorough description of the REDYN model.

Overview of the Regional Economy: Appalachian EB-5 Regional Center

The Appalachian EB-5, LLC Regional Center is requesting USCIS approval as an official EB-5 regional center for an area centered on the Tennessee-North Carolina border. The regional center is made up of a total of 50 counties in Tennessee and 29 counties in North Carolina. The largely rural regional center is located along the Appalachian Mountain Range, and the boundaries of the regional center were set in part to align with the focus area of the Appalachian Regional Commission. The Commission is a federal, state, and local government partnership with a mission that includes advocating for economic development in Appalachia. The region includes the entirety of seven metropolitan statistical areas (MSAs). MSAs are designated by the US Office of Management and Budget (OMB) and consist of population centers with distinct economic and social identities. The distinction is used by the U.S. Census Bureau and other agencies to calculate statistics in a consistent way.

The total proposed regional center geography encompasses a land area of about 31,000 square miles. The area is part of the eastern United States region known as Appalachia. Running along the Appalachian Ridge, from Pennsylvania to Alabama, the region is known for its distinct culture and economy, which have been defined by the difficulties to transportation and economic growth imposed by the mountains. Along the central median of the prospective regional center, high peaks form the border between Tennessee and North Carolina. These ridges along with the Appalachian Ridge and Valley Province, a series of parallel ridges that form foothills to the higher mountains, create barriers to east-west travel. The region has long been known for the poverty that results from these obstacles to economic development. Paradoxically, these mountains contain abundant resources that have fueled the region's economy. Timber harvesting was a thriving industry for many years. Coal production, while it has declined from its peak importance early in the 20th century, remains an important part of the regional economy. As of 2008, the latest year for which data is available, there were 25 active coal mines in Tennessee, producing almost two million tons of coal during that year.

Table 6: Appalachian EB-5 Regional Center County List

North Carolina Counties		Tennessee Counties	
MSA	**Other Counties**	**MSA**	**Other Counties**
Asheville MSA	Alexander	Chattanooga MSA	Bledsoe
Haywood	Alleghany	Hamilton	Campbell
Madison	Ashe	Marion	Cannon
Buncombe	Avery	Sequatchie	Claiborne
Henderson	Burke		Clay
	Caldwell	Cleveland MSA	Cocke
Winston-Salem MSA	Cherokee	Bradley	Coffee
Yadkin	Clay	Polk	Cumberland
Davie	Graham		DeKalb
Forsyth	Jackson	Johnson City MSA	Fentress
Stokes	Macon	Carter	Franklin
	McDowell	Unicoi	Greene
	Mitchell	Washington	Grundy
	Polk		Hancock
	Rutherford	Knoxville MSA	Hawkins
	Surry	Anderson	Jackson
	Swain	Blount	Johnson
	Transylvania	Knox	Macon
	Watauga	Louden	McMinn
	Wilkes	Union	Meigs
	Yancey		Monroe
		Morristown MSA	Morgan
		Grainger	Overton
		Hamblen	Pickett
		Jefferson	Putnam
			Rhea
			Roane
			Scott
			Sevier
			Smith
			Sullivan
			Van Buren
			Warren
			White

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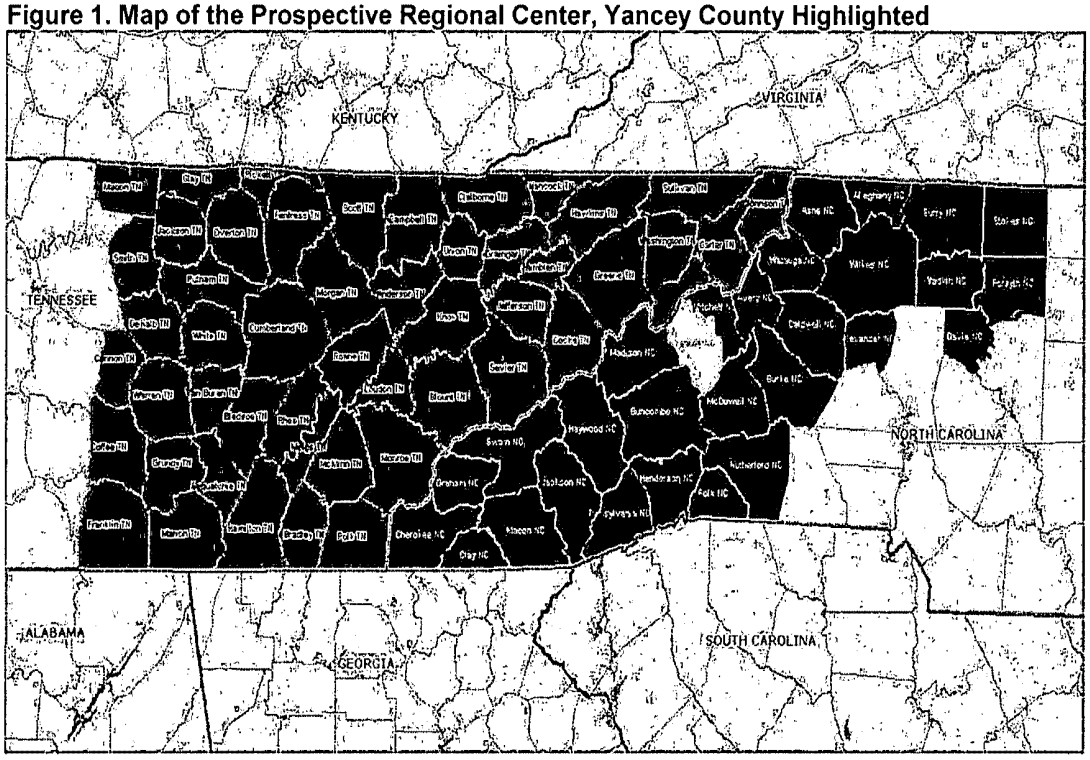
Figure 1. Map of the Prospective Regional Center, Yancey County Highlighted



As extractive industries have declined in the area over time, tourism has grown around the area's abundant natural resources. In 1934, congress approved the creation of the Great Smokey Mountains National Park. The park is a UNESCO world heritage site and the most visited national park in the country. With 9.4 million visits in 2010 the park has more than double the number of visits to any other park. Surrounding the national park are several national forests and state parks that extend the protected area even farther. These include Pisgah, Cherokee and Nantahala National Forests, as well as Mount Mitchell State Park. Mount Mitchell is the highest point in the United States east of the Mississippi River, with an elevation of 6,684 feet. Running through the Great Smokey Mountain National Park and the surrounding areas is the Appalachian Trail, a 2,170 mile long national park that runs from Georgia to Maine. Tourists flock to the region drawn by both the local culture and the beautiful scenery. The area is a birthplace of Americana, notably mountain bluegrass and handicrafts, such as those celebrated at one of the county's most notable folk schools, John C. Campbell Folk School in Clay County, NC. This is the setting for the proposed project, whose Yancey County location is central within this terrain.

While this rugged, rural area is at the geographic heart of the regional center, this area's rural tradition is in marked contrast to the dynamic and modern cities that lie in the valleys on either side of the mountains. The cities of the area are defined by their high quality of life and reputations as sources of technological innovation that brings economic growth. They are the centers of activity that connect the region economically and culturally.

On the Tennessee side of the range, Knoxville is a modern, growing, and innovative city. Knoxville is the third largest city in Tennessee and the largest in Eastern Tennessee with a population of 173,890 as of 2010. The city is home to a number of colleges including the main campus of the University of Tennessee. As evidence of the area's importance as an energy center, Knoxville is the location of the Oak Ridge National Laboratory. It is the city's largest employer, and the largest national laboratory run by the U.S. Department of Energy. Knoxville is also known as a cultural center, and has had a profound impact on popular and country music by bringing the Appalachian sound to a wider audience.

The North Carolina side of the regional center includes the City of Asheville, which has a population of 83,300 as of 2010. The local colleges and reputation for arts and culture, as well as proximity to the beautiful surrounding landscape have driven growth there. Although it is much smaller than Knoxville, Asheville is known as an important cultural center in Western North Carolina. Notably, it is home to several renowned music festivals and a thriving local music scene.

The Appalachian EB-5 Regional Center also includes Winston-Salem, a part of the North Carolina area called the Piedmont Triad, known for its industrial capacity and as the location of institutions of higher learning. It is the 4th largest city in the State of North Carolina and with a population of 229,000 as of 2010, is the largest in the regional center. Winston-Salem has been an important center of the tobacco and manufacturing industries for much of its history. Today Winston-Salem is known as the location of several corporate headquarters, including Krispy Kreme, RJ Reynolds, Lowes Foods, and Hanes. Winston-Salem is the home to several universities, the most notable being Wake Forest University.

The major force that has shaped the culture and development pattern of the region has been the terrain. The transportation infrastructure of the AEB-5 RC is, even in modern times, driven by these difficulties. Many smaller roads cut their way through the mountains and parks. Two major roads cross the ridge, Interstates 40 and 26. Interstate 40 connects Knoxville, TN; Asheville, NC; and the Winston-Salem, NC area. Outside the regional center, Interstate 40 continues to the port of Wilmington, NC in the east, to Nashville, TN and all the way to Los Angeles, CA in the west. Interstate 26 travels north from Asheville, through the mountains to Johnson City, TN. On the western side of the mountains, the road routes are dictated by the series of ridges that run northeast and southwest through the Knoxville area. Interstate 75 connects Knoxville to Chattanooga, TN; Birmingham, AL and all the way to New Orleans, LA in the south. To the north, Interstate 75 runs through Cincinnati, OH then all the way through Michigan to Canada. Knoxville, TN is the southern terminus of Interstate 81, which connects the city to Syracuse, NY and continues into Canada. On the North Carolina side there are many Interstates connecting the area. Interstate 77 runs north to south through the eastern portion of the regional center. It connects

the regional center to Charlotte, NC and Columbia, SC to the south and to Cleveland, OH in the north.

In the cities of the regional center, there are many local transportation networks that service commuters and city residents in these areas. In Knoxville, TN there is an extensive public transit network run by Knoxville Area Transit (KAT) with over 3.6 million passenger trips a year. Services include a trolley system serving the central downtown and a bus network serving the city and surrounding suburbs. The Asheville area also has a public bus network. Finally the Winston-Salem Transit Authority (WSTA) runs bus service in that city. The WSTA is a member of the Piedmont Authority for Regional Transportation (PART), a joint project of the three Piedmont Triad cities' transportation agencies. PART provides public transit that connects Winston-Salem, Greensboro, and High Point, NC.

CSX and Norfolk Southern both operate freight rail networks running through the area, though primarily through the cities on either side of the mountains. Passenger rail traffic provided by Amtrak has a minimal presence in the Appalachian EB-5 Regional Center, though Winston-Salem lies on the Carolinian/Piedmont Line which connects passengers all the way up and down the east coast, and to the wider network.

The prospective regional center is served by a number of airports, the largest of these being in Knoxville, TN. The McGhee Tyson Airport is run by the Metropolitan Knoxville Airport Authority. With seven major airlines, the McGhee Tyson airport is the largest airport in the regional center and Eastern Tennessee. In 2010, 1.7 million passengers flew in and out of the Knoxville airport, along with 46,500 tons of freight. Air travel In North Carolina is provided by the much smaller Asheville Regional Airport. Just outside the borders of the regional center, the Piedmont Triad International Airport serves the eastern portion of the regional center.

An analysis of the regional economy, which will further support the application follows. For this analysis, peer regions were chosen to draw comparisons between areas. Peer regions included are: the U.S. as a whole, the State of North Carolina as a whole, the State of Tennessee as a whole, the proposed Appalachian EB-5 Regional Center, and when data are available, Yancey County (the location of the project).

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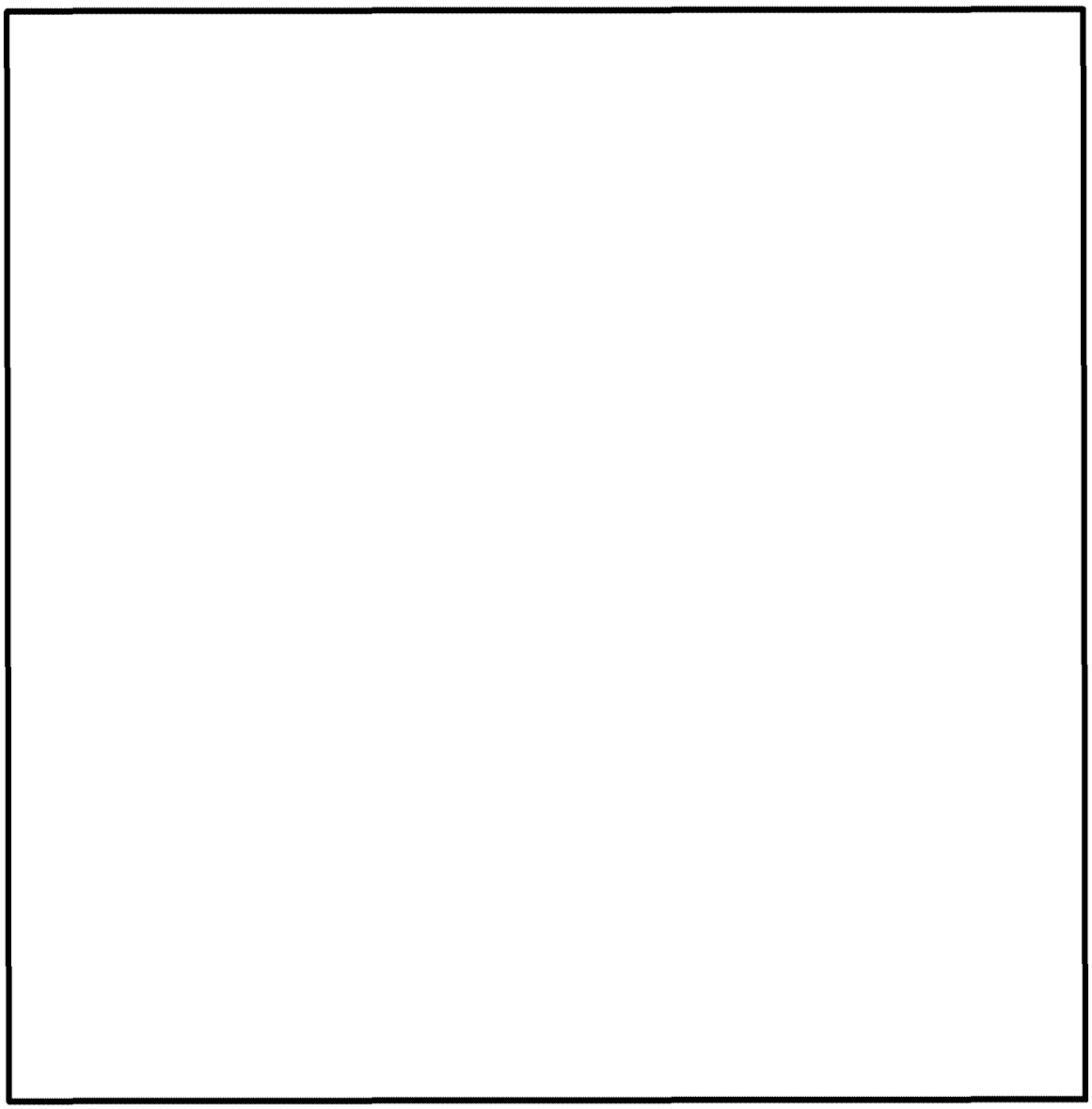

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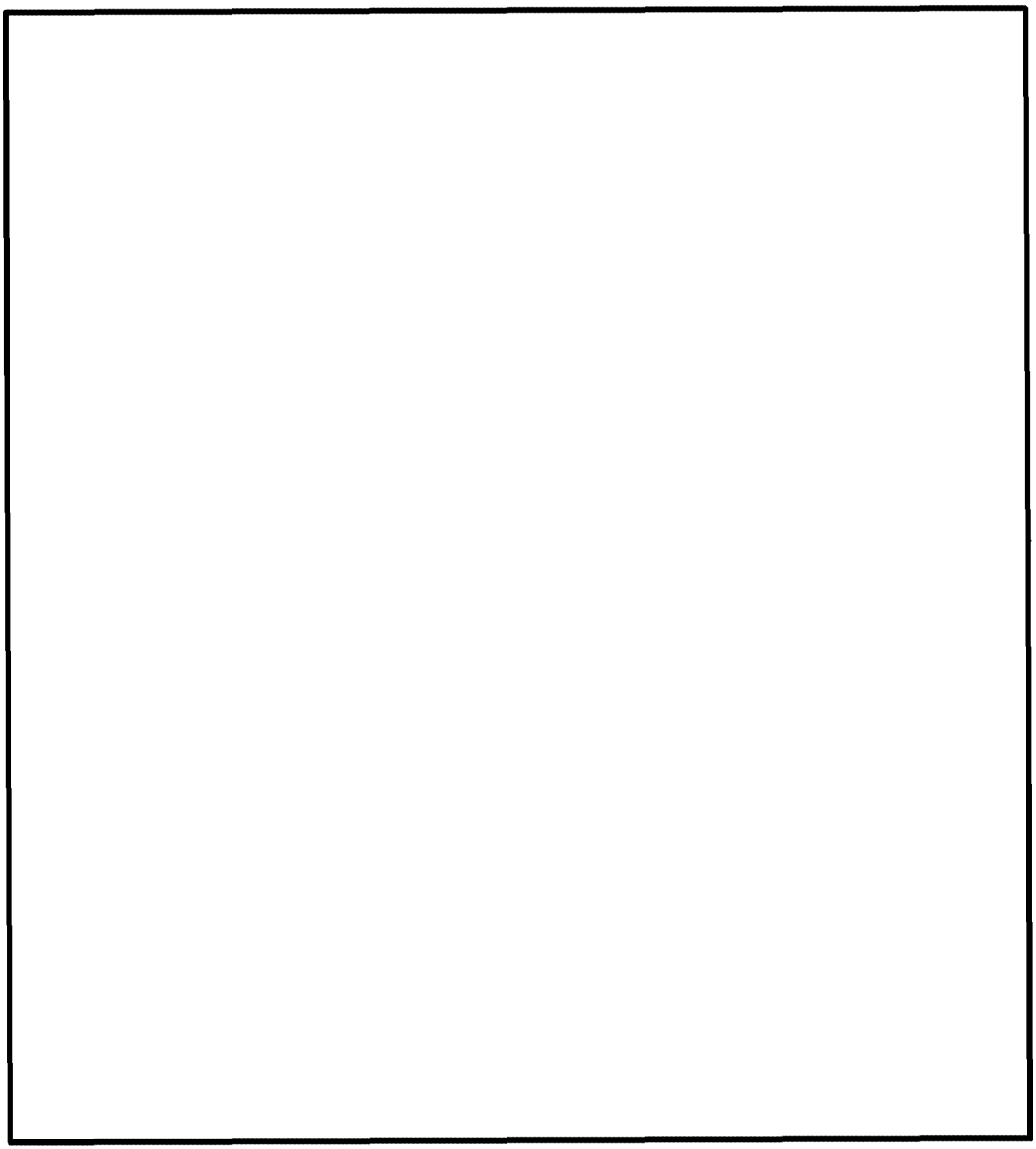

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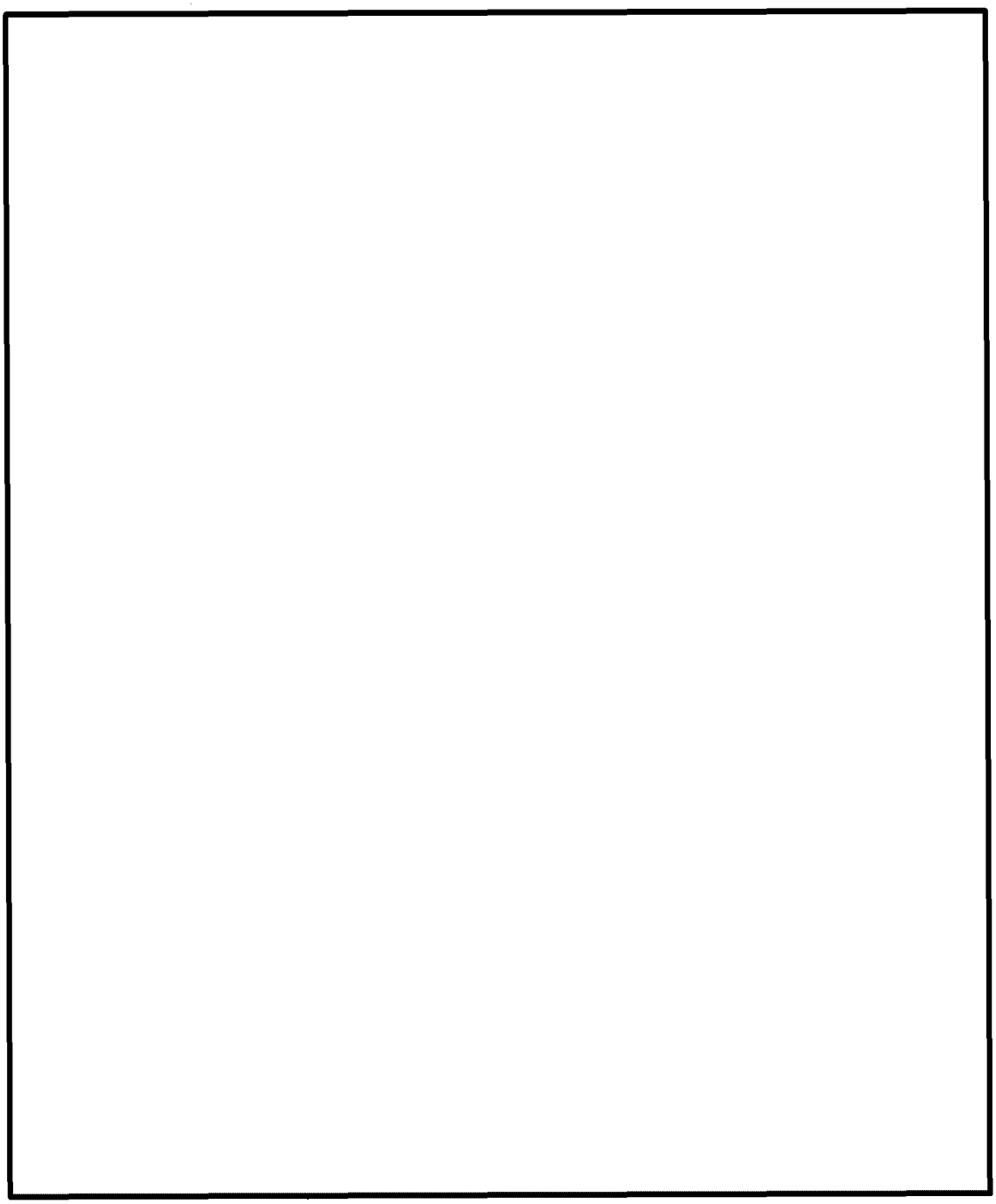

What follows is analysis of the employment trends in the NAICS-defined industries most closely related to the proposed Mountain Air EB-5 project within the Appalachian EB-5 Regional Center and other peer regions. Due to non-disclosure rules at the U.S. Bureau of Labor Statistics (BLS), data for all counties in the regional center is not available, including the project location of Yancey County, NC. However, the data for the available counties has been used as a proxy for the greater regional center as a whole.

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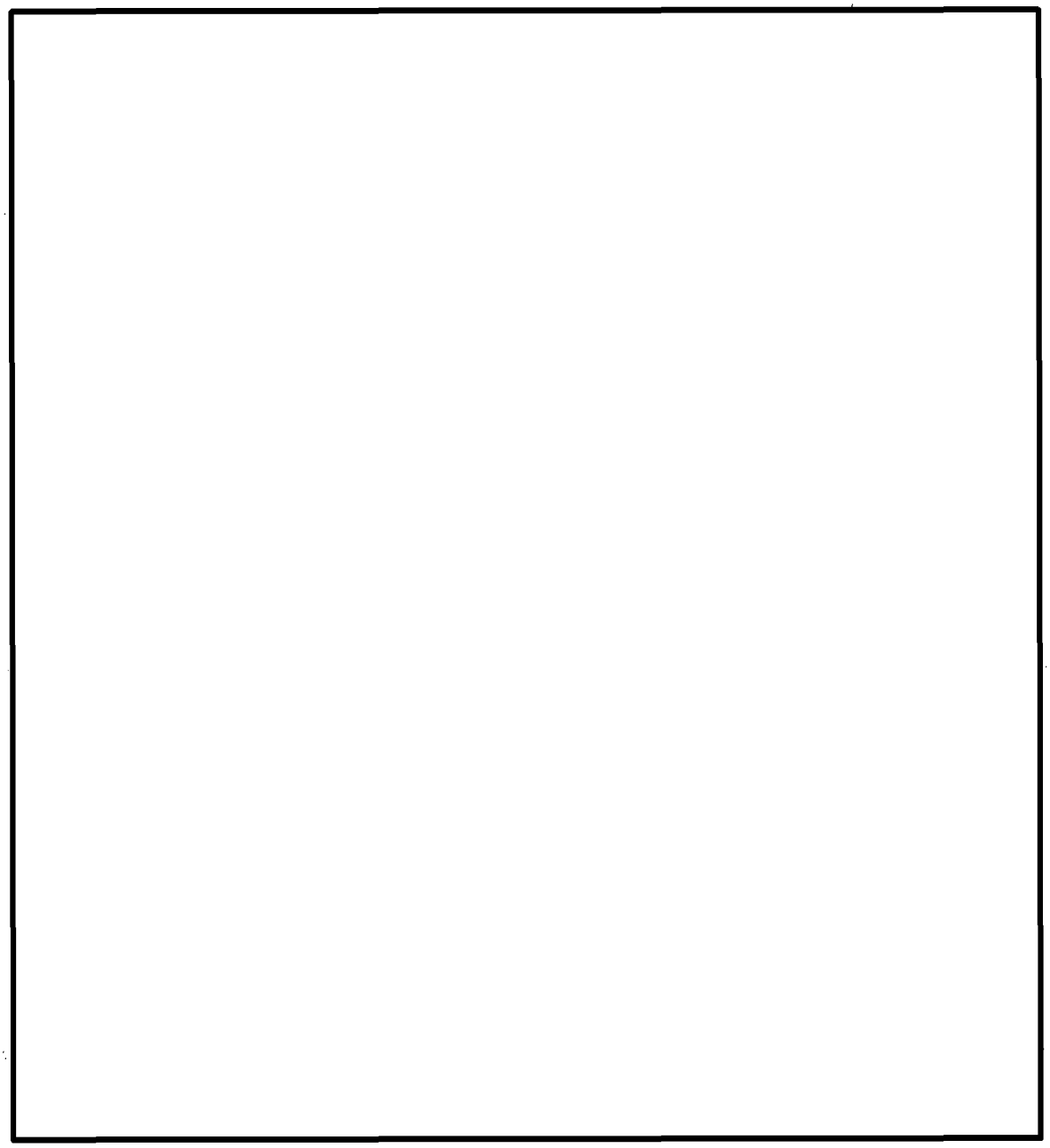

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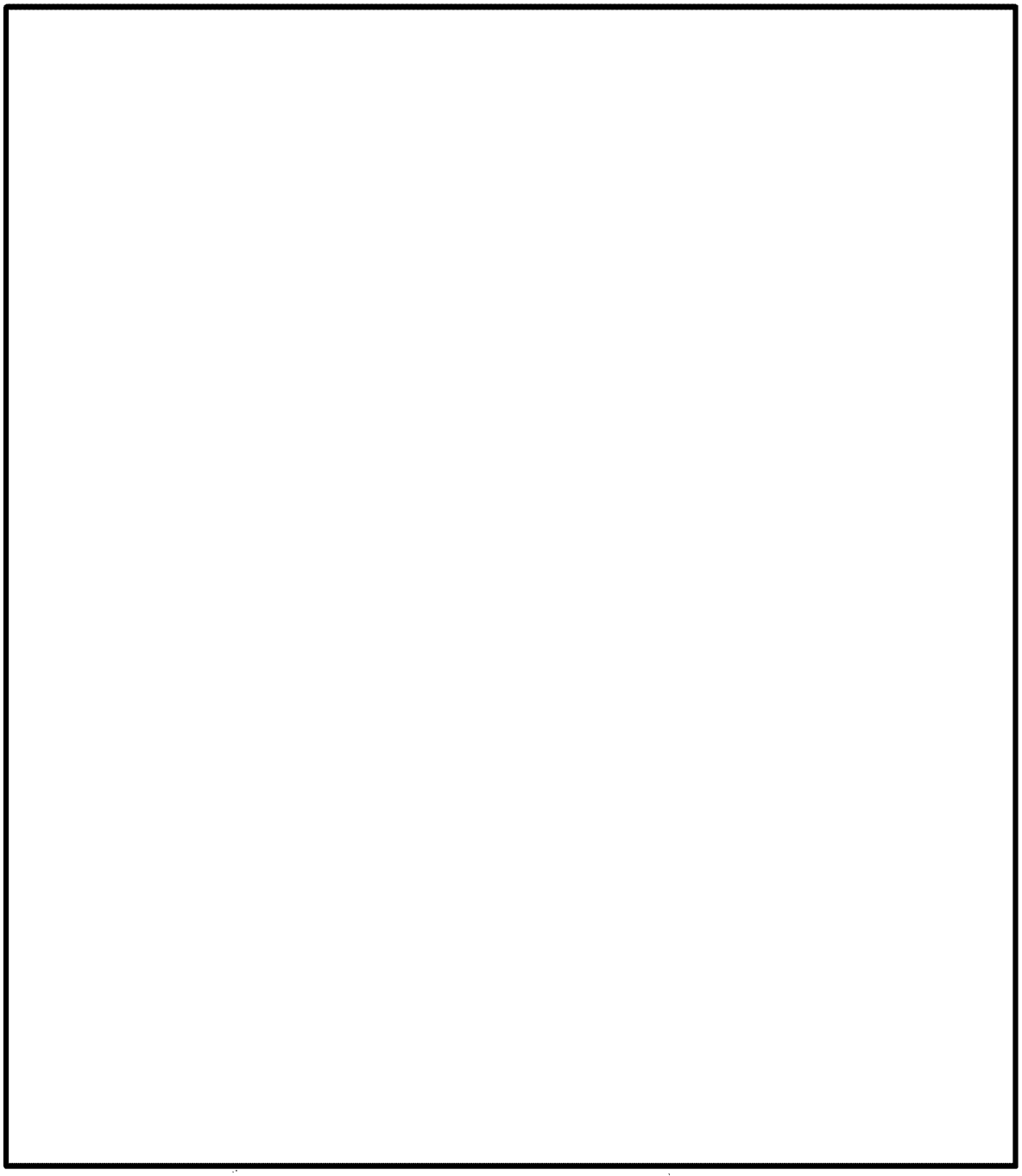

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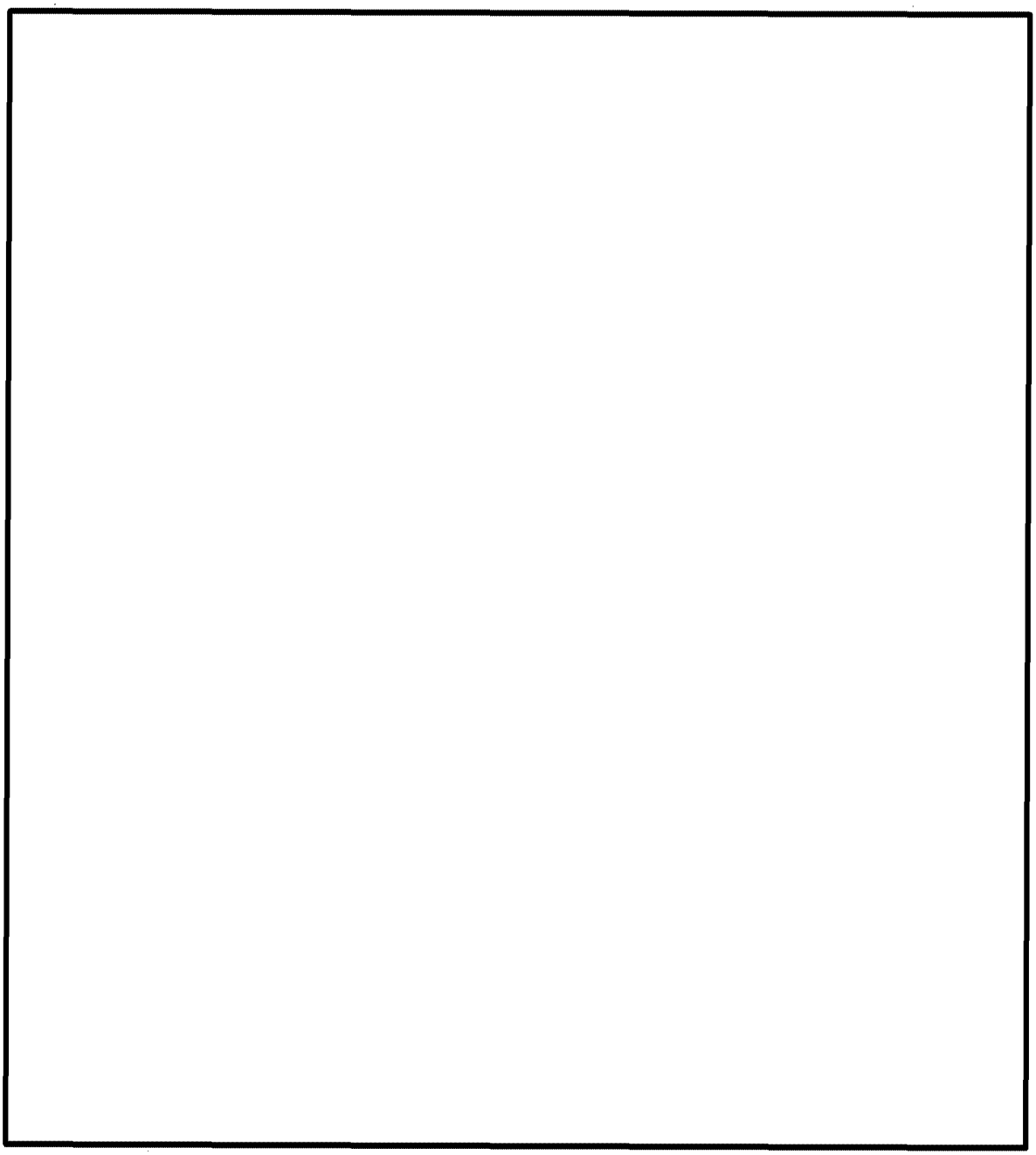

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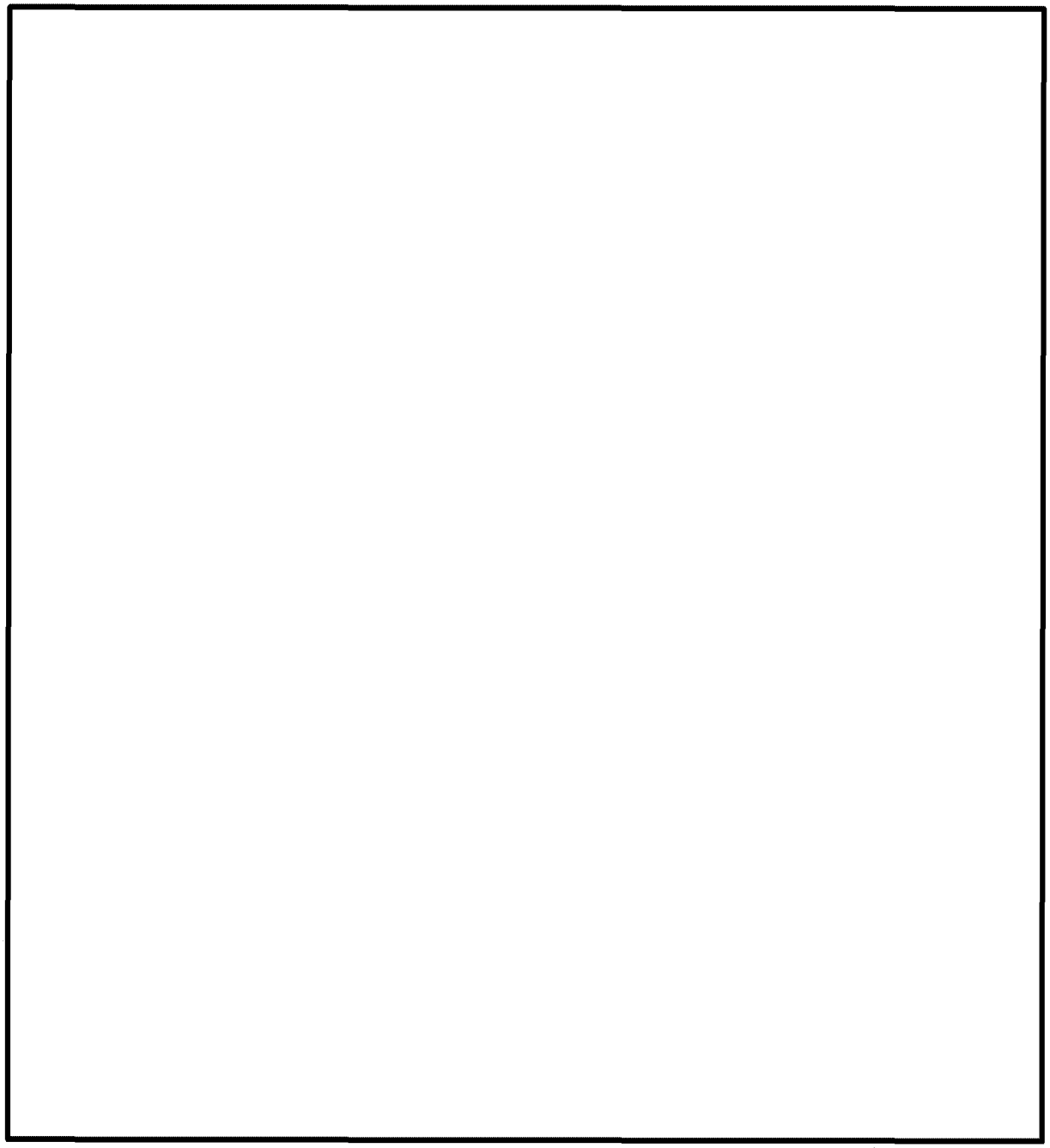

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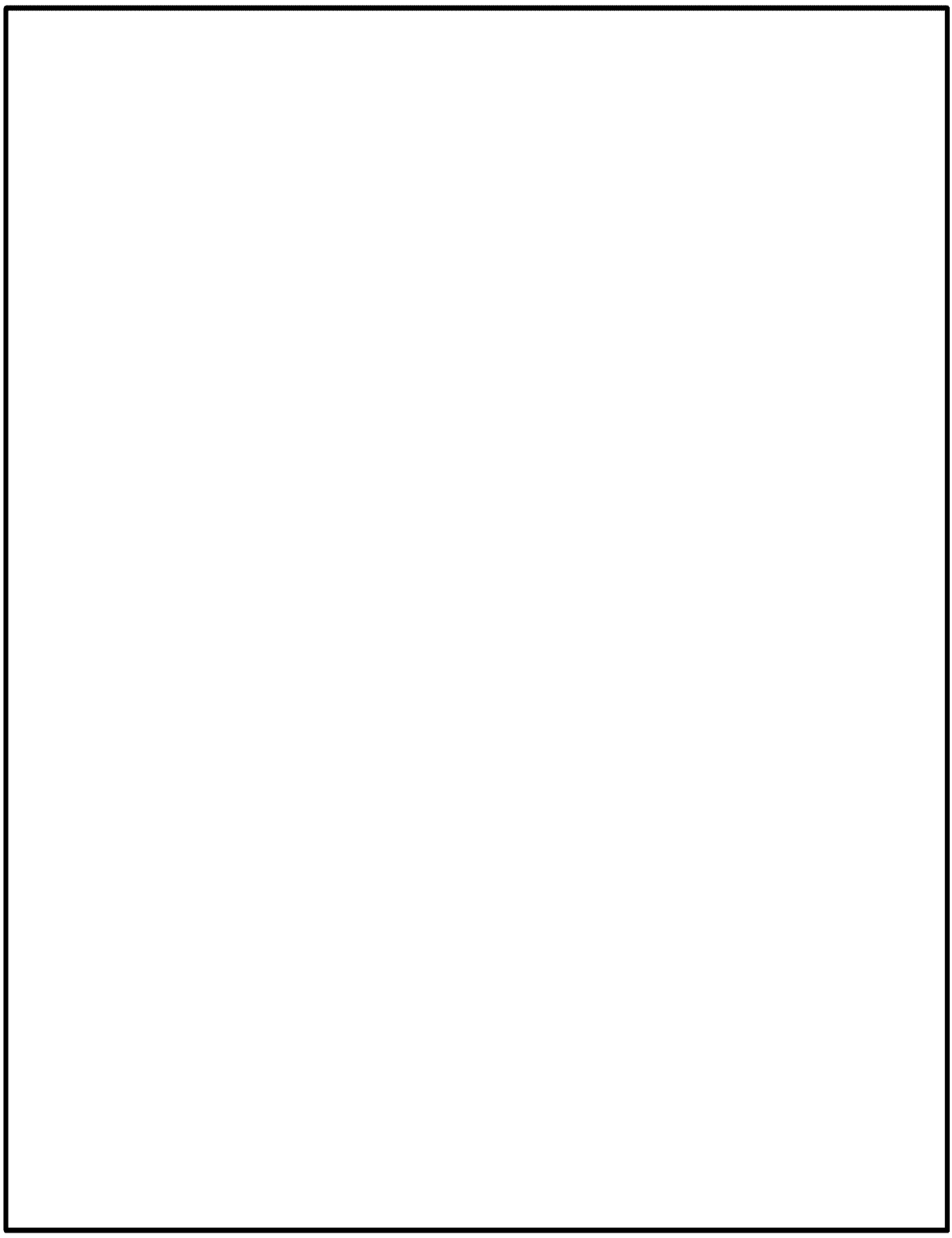

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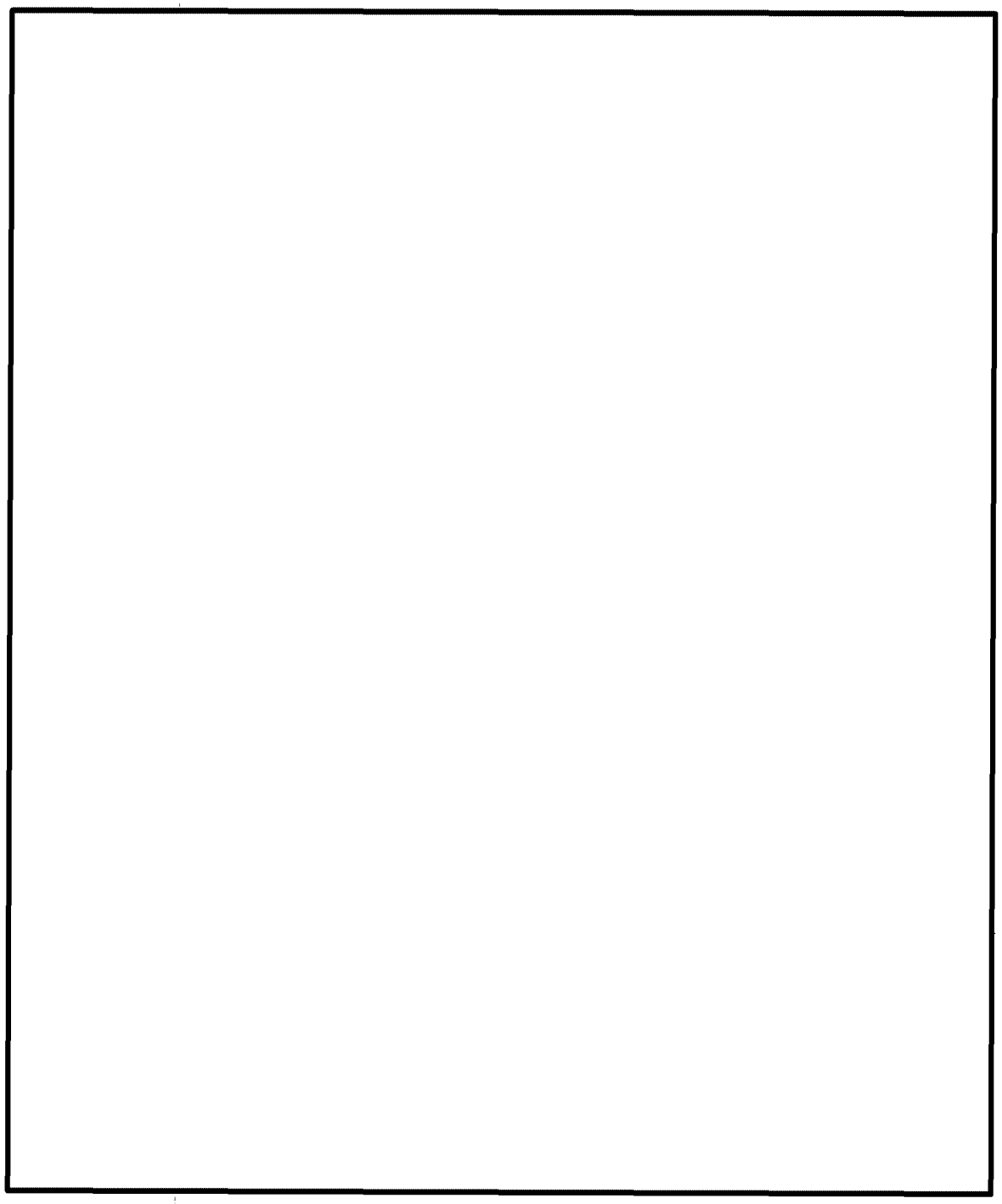

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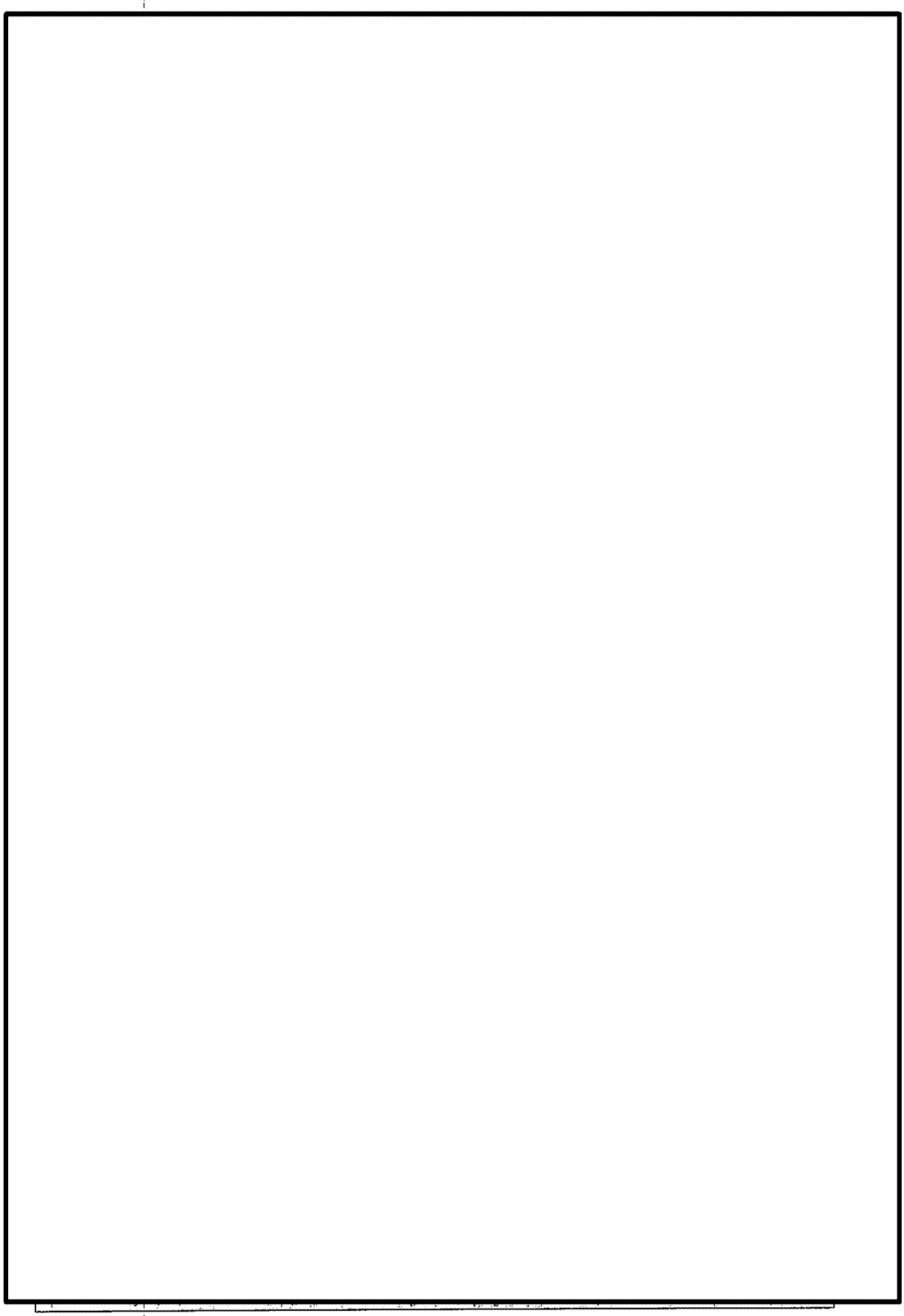

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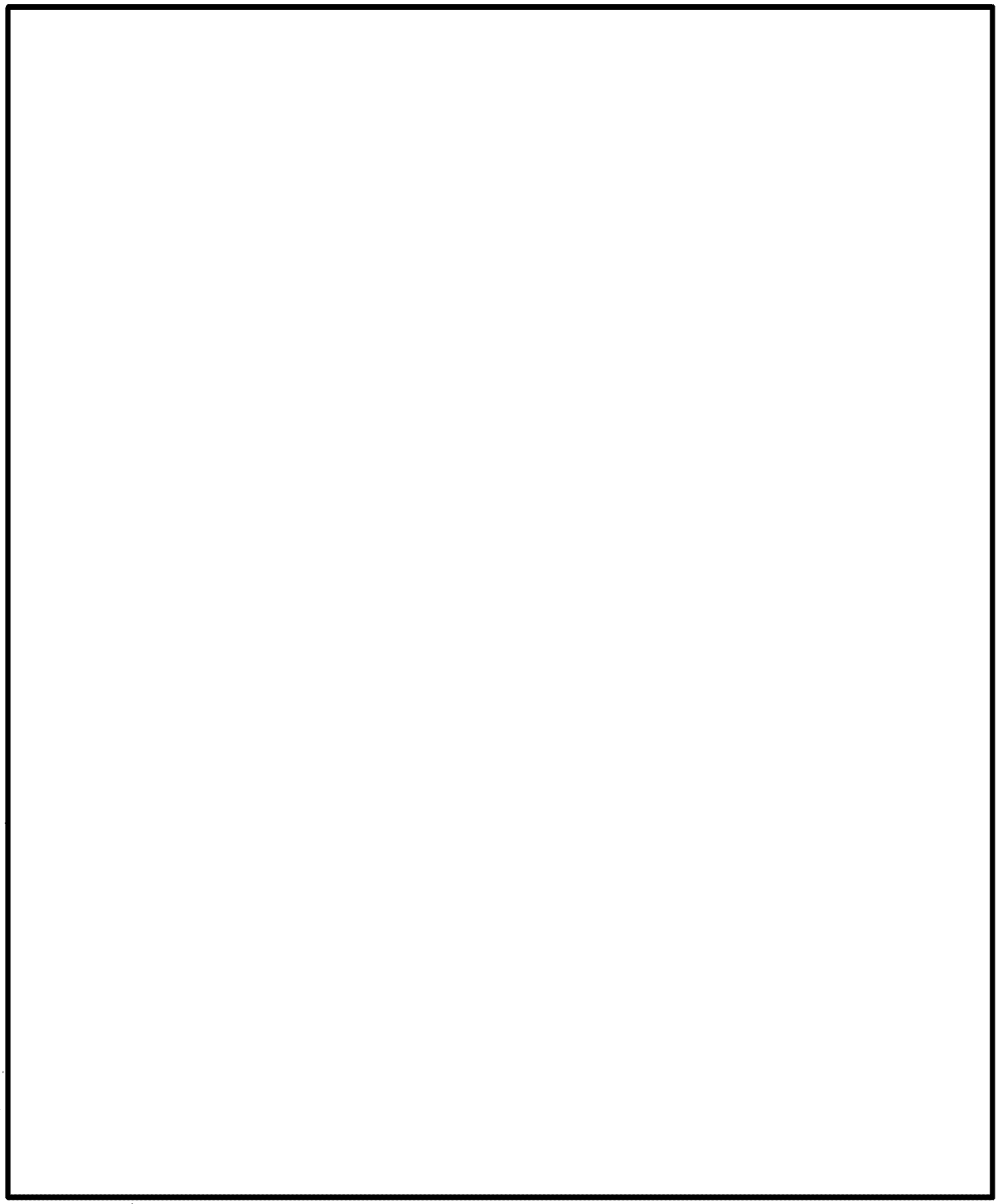

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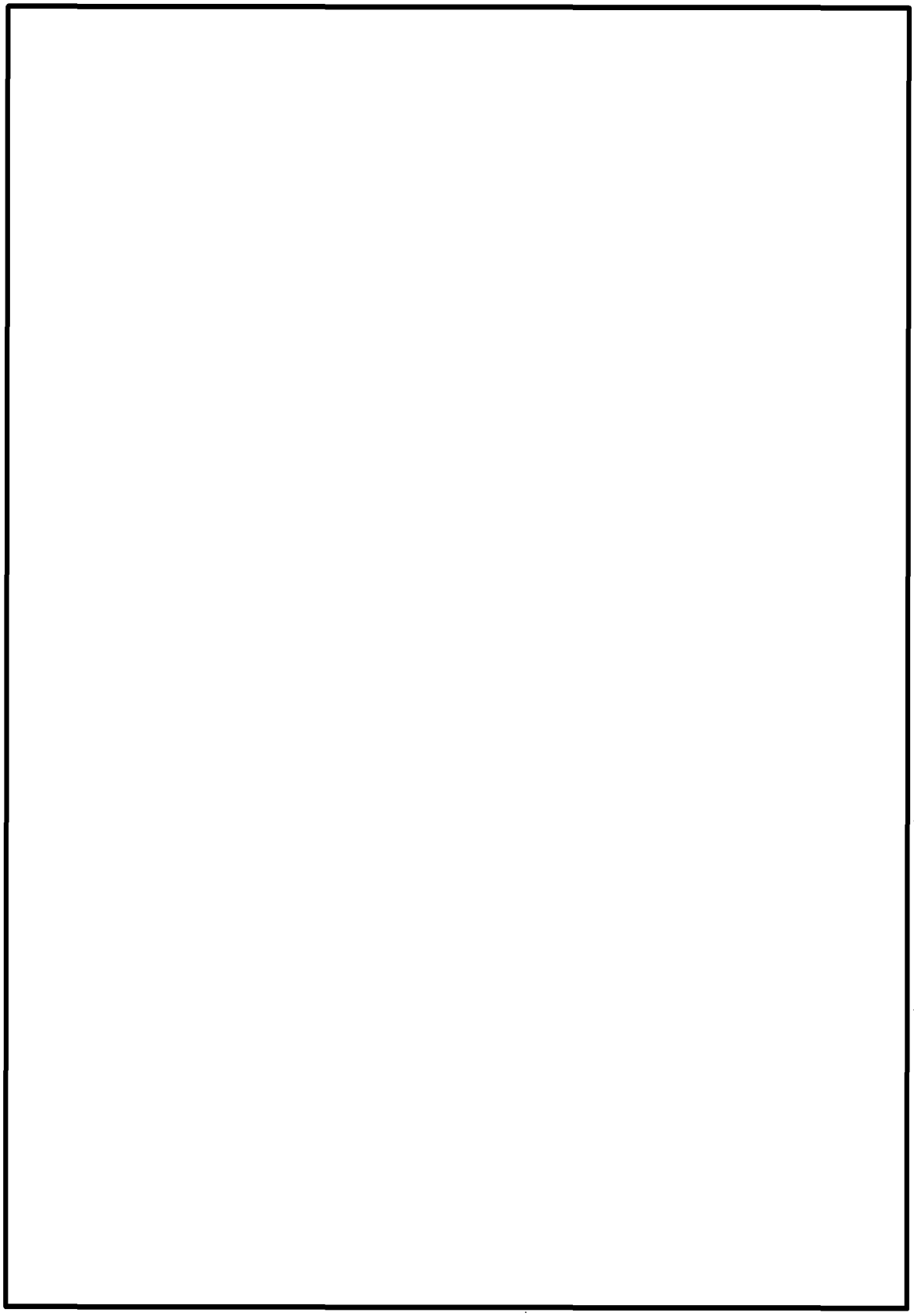

The location quotients were calculated for each industry as follows:

$$LQ = \frac{(E_i/E_c)}{(E_{ni}/E_{nt})}$$

Where:

E_i = Employment in the region's industry

E_c = Total employment in the region

E_{ni} = National employment in the industry

E_{nt} = Total national employment

Location quotient analysis is used to identify those industries that have a comparatively larger or smaller concentration or presence in the economic base of the regional center's economy. A location quotient that is equal to 1.0 means that the share of employment in the regional industry is exactly the same as the percentage employment in its counterpart national industry. If the location quotient is greater than 1.0, the share of employment in the regional economy exceeds the national share of employment in that counterpart industry. Conversely, if the location quotient is less than 1.0, that means the region's share of employment in the industry is less than that of its national counterpart.

Location quotients over 1.0 mean that an industry is a relatively more significant employer in the region, with a location quotient of 1.2 or greater indicating a possible export or traded goods-services industry. Location quotients below 1.0 indicate the employer is under-represented relative to the reference region, and a location quotient of less than 0.80 indicates the possibility for import substitution in the subject geography (assuming near average productivity). The location quotients found in Table 7 (below) show the ratio of the proposed regional center and the States of Tennessee and North Carolina job concentration, respectively, to the national level job concentration by supersector. In other words, how the structure of these relevant regional economies compare to the U.S. economy's job concentration in each sector. As an example, the first available location quotient for Natural Resources and Mining in the proposed regional center is 0.48, demonstrating a much lower than average share of its private workforce employed in that industry sector relative to the U.S. economy's average job concentration.

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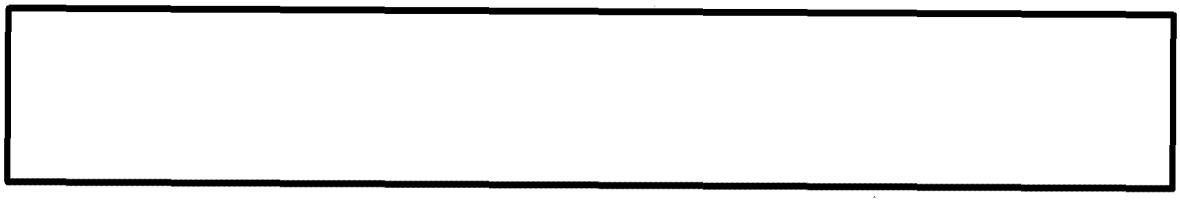

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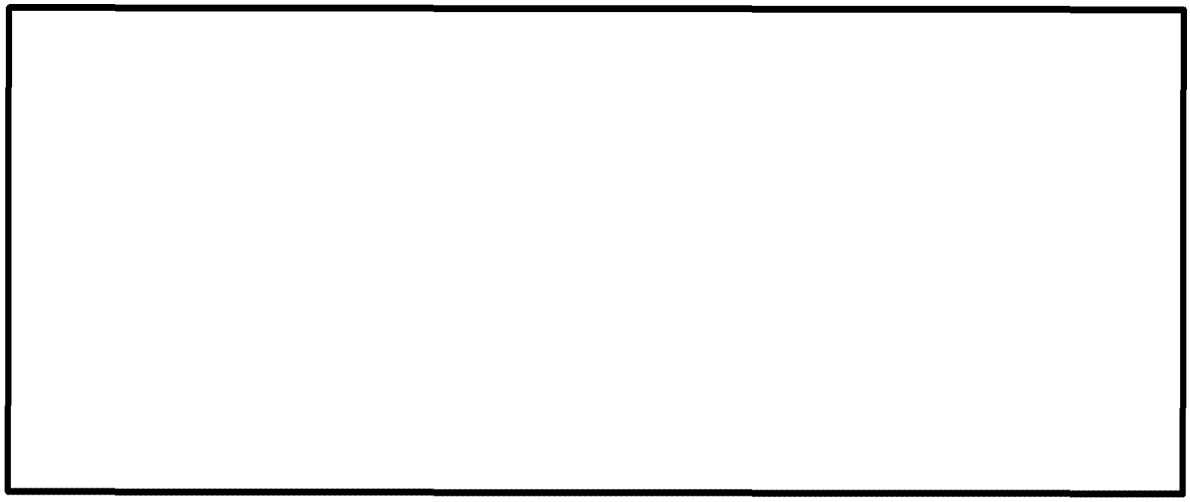


(b)(4)

Table 7: Employment Comparisons and Location Quotients for Selected Regions, 2010

NAICS Supersector	Employment				Composition of Total Private				Location Quotient		
	United States	North Carolina	Tennessee	AEB-5 RC	United States	North Carolina	Tennessee	AEB-5 RC	North Carolina	Tennessee	AEB-5 RC

The above information has been provided to demonstrate the economic, social, cultural and geographic ties between the 79 counties that compose the proposed Appalachian EB-5 Regional Center geography. Employment-unemployment trends, employment composition and GDP trends demonstrate economic continuity. Culturally, the region is known for its mountains and music that attract residents and visitors alike and several growing and innovative cities (Knoxville and Winston-Salem). Physically, the counties are interconnected by a network of interstate highways. Additionally, this region was selected from the focus area of the federal-state-local government economic development partnership known as the Appalachian Regional Commission. **Taken together, these ties are evidence of the region's character as an integrated economic unit, which could enable the U.S. Citizenship and Immigration Service to approve the proposed configuration as a designated regional center. Additionally, employment and GDP trends have been presented for the NACIS Sector 236 Construction of Buildings, NAICS 531 Real Estate, NAICS 541 Professional, Scientific, and Technical Services, NAICS 221 Utilities, and NAICS 811 Repair and Maintenance, industries relevant to the proposed Mountain Air EB-5 project to assist the USCIS in adjudication of the regional center application.**

Economic Impact Analysis

Methods of Analysis

Economic and job creation impact modeling to determine the economic and employment impacts associated with the proposed Mountain Air EB-5 project was performed using the Regional Dynamics Model (hereafter "REDYN"). This is the newest and most sophisticated of the advanced input/output models available today. The REDYN Model has been used to assess the net job and other economic benefits associated with economic development projects, new businesses, certain types of policy changes and utility power projects in various states throughout the country in a variety of analytical settings. EPR has used Regional Dynamics (REDYN) in more than 100 studies overall and more than five dozen impact assessment studies under the EB-5 program.

REDYN is an input-output model that calculates economic impacts and job creation impacts, typically for an integrated development project scenario that can be comprised of several components or different categories of economic activity. This model has been successfully used in earlier EB-5 application adjudications by USCIS. It is one of four recognized tools (with the others being RIMS II, IMPLAN, and REMI) that recently were identified in the EB-5 field adjudicator's manual as generally used and accepted in EB-5 applications for estimating indirect jobs. This section explains in detail how the REDYN software works and why it is a valid and preferred approach for determining the economic impact for EB-5 regional center projects. In addition to this explanation, a detailed description of the REDYN Model is found in the appendices at the end of this impact assessment study report.

Dynamic Input-Output Modeling

In contrast to proving the direct job count of an EB-5 project through the provision of payroll records to a USCIS reviewer, the calculation of indirect jobs cannot be measured and verified directly through records. Instead, indirect jobs under the EB-5 program must be verified through the use of estimating methodologies that are deemed to be "reasonable" under the requirements of the EB-5 program. The EB-5 applicant has some latitude under the "reasonable methodologies" requirement. The most common estimation techniques involve the utilization of input-output tools that involve a range from simple mathematical calculations on a spreadsheet (e.g. under RIMS II) to integrated EB-5 project simulations using sophisticated input-output models. Even though these approaches vary in sophistication and structure, the general approach to this estimating process is essentially the same for all of the USCIS-approved input-output tools in that they all use calculated coefficients based on detailed federal data. Compilation of these data, which are updated each year to varying degrees, involves assembling and updating data regarding how much input is used for producing a given amount of output.

Dynamic input-output models like REDYN simulate the economic relationships between sectors of an economy on several geographic levels through time. Linkages exist between sectors and regions that provide commodities or other inputs to each other. Input-output models are founded on these linkages and allow analysts to see how changes in individual or multiple sectors in a state or regional economy ripple throughout the system. Effects of an initial investment are felt in these other sectors and regions as increased output, employment, and income. MIG, Inc., the owner of the IMPLAN model, describes input-output analysis, in other words, as, "*a means of examining relationships within an economy, both between businesses and between businesses and final consumers. It captures all monetary market transactions for consumption in a given time period. The result mathematical formulae allow examination of the effects of a change in one or several economic activities on an entire economy.*"[7]

The REDYN model, employed in this economic and job creation impact study, estimates the impact a specific catalyst will generate throughout a determined area—in this case the pending Appalachian EB-5 Regional Center economy. The input/output model uses a dynamic (or a longitudinal) approach that simulates not only the relationship between sectors in an economy (e.g. Agricultural sectors are linked to Transportation sectors), but also the interconnectivity of regions. The dynamic element of the model has a well-developed impedance database that is able to account for temporal effects due to competitive differences between either geographic regions and/or different sectors of the economy. Over time, these competitive pressures emerge and then tend to bring the regional

[7] IMPLAN Pro, User's Guide, Analysis Guide, Data Guide. MIG, Inc.

economy back to equilibrium. The process, in that way, depicts the so called "ripple effect" impact that economic changes have on a region.

Advantages of the REDYN Model

The internet based REDYN Model was developed by Regional Dynamics, Inc. currently of Scottsdale, AZ, through its principal creator, the late Thomas Tanner, Ph.D., a former model manager at Regional Economic Models Inc. (known as REMI) of Amherst, Massachusetts. Dr. Tanner was a former member of the faculty at the University of Georgia, and was most recently employed at the Strom Thurmond Institute of Government and Public Affairs at Clemson University at the time of his death in May of 2009. Dr. Tanner's work experience at REMI gave him the expertise to create an alternative to the REMI model. The result is an integrated input/output model of the counties and cities of the U.S. which has significant advantages over the existing menu of retail input/output models: REMI (which is prohibitively expensive) , IMPLAN (as maintained by the Minnesota IMPLAN Group, Inc., originally developed for the U.S. Forest Service, which is a static input-output tool), and RIMS II final demand and/or employment multiplier tables (which is maintained by the U.S. Department of Commerce and is also a static tool).

The REDYN Model employs a concept known as New Economic Geography,[8] a theory first developed by Nobel Laureate Dr. Paul Krugman while he was at the Massachusetts Institute of Technology. This philosophy employs "fully general equilibrium" models that "derive aggregate behavior from individual maximization." This competitive framework is translated into a model that makes the assumption that "commodities produced by an industry are truly joint in the production process, as prescribed by a uniform production function for all firms in each industry based on competitive pressures to diffuse advantages quickly across all firms in an industry."

New Economic Geography also focuses on agglomeration economies and the relationships between them in different levels of geographic space.[9] To illustrate this, consider a tight group of commercial establishments configured as a mall, which is an agglomeration of retail establishments. This is the smallest level of an agglomeration economy. It is related to the regional commercial market which is part of the national market and the world market. It is the linkages between these levels of economic agglomeration that New Economic Geography seeks to explain and illustrate.

Like all input-output models, the REDYN model calculates the effects of a new final demand stimulus into three general categories. Category 1 includes the

[8] See Exhibit 1.

[9] Agglomeration economies refer to circumstances where economic units, although competing, find it mutually advantageous to co-locate or to locate sufficiently close enough to share production resources and/or customers.

direct effects—which in economic theory measure the changes in the industries where the final demand change was effected. Category 2 effects include indirect effects—which in economic theory are those changes in inter-industry purchases as they respond to the new final demand change in the directly affected sectors or industries. Category 3 effects include those which are due to changes in spending from affected workers and their households as labor income either increases or decreases due to the change in final demand, known as induced effects. The REDYN input-output model software calculates all three of these effects just like any other input-output tool, but as a dynamic input-output model (like the dynamic REMI model[10]), REDYN has the capability through its structure to analyze the impacts over time of the entire EB-5 project and its components as part of a single integrated development scenario.

In its simplest form, the estimation process is comprised of two fundamental steps: (1) calculations to determine what are commonly referred to as national coefficients which are based on production functions,[11] and (2) determinations as to what proportion of those goods and services are purchased within the region. The first calculations estimate how much input is used in any given year to produce a given amount of output in any given year. The second group of calculations referred to above involves calculations of what are referred to as regional purchase coefficients (RPCs). These regional purchase coefficients essentially estimate what proportion of those goods and services are purchased within the region in question.

The REDYN model, like other input-output models such as IMPLAN and REMI, handles all those calculations within the model software based on the geography and type of stimulus specified by the analyst. The REDYN model is geographically specified so that regional purchase coefficients are calculated for all involved sectors based on purchases of goods and services from "within the region" firms. The matrix can be, and usually is, large and complex. RPCs tend to be higher for service providing industry categories and lower for goods producing industry categories. In either case, indirect jobs under the REDYN input-output model are calculated through the input-output simulation process based on these quantified national relationships and regional purchase coefficients as calculated within the software algorithms embedded in the REDYN model.

There is a crucial distinction to make between input-output models, such as REMI and REDYN and tools that use an extracted single number input-output coefficient (such as RIMS II multiplier), which measures an impact in a single

[10] The REMI input-output model is maintained by Regional Economic Models, Incorporated located in Amherst, Massachusetts.

[11] Again, to reiterate, this is a process where the amount of output (and the corresponding number of jobs and corresponding amount of income) required to produce an amount of output of a final product or service is estimated.

year. The multiplier approach involves simple multiplication where a single number estimate of a change in "final demand" can be done in a spreadsheet. REDYN and REMI do not employ singular multiplier calculations, but derive their predictive ability on interconnected matrices of make and use tables for specific industries and specific regions or geographies. Therefore, the input-output model tool uses a large matrix of multipliers that literally include hundreds, and sometimes thousands of multipliers. Impact assessment analyses undertaken using REDYN can treat a project as a single integrated development scenario and compare the economy under that scenario to a "base case" for the regional economy—with the base case where the proposed EB-5 development project was not undertaken.

REDYN Data Sources

REDYN (like the other recognized input/output models) is based on the concept of a production function, which determines what are called "make and use" tables. These tables quantify the amounts of inputs that are required to produce a unit of output across a number of industries. The basic data underlying these tables are collected by the U.S. Department of Commerce (principally its sub-agency, the Bureau of Economic Analysis). The vast amount of data come from a variety of sources and the data collected are converted into production accounts on a national income basis and input-output accounts basis, called the National Income Product Accounts (NIPA). These accounts are assembled into various tables including transactions tables (which track the economic flows between producers and users of commodities, as well as the commodity taxes, transportation charges, and wholesale and retail trade margins between producers and users), and final uses tables. These tables are the building blocks for the input-output accounts, from which various multipliers are derived.[12]

Regional input-output models can be constructed using a geographically tailored input-output matrix. Such a matrix takes into account regional purchase coefficients, which are calculated based on the proportion of goods and services required to produce one unit of output that are produced *within a defined geographical region*. These regional coefficients for most input-output tools are based on subsets of the same national data described above. For REDYN, the underlying matrix has all these coefficients embedded in the model—as it is for the REMI and IMPLAN tools.

In addition, REDYN uses a variety of supplemental data provided by U.S. Government entities. The industry structure for the model is the North American Industry Classification System (NAICS) to the five digit level. This allows the model to provide detail for 703 industries and over 180 commodities for the geographic region specified in the model.[13] This classification system and level of

[12] U.S. Department of Commerce, Bureau of Economic Analysis. Concepts and Methods of the U.S. Input-Output Accounts. September 2006, Updated April 2009.
[13] See Exhibit 2.

detail makes REDYN's output compatible for comparison to government reported statistics as this is the system used for publishing economic data by the U.S. Department of Labor's Bureau of Labor Statistics (BLS), the U.S. Department of Commerce's Bureau of Economic Analysis (BEA) and the U.S. Census Bureau. These government bureaus provide the original data that are accumulated and transformed into the REDYN Model's input/output (e.g. multipliers) and other specified relationships.

The REDYN model also employs data from the Census Bureau's County Business Patterns. The U.S. Census Bureau's County Business Patterns data is the source for wage bill payroll data and employment data used in the model. The model's developers preferred this approach since it is an annual series that is more complete in its coverage of the workforce than the Quarterly Census of Employment and Wages (hereafter "QCEW") series, as it includes self-employed persons, employees of private households, agricultural production workers, and railroad workers. These workers are not "covered" by most state unemployment insurance systems and are therefore not reported in the QCEW series.

The County Business Patterns data set also is preferred because it provides detail about employment and wages down to the zip code level where concentration of industry is high enough to provide reportable data. The suppression of data due to confidentiality issues is a common problem of all types of wage and employment data used in specifying input/output models. REYDN has developed a way to fill in the blanks called method *row and column sum* (RAS).

After performing the RAS analytics on the County Business Patterns data it is reconciled with Regional Economic Information System (REIS) data from the Bureau of Economic Analysis of the U.S. Department of Commerce to confirm consistency. The REIS data are especially helpful for providing data in the agriculture and governmental sectors. The REIS data are also used to allocate national consumption numbers to the roughly 3,100 counties in the United States that are provided on the aggregate level by the NIPA. The levels of consumption of industries and households are a key building block in the creation of input/output models.[14]

The input-output tables themselves are created using BEA Input/Output (IO) make and use tables (described above). The data in these tables are augmented by the biennial ten-year IO forecast tables from the Bureau of Labor Statistics. A major difference between the REDYN model and other input/output models is its use of a new distance impedance database supplied by the Oak Ridge National Laboratory.[15] This allows the REDYN Model to add elements of trade flow and gravity theory based on distance impedance specific to road, rail,

[14] See Exhibit 3.
[15] See Exhibit 4.

water, air and proxy transport. The combination of these data sources gives the REDYN model the power to predict with greater accuracy than ever before the economic impacts of a wide range of economic changes.

Model Specifications

Model Inputs and Assumptions

The modeling of potential project impacts can be conducted from the supply side or the demand side of the economic equation. When modeling the economic impacts associated with the supply, one captures the increase in direct employment and wages, and looks to determine the economic linkages of the project via an input-output model. A demand-side approach would capture the additional spending (often specified as a change in "final demand") in the regional economy as a result of the development and operation of a new project.

(b)(4) The relevant information and data used to develop the input-output model inputs for this impact assessment analysis of the Mountain Air EB-5 project included: (1)

These data were then employed to develop the specific inputs that were employed in the REDYN input-output model—as supplemented by additional research to properly quantify and then specify each input for use in the input-output model. The principal analytical task at this point in the impact assessment analysis is to properly quantify the new business activity increment attributable to the proposed EB-5 project to be used in the input-output model. For this

(b)(4)

Beyond the discussion above, key input-output modeling details and assumptions for the Mountain Air EB-5 project are described below (note that NAICS codes for each input listed are given in Table 8 below). The source document for the development of the inputs is found on page 26 of the project

business plan under "Uses of Funds" in the **Chart of Sources and Uses of Funds—Mountain Air EB-5 Project**. The chart begins on page 25 and continues onto page 26. It should be noted that not all items on that table were used in the impact modeling.

(b)(4)

[redacted]

[16] Totals do not exactly match due to rounding.

Description of the Economic Model

In order to complete this economic and job creation impact analysis, a four-region model was constructed for Mountain Air modeling purposes. The four regions are: (1) Yancey County, North Carolina, (2) the remaining counties in the Appalachian EB-5 Regional Center in North Carolina, (3) the Tennessee counties in the regional center, and (4) the balance of the U.S.[17]

(b)(4)

Model Output and Results

The REDYN model estimates all measurable linkages associated with the incremental economic activity in the primary NACIS 2361 (Residential Building Construction), as well as the other associated project NAICS (see Table 1 for all modeled and requested NAICS). This incremental activity associated with the development project will create and sustain employment—net of any expected competitive pressures (i.e. job displacement in the existing regional and national supply), which are explicitly accounted for in the economic modeling. This impact assessment finds that the project would have positive and significant economic and job creation impacts in the prospective regional center.

(b)(4)

As a result, this economic and job impact assessment study finds the development and operations of the proposed project as planned would generate significant and positive economic benefits for the U.S. economy as a whole using the REDYN dynamic input-output model.[18] Assuming the development and successful operation of these centers, the proposed project would likely result in:

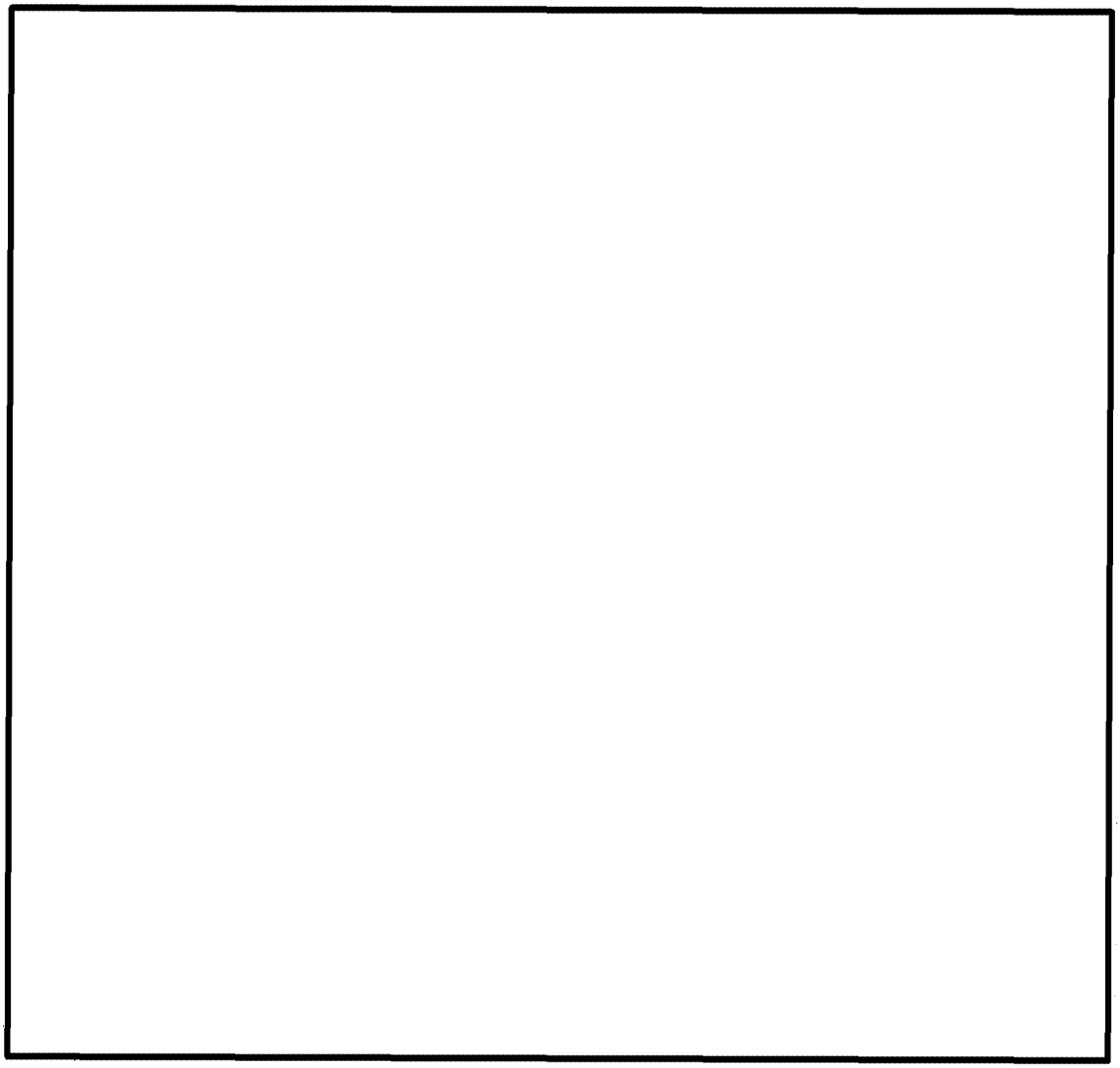
(b)(4)

[17] This means the entire U.S. excluding the 79 counties that make up the regional center.
[18] For a full description of the REDYN input-output model see Appendix 3 of this report.

(b)(4) **Table 9. Summary Results – Mountain Air EB-5 Project**

	Year 1	Year 2	Year 3	Year 4

(b)(4)



[21] While the letter dated December 3, 2010 from Director Mayorkas to Senator Patrick Leahy states that USCIS' interpretation of the law allows for counting of indirect jobs outside the geographic boundaries of the regional center, this impact study focuses on those created within the geographic boundaries of the regional center for EB-5 capital raise purposes.

[22] All values are reported in constant 2012 dollars.

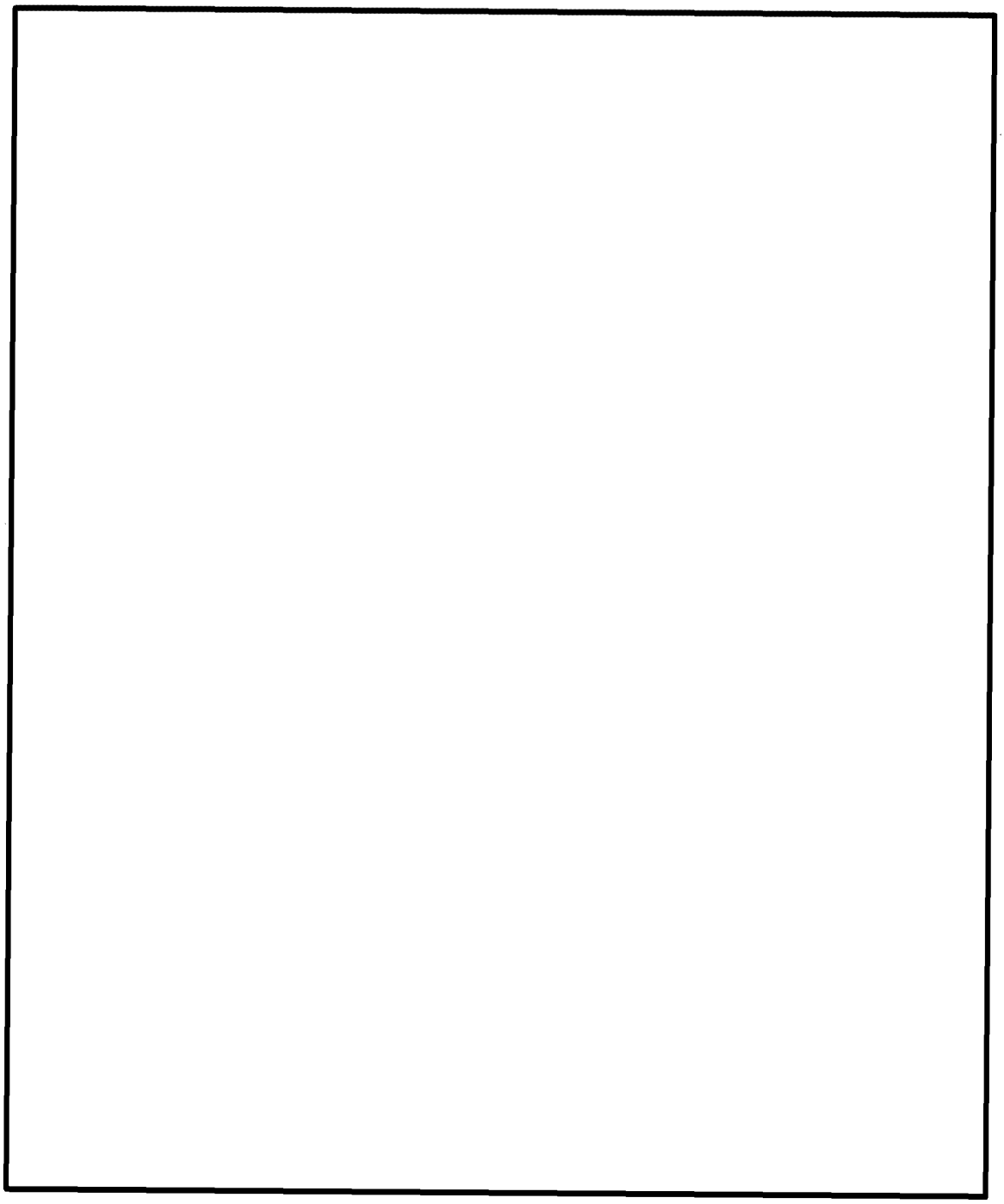
(b)(4)

Table 10. Subsector Employment and Output Impacts within the Regional Center—Mountain Air EB-5 Project

[redacted]

[23] All values are reported in constant 2012 dollars.

(b)(4)



Conclusions

(b)(4)

The results of this economic and job impact assessment study show how approval of the proposed Mountain Air EB-5 project planned for location in Burnsville, NC will support the requisite funding of a project that is expected to have significant and positive impacts on the regional economy of the Appalachian EB-5 Regional Center and on the economy of the U.S. as a whole. These impacts include a total of [redacted] EB-5 program eligible jobs created in the prospective regional center economy in the third year of the proposed project. Additional impacts within the regional center include a four-year cumulative total

(b)(4)

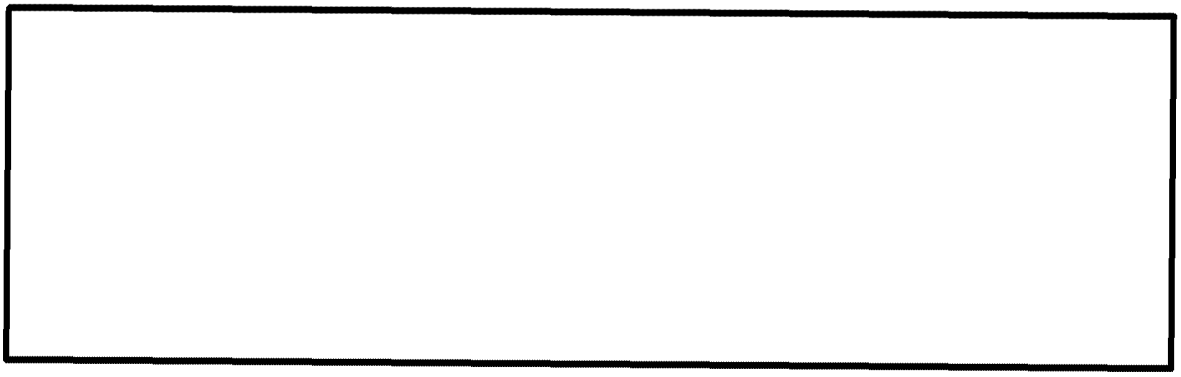
[redacted]

Because the project is utilizing a lending approach to the EB-5 capital investment, all of the jobs that are attributable to the Mountain Air EB-5 project are indirect for EB-5 program purposes.

(b)(4)

[redacted]

(b)(4)



Lastly, it should be noted that the Mountain Air EB-5 project is located within a rural Targeted Employment Area (TEA) as defined by USCIS guidelines. Verification of the local population being under 20,0000 residents as of the date of the April 1, 2010 census has been obtained from the Burnsville, NC town clerk. Therefore EB-5 investors in the project qualify for the $500,000 minimum investment level, assuming USCIS approval.

The REDYN Model developed and maintained by Regional Dynamics, Inc. was used to provide a reasonable estimate of the economic and job creation impacts attributable to the construction of and the ongoing operations at the potential Mountain Air facility. A combination of data supplied by the project developers, public and proprietary data on the industry, region and individual component markets, data from the United States Census Bureau, the Bureau of Labor Statistics, and the Bureau of Economic Analysis were used in this analysis.

Appendix 1:

About Economic & Policy Resources, Inc.
Proposed Mountain Air EB-5 Project in the Prospective Appalachian EB-5 Regional Center

Economic & Policy Resources (EPR): EPR began providing consulting services to public and private clients in 1983. Our staff is comprised of 9 full-time and 2 part-time employees. We deliver economic, financial, planning and public policy services to support our clients' critical decision making processes. Our staff of economists, planners and financial analysts uses state-of-the-art analytical tools and methods to inform and address client issues. EPR has developed and has access to extensive data (including proprietary data) and analytical tools to provide credible, fully-considered analyses-results. We have a proven record of accomplishment on a wide-range of studies involving economic, socioeconomic, community and economic development, and public policy topics. Our completed projects list includes over 80 EB-5 economic impact assessment assignments over the past seven years.

Appendix 2:

Limitation and Contingent Conditions
Proposed Mountain Air EB-5 Project in the Prospective Appalachian EB-5 Regional Center

The results of this impact study should be viewed with certain limitations. This analysis is intended to assist the U.S. Citizenship and Immigration Service and interested parties in estimating the economic and job creation impacts associated with a potential EB-5 project within the geography of the prospective Appalachian EB-5 Regional Center.

- In undertaking this assignment, we employed accepted practices and assumptions designed to produce results that are conservative estimates for purposes of understanding the impacts of the proposed project. Actual results could differ.

- It should also be noted that specific estimates of year to year impacts are difficult to make with a high degree of accuracy. The potential project's impact in any one year could deviate from those presented in this report due to factors–such as interest rates and business cycles–that are beyond the scope of this analysis.

- The authors believe the study is a reasonable and conservative estimate of the likely economic and job creation impacts of this development activity under the assumptions employed in this study as of the date of this report.

Data utilized in the analysis was obtained from the community developers. We also employed data and information from various industry sources (e.g. selected trade associations) and other third party publications (e.g. from authoritative federal government departments and agencies) which are typically used by and commonly relied upon by economic analysts. Information supplied by the developers has been accepted as correct without further verification (although we conducted routine quality control checks for reasonableness), and we express no opinion on the accuracy of that information. The report reflects facts and conditions existing and known as of the date of the report. Subsequent events and additional information may require a review and alteration of the opinions and conclusions presented here.

Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it, nor may it be used for any purpose by anyone but the client without the prior written consent of the client or of Economic & Policy Resources, Inc. and, in any event, not without proper attribution. The opinion expressed herein is valid only for the purposes described herein.

The undersigned has no present or prospective interest in the property that is the subject of this report and has no personal interest or bias with respect to the parties involved. Economic & Policy Resources, Inc. is paid an hourly rate for time spent in analyzing and preparing its conclusions and opinions. Economic & Policy Resources, Inc.'s fees are not contingent upon the outcome of any event for which this report may be used.

Appendix 3:

Schedule of Exhibits
Proposed Mountain Air EB-5 Project in the Prospective Appalachian EB-5 Regional Center

Exhibit 1: The Business of Regional Dynamics, Inc.: *Economic Modeling Redefined* – Source: Regional Dynamics, Inc.

Exhibit 2: How the Regional Dynamics Economic Model Works: *The REDYN Model in a Nutshell* – Source: Regional Dynamics, Inc.

Exhibit 3: REDYN Model Data Sources and Baseline Estimation Process: *Where the REDYN Model Gets Data* – Source: Regional Dynamics, Inc.

Exhibit 4: The Regional Dynamics Economic Analysis Model: *What the REDYN Model Does* – Source: Regional Dynamics, Inc.

Exhibit 5: Feature Comparison – Major Commercial Economic Models – Source: Regional Dynamics, Inc.

Exhibit 5

Residential Market Study Update
December 2012

MOUNTAIN AIR COUNTRY CLUB
BURNSVILLE, NC
RESIDENTIAL MARKET UPDATE

December 2012

Prepared by:

RALPH STEWART BOWDEN, Inc.
Real Estate Counselors

Exhibit 6

Letter from Odlum Capital re Budget and Financial Projections

Odlum Capital
Investing for Impact

December 20, 2012

U.S. Citizenship and Immigration Services
California Service Center
ATTN: EB-5 Processing Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

RE: Appalachian EB-5 Regional Center, Mountain Air EB-5 Project

Dear Sir/Madam:

Our business plan, financial model, revenue and cost projections were generated through a team effort, under the supervision of our world renown board of directors that includes the President of Yale University, the founder of The Center for Public leadership at Harvard and the former Chairman & CEO of Avis Worldwide. We consulted the leading experts in immigration law and economic analysis to complement our team.

- Our CFO, who has a forty-plus year track record of employment with highly successful top real estate developers, including financial responsibility for real estate projects in Hawaii, California, Nevada, Florida and North Carolina.
- A financial partner who holds an MBA from Harvard University and is chairman of a privately held home building company in Orlando, FL (as well as previous owner/ chairman of another private home building company in Orlando that was sold to a national publicly traded home building firm, K. Hovnanian, in 2006.) That company was responsible for over 1,000 residential home sales per year at time of sale.
- President/CEO of North Carolina based Mountain Air Development Corporation since 1990. Prior to that assignment, he was employed with consulting, development and operation assignments of resort and residential developments from Canada to Florida, as well as Colorado, Indiana, Wisconsin, California and Hawaii. He also just completed his tenure as Chairman of the Urban Land Institute Recreational Development Council (Gold Flight.)
- Construction cost estimates were developed (in concert with regionally renowned architectural, engineering and financial analyst firms) by two long-time, highly respected site and general contracting firms that have a long and successful track record in the western North Carolina marketplace, as well as a twenty-plus year track record of development expertise and experience at the Mountain Air community, along with associated documented historical cost data.

Our collective team has earned national/international reputations based on delivering results with integrity for decades. Once approved it is our belief that the Appalachian EB-5 Regional Center will become a standard that future centers and projects can use as a model of best practices.

Sincerely,

Andrew Dover

300 South Pointe Drive, #701
Miami Beach, FL 33139
p: 740.704.3256
f: 305.400.0679
andydover@odlumcapital.com
odlumcapital.com

Exhibit 7

Letter from Tyner Construction
re: Budget and Schedule

TYNER
CONSTRUCTION
Since 1979

December 10, 2012

Mr. Andrew Dover
Managing Partner
Mountain Air Global, LLC
45 Mountain Air drive
Burnsville, NC 28714

Dear Mr. Dover,

Tyner Construction Company, Inc. is pleased to submit our qualifications to support the business plan for the build-out of Mountain Air Country Club.

Tyner Construction Company has been in business for over 33 years with our corporate offices located in Burnsville and Asheville, North Carolina. Our officers are Benson Tyner, Harrison Tyner, and Martha Tyner thus validating our family owned and operated status in the construction industry. We employ over 30 field supervisors and staff and indirectly over 150 artisans in various trades, the core of which live in Burnsville or within a 30 mile radius.

Tyner Construction Company holds an unlimited Building License in North Carolina and South Carolina. We are members of WNC Green Building Council, Green Built North Carolina, and the majority of our projects are Energy Star Certified structures. In this calendar year we have received a platinum level recognition from the North Carolina Green Building Council. We have received the Griffin Award for Historic Renovation, and we have been the showcase builder on an upcoming episode of American Builder.

We build in a 75 mile radius of Asheville; however we concentrate in private luxury gated communities such as the Cliffs at Walnut cove, The Ramble, and Mountain Air Country Club. We have been the primary builder for the Mountain Air community for over 20 years and are responsible for the Clubhouse, Orville and Wilbur's Bar and Grill, over 200 single family units, and 220 condominium units.

828.682.7421 | tynerconstruction.com | 828.682.3428 fax
400 East Main St. | Burnsville, NC 28714 | 630 Long Shoals Road | Arden, NC 28704

Tyner Construction has worked with Mountain Air management staff, land planners, and architects. We have a thorough knowledge of construction costs, especially as they relate to Mountain Air topography. We have worked in collaboration with their staff to develop the business plan and the cost estimates for the build-out of the remainder of the Mountain Air community to include the following:

1. Sports and Fitness Complex
2. Clubhouse Expansion and Renovation
3. Teen Center
4. Settlers Edge Cabin
5. 197 Condominium Units
6. 109 Single Family Homes

(b)(4) The total estimated remaining costs for the above listed projects are approximately [redacted] of which [redacted] is expended in years 1 -4 of the business plan. We are confident in these numbers based on the current proposed plans and specifications submitted by Mountain Air management and the architects involved in the plan.

It is also helpful that we have cross-referenced our estimates with our vast amount of historic data; not just at Mountain Air but the entire Western North Carolina region.

Sincerely,

Benson L. Tyner

Benson L. Tyner, President
Tyner Construction Company, Inc.

Exhibit 8

Letter from Young & McQueen Grading Co. re: Budget

Exhibit 9

Letter from Bench Mark Advisors
re: Conservation Easements

BENCHMARK
ADVISORS

December 14, 2012

Mr. Andrew Dover
Managing Partner
Mountain Air Global, LLC
45 Mountain Air Drive
Burnsville, NC 28714

RE: Mountain Air

Dear Mr. Dover:

As you requested, I'm writing to clarify our firms experience with conservation easements and more specifically, the basis for the values arrived at for the Mountain Air/Mountain Spirit properties.

Our firm has been in existence since 1995 and we have specialized in assisting landowners and land development entities with the placement of conservation easements. We have had a number of our easements reviewed by the Internal Revenue Service and our easements have passed audit with no adjustments.

In the case of Mountain Air/Mountain Spirit our conservation strategy has applied the same principles as have been used with other conservation easements. Using the most recent appraisal values provided by a qualified conservation easement appraiser, we applied these values to a limited development plan for the Mountain Spirit property. The value calculations and the resulting conservation easement values are shown in the attached "Potential Source of Capital Investment / Conservation Investor Strategy". Estimates shown indicate a potential tax savings to
(b)(4) a conservation investor(s) in excess o[redacted]e estimate that an investor would be willing to invest $[redacted]r the opportunity to participate in the future development and realize the potential tax savings.

I hope that the above explanation and the attached strategy clarifies how we arrived that these values. Please call me if you need anything further.

Sincerely,
BENCHMARK ADVISORS

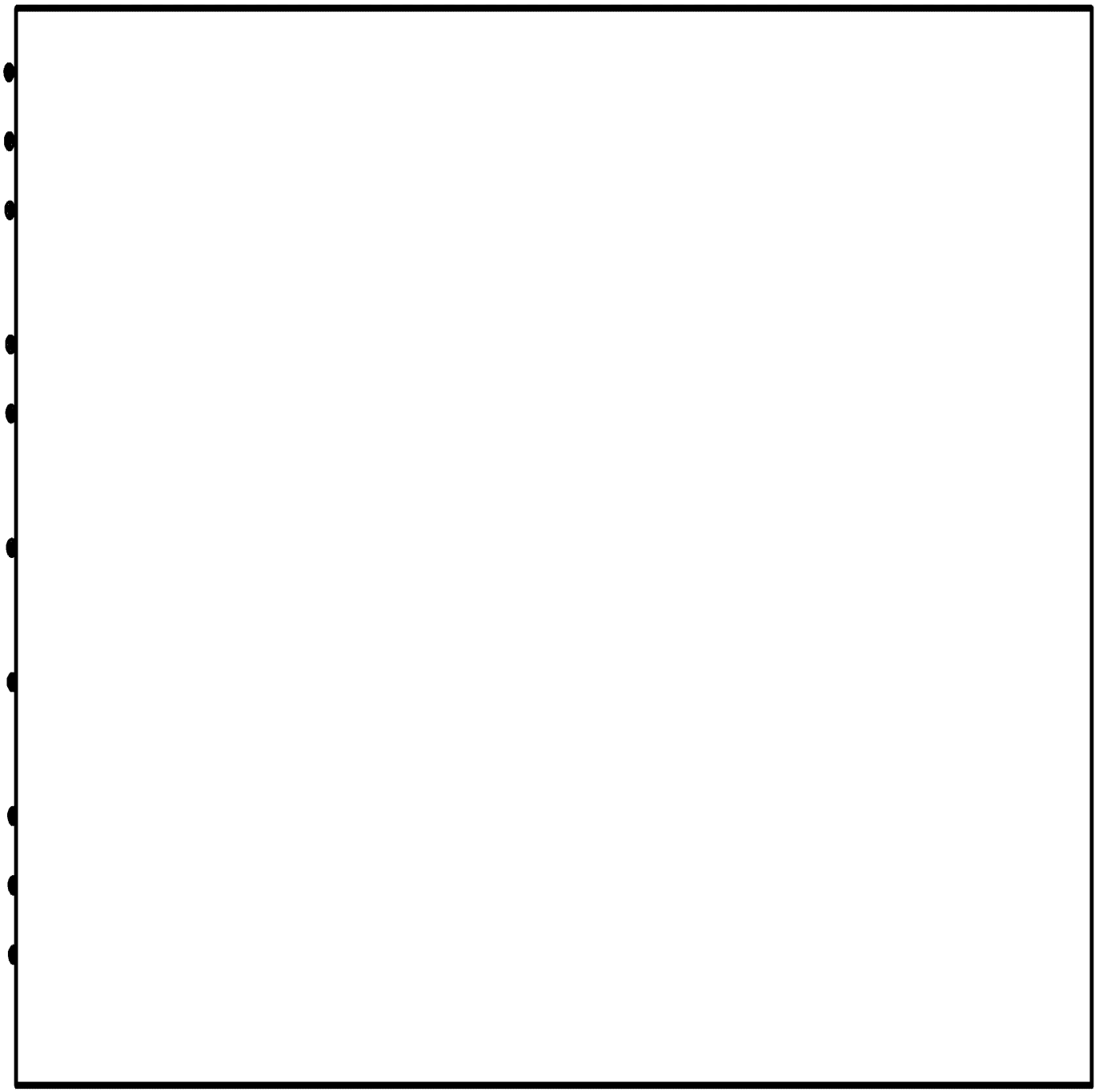
Richard W. Dickinson

517 Hickory Drive / Waynesville, North Carolina 28786
Phone: 828 452-9598 Fax: 828 452-3444 / Email - rwd@benchmarkadvisors.com

Mountain Air / Mountain Spirit

Potential Source of Capital Investment / Conservation Investor Strategy

(b)(4)



Mountain Air / Mountain Spirit

Potential Source of Capital Investment / Conservation Investor Strategy

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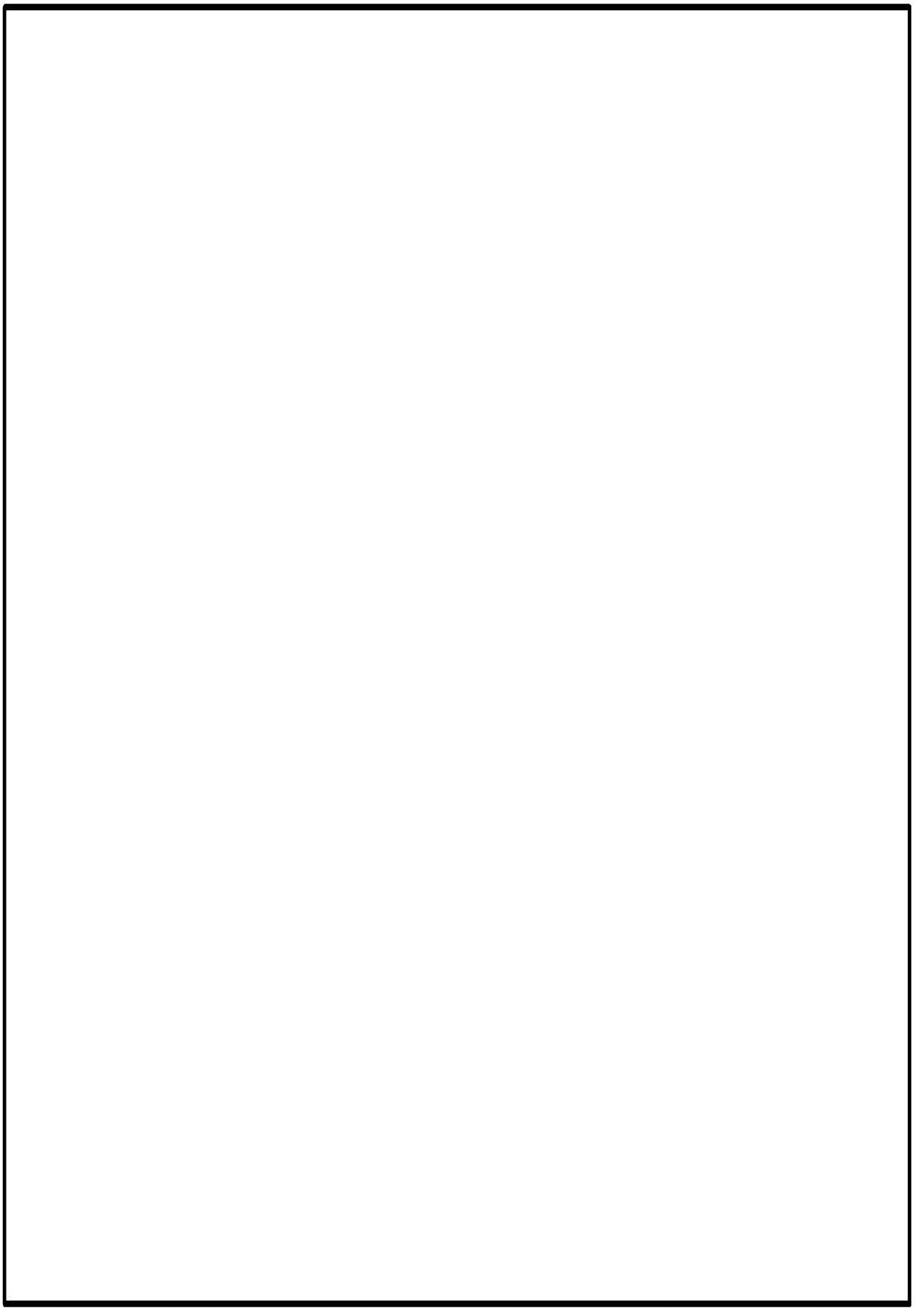

Mountain Air / Mountain Spirit

Potential Source of Capital Investment / Conservation Investor Strategy

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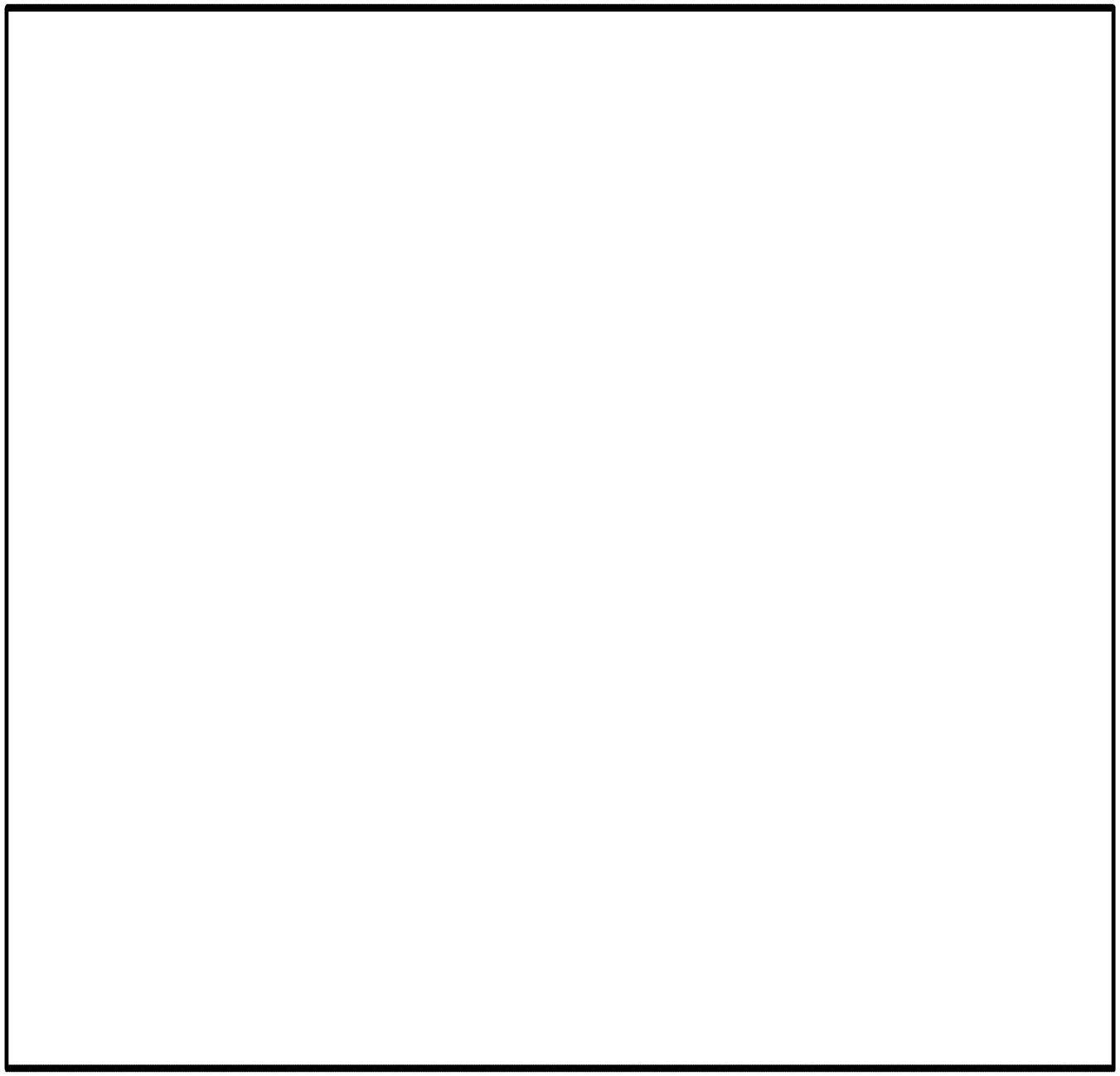


Mountain Air / Mountain Spirit

Potential Source of Capital Investment / Conservation Investor Strategy

(b)(4)

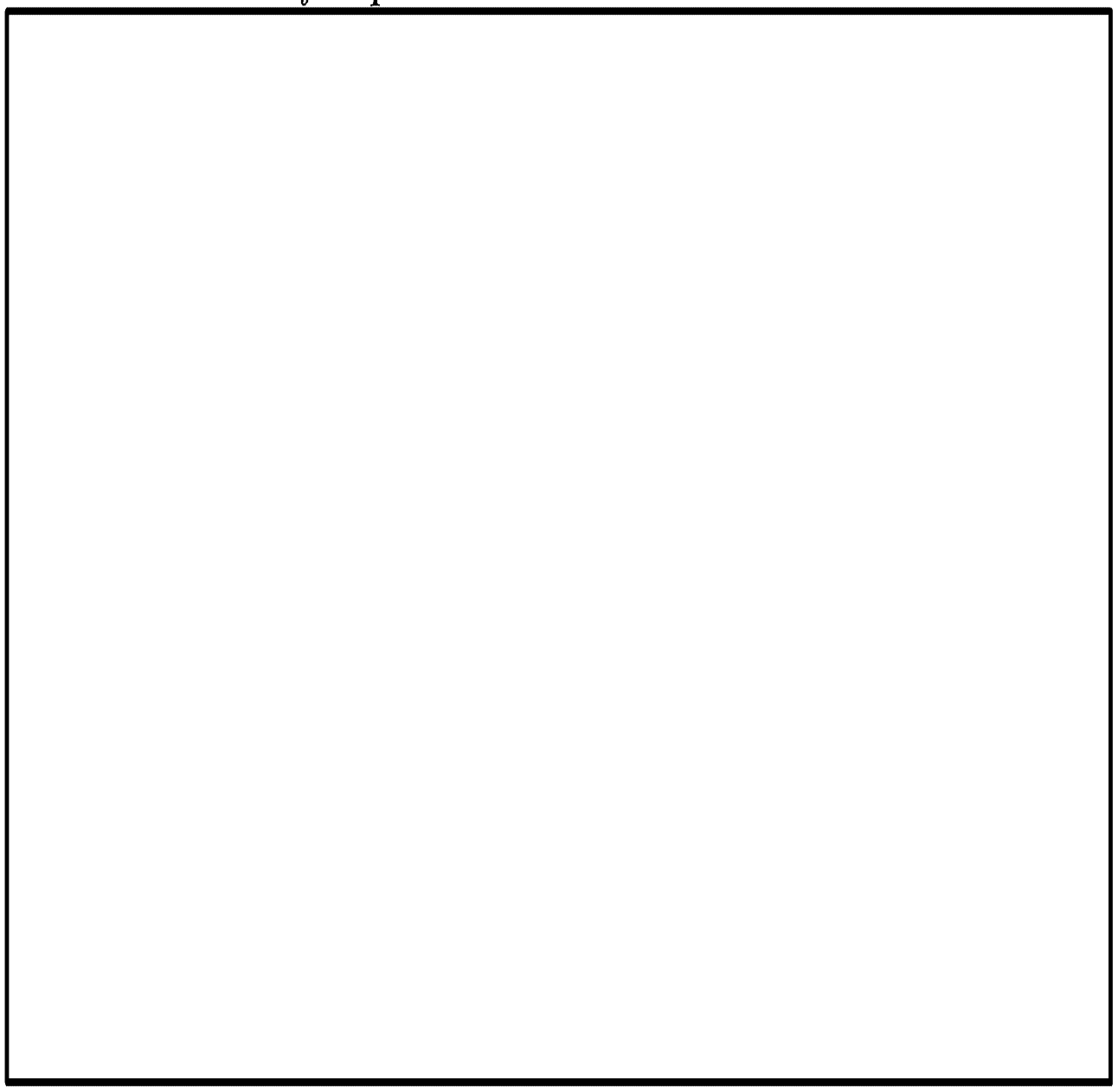


Exhibit 10

Detailed Spreadsheets of Financial Projections

Mountain Air Country Club
Financial Summary

File Ref: Mountain Air Financials V3.5

(b)(4)

10 Year Development -- Sources and Uses of Funds

Sources

(b)(4)

Mountain Air Country Club
Financial Projections – Cash Flow Model

		Initial	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total

0

38%

0

(b)(4)

Mountain Air Country Club
Financial Projections – Cash Flow Model

		Initial	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total

0

0

(b)(4)

Mountain Air Country Club
Debt Schedule

Lender	Loan Amount	Origination Date	Balance	Negotiation Target	Interest Rate				Maturity Date	Terms	Collateral Description
					Variable		P =	3.25%			

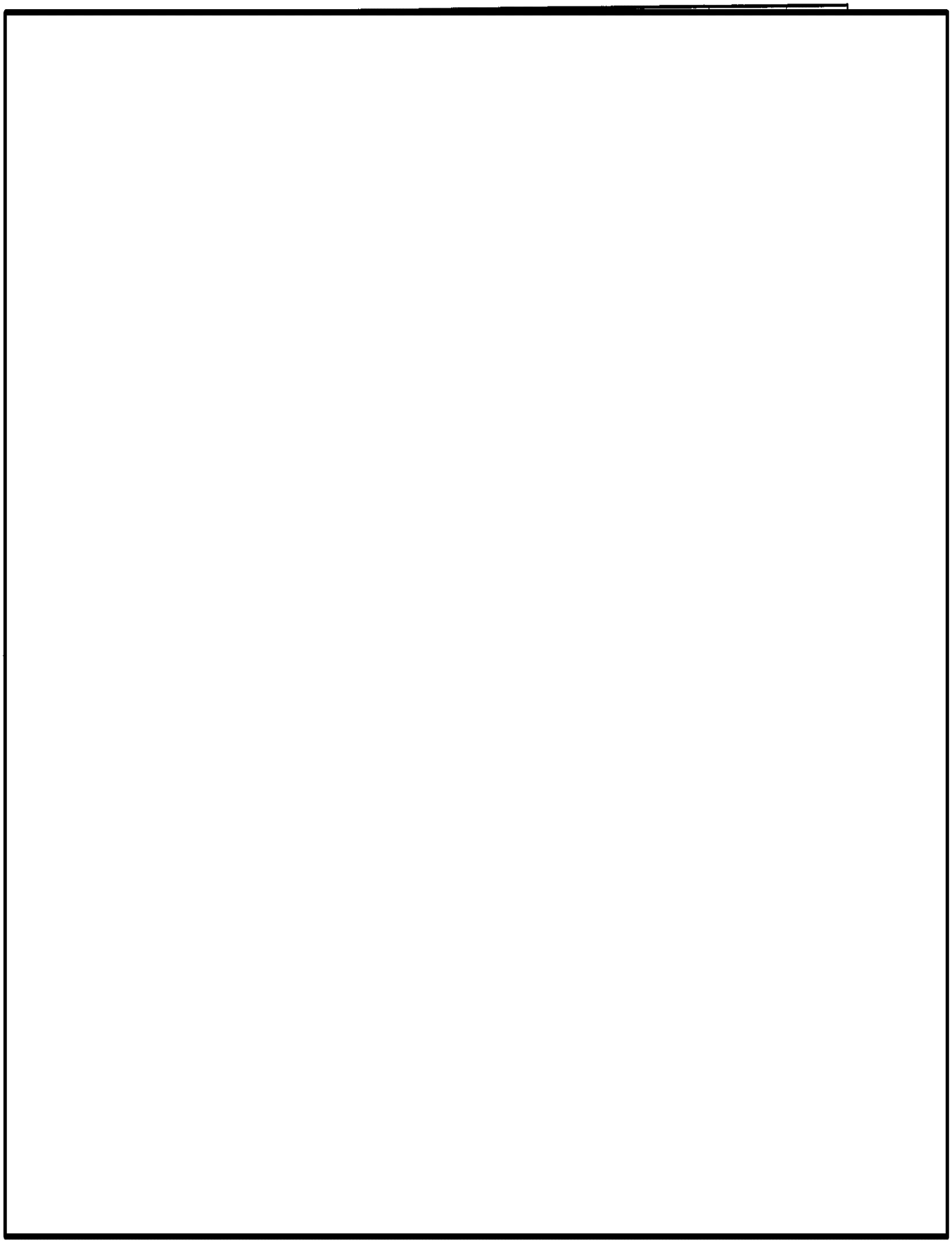
0

0

38.6%

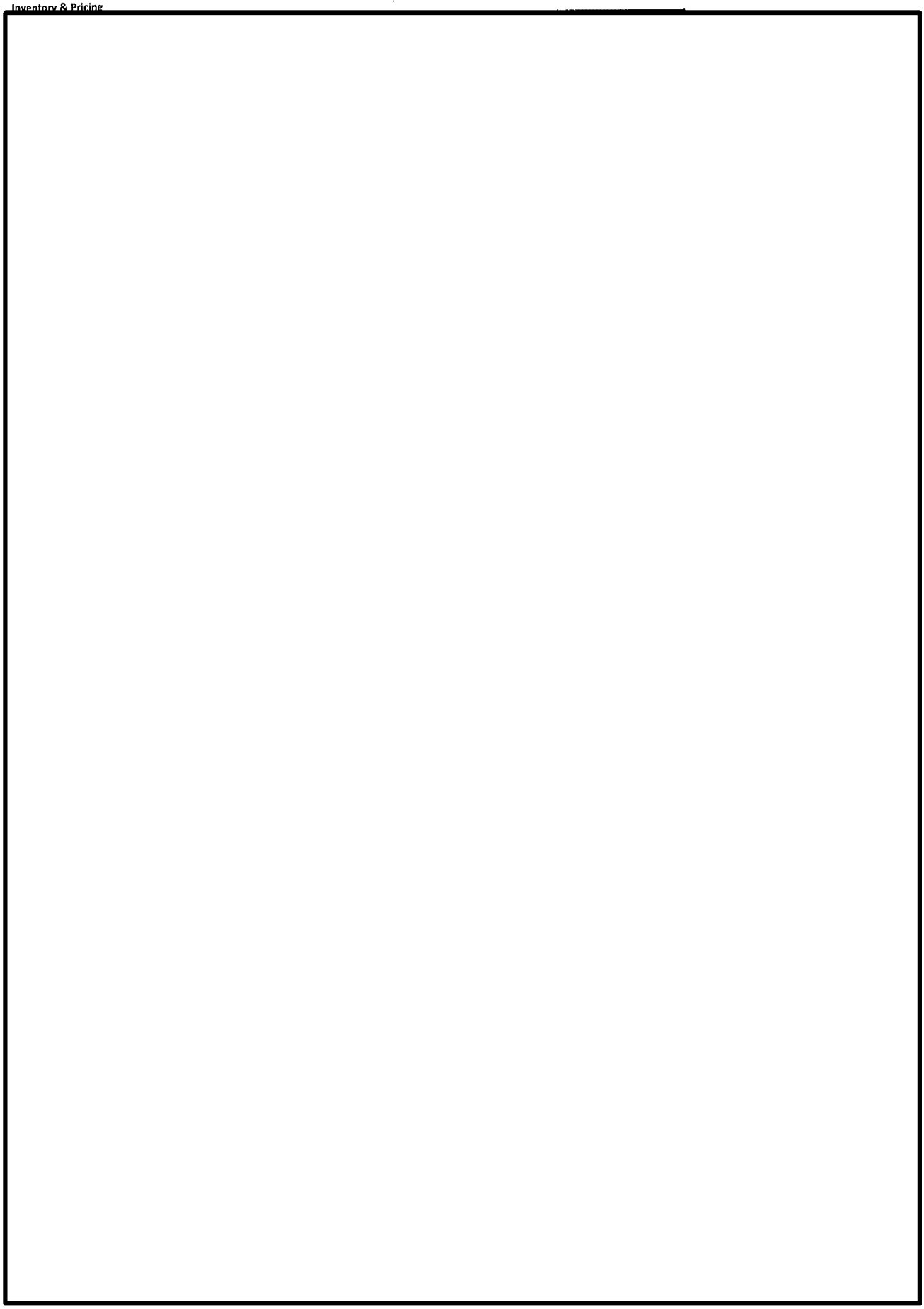
(b)(4)

Mountain Air Country Club
Amenities & Community Infrastructure



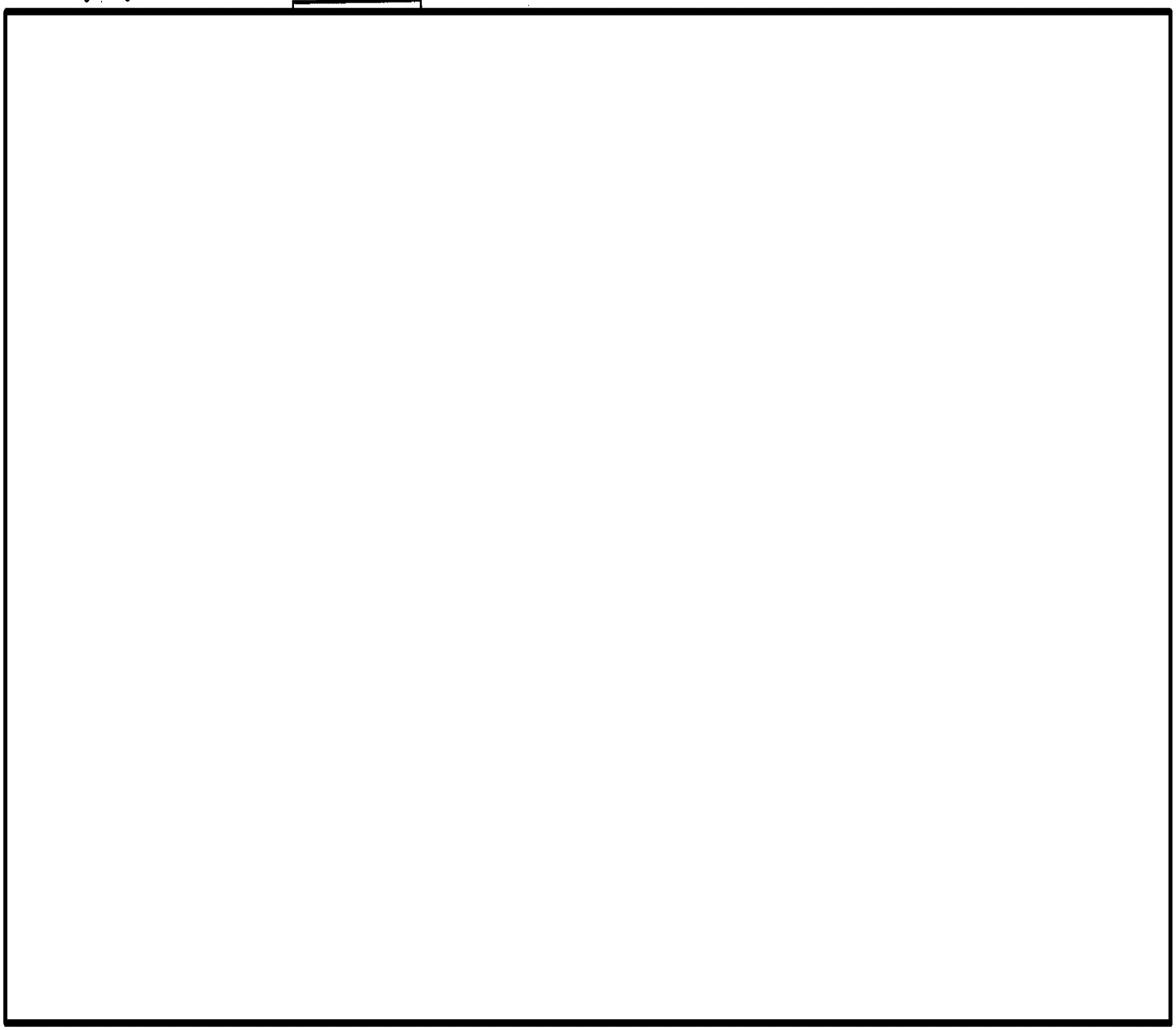
(b)(4)

Mountain Air Country Club
Inventory & Pricing



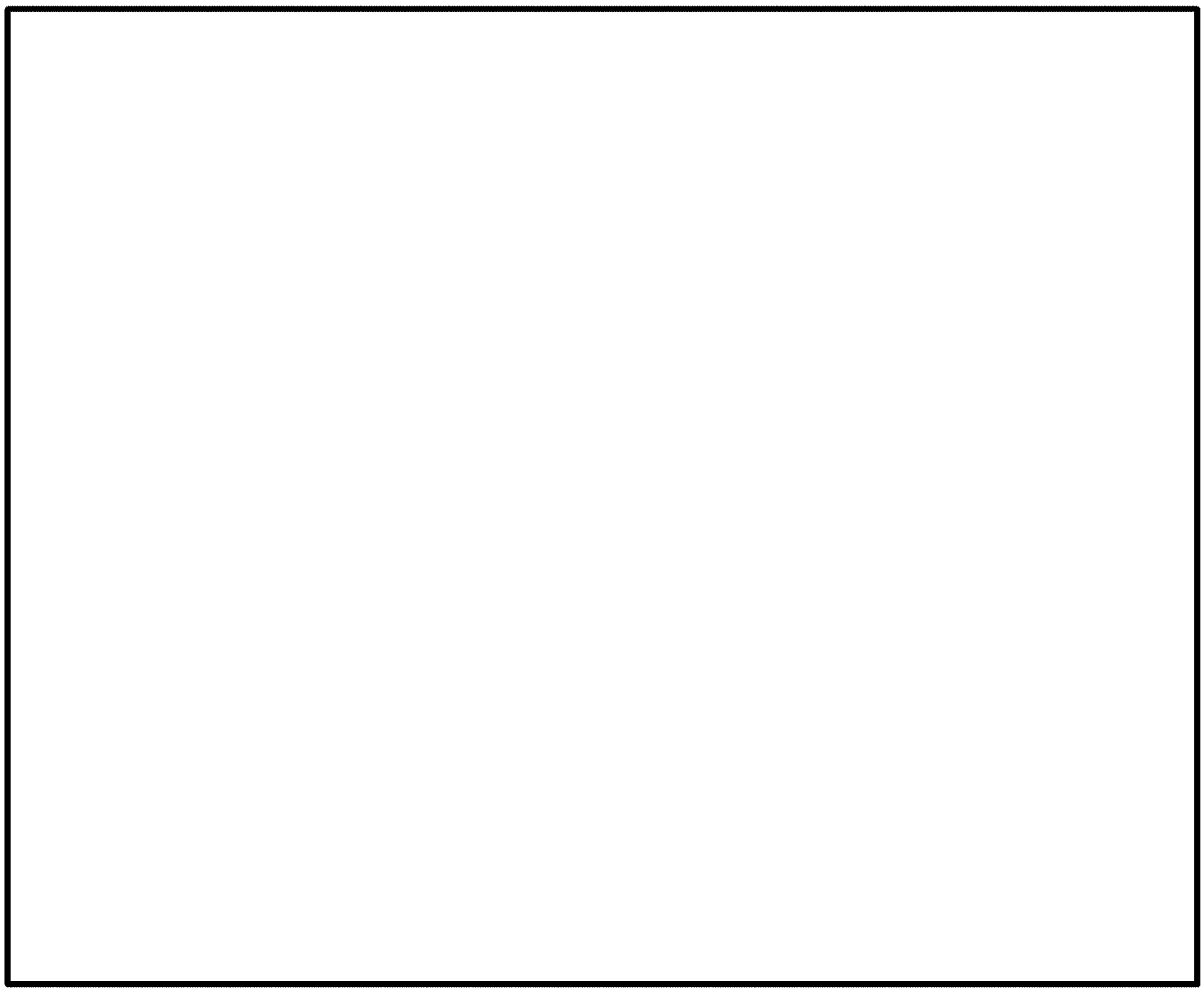
(b)(4)

Mountain Air Country Club
Product Pricing & Margin Worksheet



Mountain Air Country Club
Club Membership Summary
Current & Proposed

(b)(4)



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Klasko, Rulon, Stock & Seltzer, LLP
1800 John F. Kennedy Boulevard
Suite 1700
Philadelphia, PA 19103

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California Service Center
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Laguna Niguel, CA 92677

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Dept #

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U.S. Department of Homeland Security
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

U.S. Citizenship and Immigration Services

Date: JUL 11 2013

Andrew Dover
Appalachian EB-5 Regional Center
45 Mountain Air Drive
Burnsville, NC 28714

Application:	Form I-924, Application for Regional Center under the Immigrant Investor Pilot Program
Applicant(s):	Andrew Dover
Re:	Initial Regional Center Designation Appalachian EB-5 Regional Center RCW1209050633 / ID12090050633

This notice is in reference to the Form I-924, Application for Regional Center Under the Immigrant Investor Pilot Program that was filed by the applicant with the U.S. Citizenship and Immigration Services ("USCIS") on March 30, 2012. The Form I-924 application was filed to request approval of initial regional center designation under the Immigrant Investor Program. The Immigrant Investor Program was established under § 610 of the Department of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act of 1993 (Pub. L. 102-395, Oct. 6, 1992, 106 Stat. 1874).

I. Executive Summary of Adjudication

1. Effective the date of this notice, USCIS approves the Form I-924 request to designate Appalachian EB-5 Regional Center as a qualifying participant in the Immigrant Investor Program.

II. Regional Center Designation

USCIS approves the applicant's request to focus, promote economic growth, and offer capital investment opportunities in the following geographic area and industry categories:

COPY

Department of Homeland Security
U.S. Citizenship and Immigration Services

I–797E, Notice of Action

A #	Application/Petition I924, Application for Regional Center under Immigrant Investor Pilot Program
Receipt # **RCW1209050633**	Application/Petitioner **Appalachian Eb-5 Regional Center**
Notice Date **March 14, 2013** / Page **1 of 9**	Beneficiary

H. Ronald Klasko
Kllasko, Rulon, Stock & Seltzer, LLP
RE: Appalachian EB-5 Regional Center
1800 John F. Kennedy Boulevard, Suite 1700
Philadelphia, PA 19103

Intent to Deny Processing Coversheet

Notice also sent to:

RETURN THIS BLUE PROCESSING COVERSHEET ON TOP OF YOUR RESPONSE TO THE INTENT TO DENY.

Note: You are given until April 13, 2013 in which to submit the requested information to the address at the bottom of this notice.

RESPONSE TO AN INTENT TO DENY

For more information, visit our website at www.uscis.gov
Or call us at 1-800-375-5283

Telephone service for the hearing impaired: 1-800-767-1833

For non-US Postal Service
Attn: EB 5 RC Proposal
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

CSC4639 WS25097 DIV Investor Branch AC

You will be notified separately about any other applications or petitions you filed. Save this notice. Please enclose a copy of it if you write to us about this case, or if you file another application based on this decision. Our address is:
USCIS - CALIFORNIA SERVICE CENTER
P.O. BOX 10590
LAGUNA NIGUEL, CA 92607-0590
800-375-5283

RCW1209050633

Please see additional information on the reverse side.

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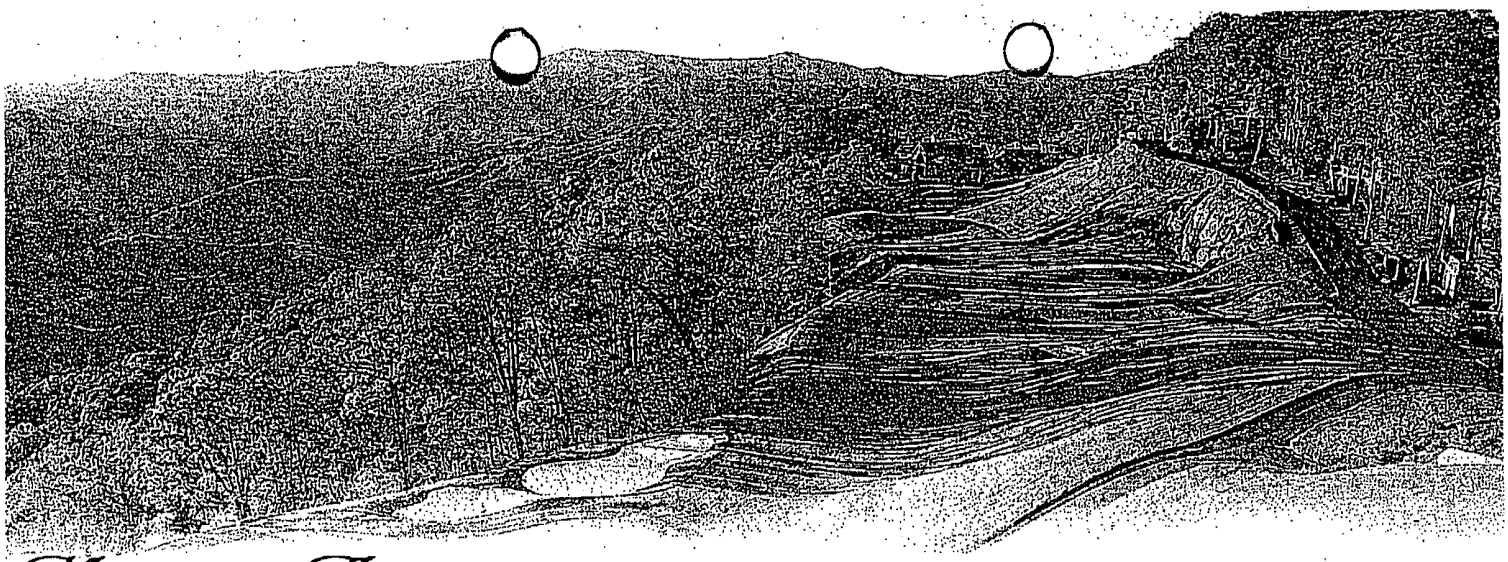
Form I–797E (Rev. 05/05/06)

Exhibit 1



Mountain Air

Redefining Mountain Living, Naturally

June 26, 2013

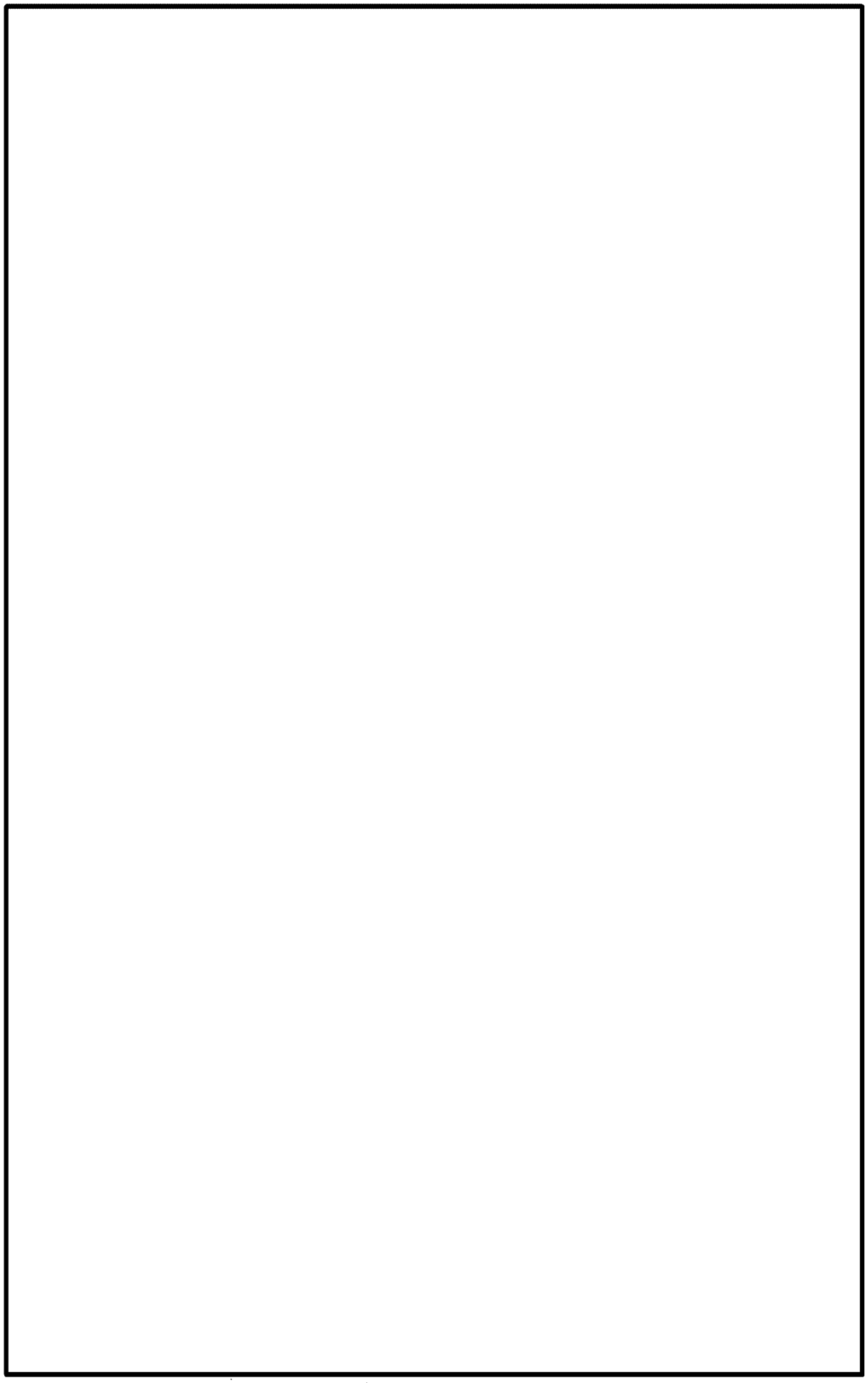
Dear Sir/Madam:

Thank you for your email with regards to the Mountain Air and the Appalachian EB5 Regional Center application. We are eager to provide the following evidence to alleviate your last remaining concern as it pertains to project risk. In your email, you state:

(b)(4)

[redacted]

(b)(4)



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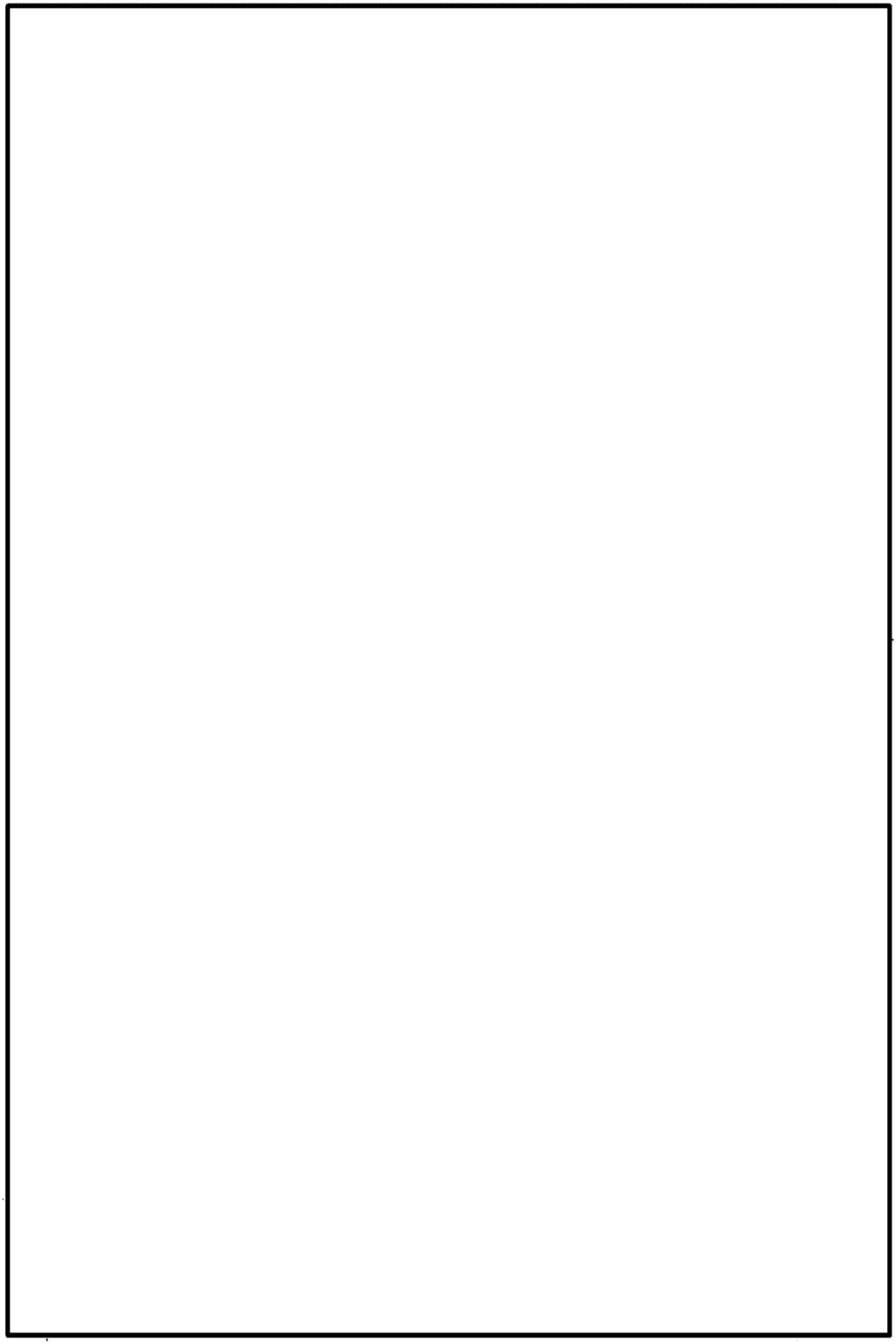

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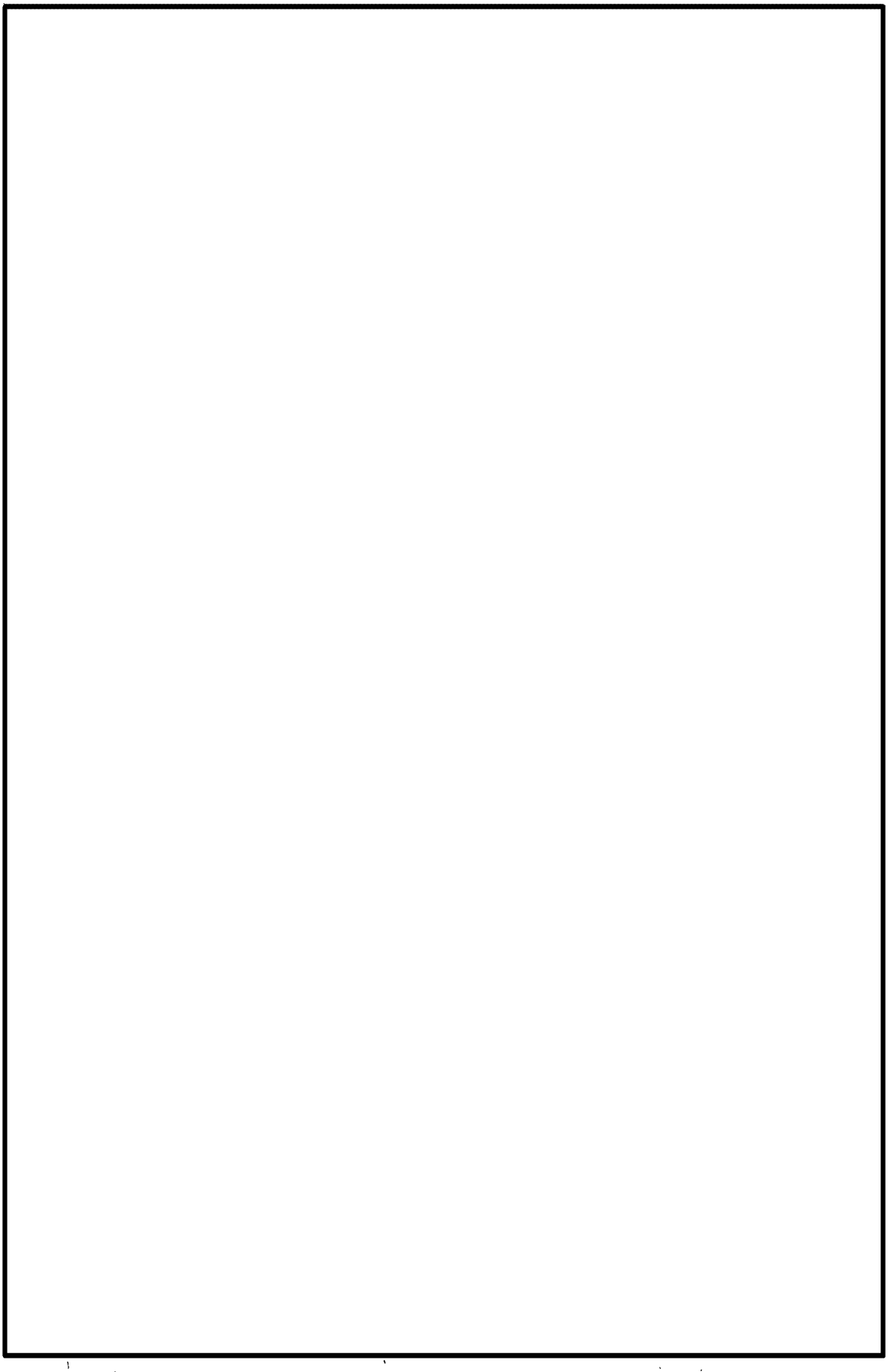

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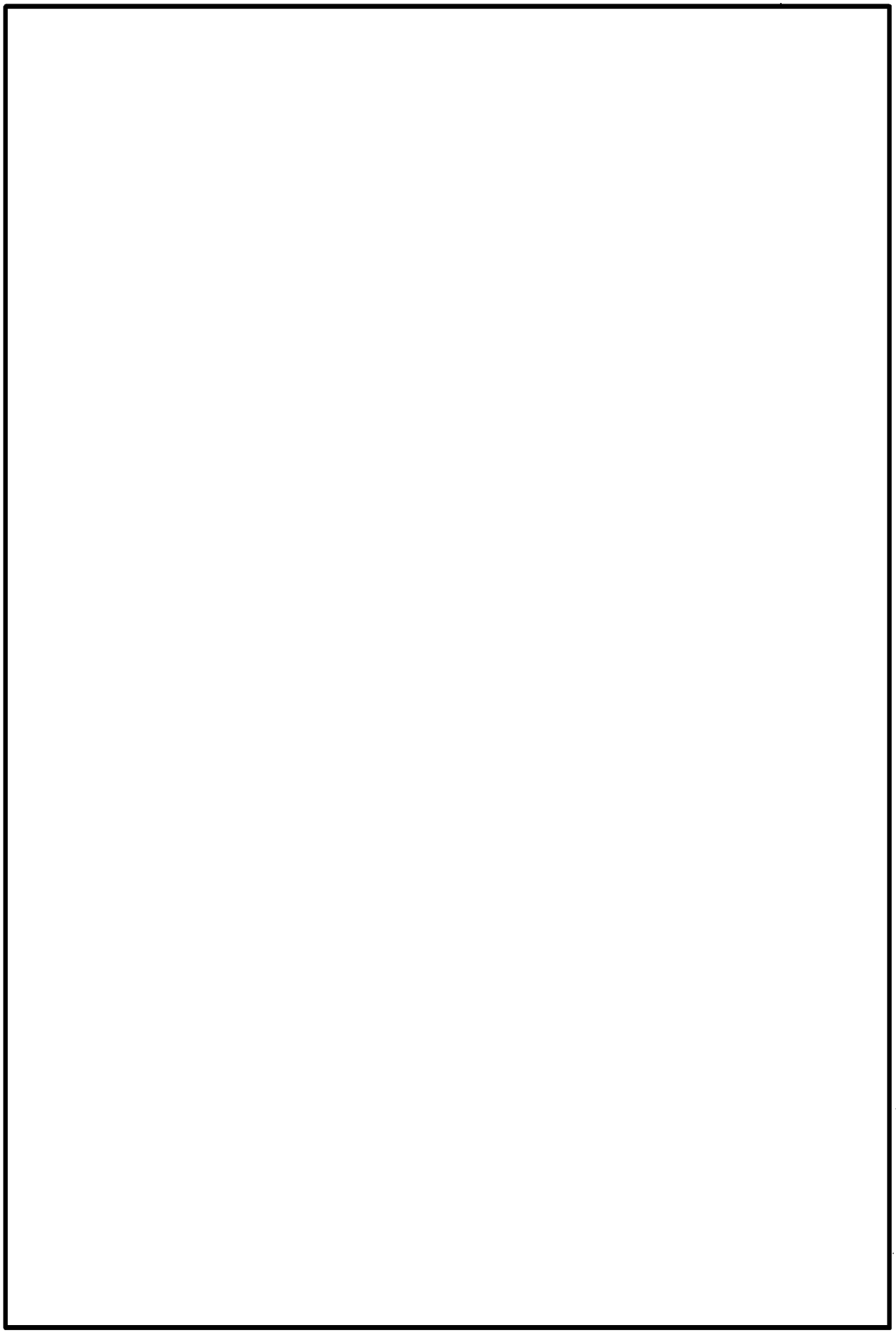

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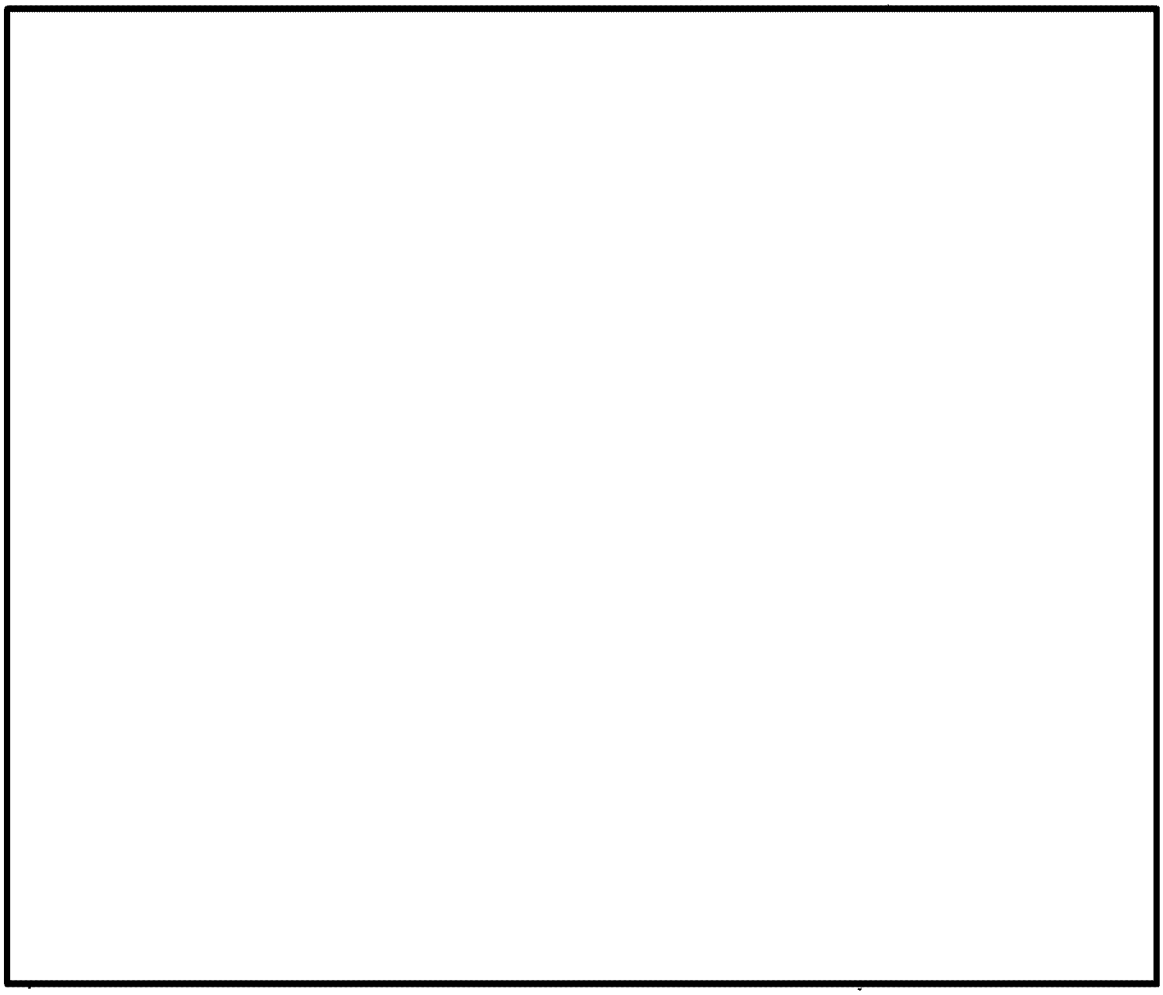


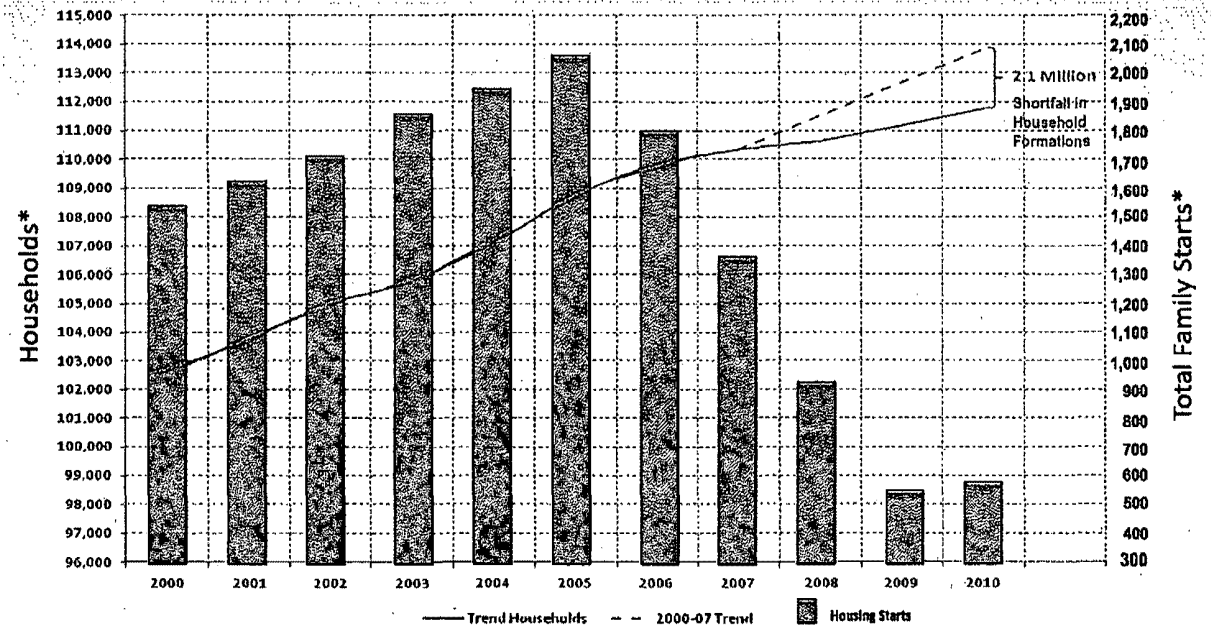
Sincerely,

Randy Banks

Randy Banks
President
Mountain Air Development Corp.

Exhibit 2

Pent Up Demand



Toll Brothers
America's Luxury Home Builder

Source: U.S. Census Bureau
*Numbers in thousands

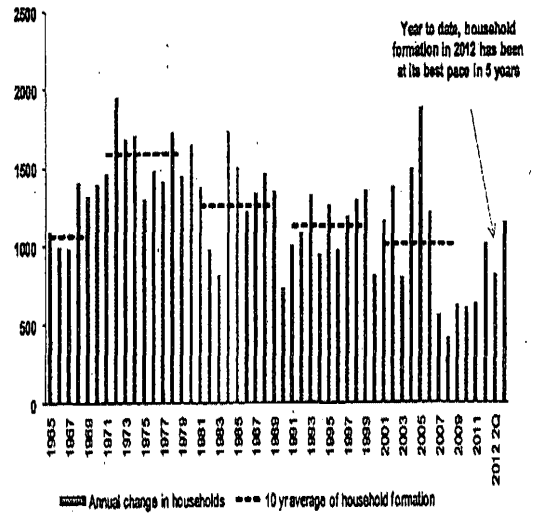
{01497107;1}

Exhibit 3

Our expectations for 2013: Further growth and price appreciation ahead

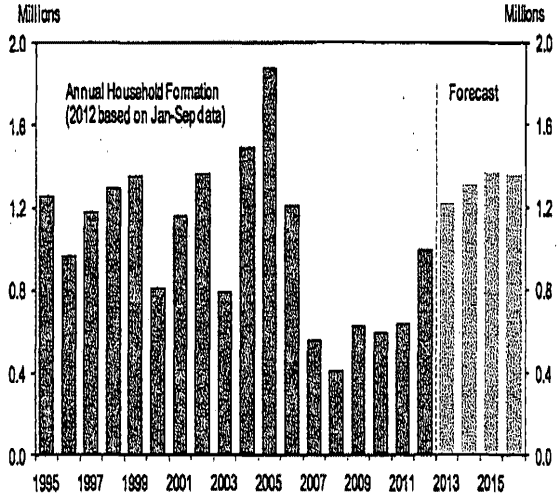
We reiterate our Attractive coverage view and positive expectations for the US housing industry during 2013. At a basic level, housing demand is driven by demographic factors, primarily household formation. Household formation since the recession has been at levels well below long-term averages. However, the process is recovering and 2012 household formation through 3Q has been at its best rate in the past five years. Goldman Sachs Global ECS Research team expects household formation to average 1.3mn annually over the next four years.

Exhibit 18: Household formation is recovering from a downdraft over the past five years
Annual household formation in 000's



Source: Census Bureau.

Exhibit 19: GS Global ECS Research expects an improvement in household formation, averaging 1.3mn over the next four years
Annual household formation estimates in 000's



Source: Census Bureau, National Association of Realtors, Goldman Sachs Global ECS Research.

Long term, we look at housing activity based on housing turnover, defined as single family home sales per household. The long term mean (over the past 40 to 45 years) is a rate of 4.7%, i.e., houses transact every 21-22 years. However, we believe the forward turnover rate is likely to edge higher given demographic and economic changes and the role foreclosure will likely still play in the housing market (we forecast 19% of sales will be distressed in 2015). Our normalized forecast for new home sales is 889K and 1.4mn for housing starts. Even post the 20-30% CAGR growth rates that we expect over the next few years, we see housing starts below the demographic demand for housing (defined as the number of housing units required to house new households formed and replace demolished units).

Our estimates for 2013 and 2014 housing starts are 1,029K and 1,282K (annualized units). The current (as of December 2012) Blue Chip Economic Indicators estimate for 2013 housing starts is 960K (annualized units).

Exhibit 4

The White House
Office of the Press Secretary

For Immediate Release May 11, 2013

WEEKLY ADDRESS: Growing the Housing Market and Supporting our Homeowners

WASHINGTON, DC— In this week's address, President Obama said seven years after the real estate bubble burst, our housing market is healing. The administration's policies have helped responsible homeowners save money on their mortgages and stay in their homes, and the President's consumer watchdog agency is working to protect consumers from being taken advantage of on their mortgages, but there is still more work to do. The President urges Congress to quickly confirm Mel Watt to lead the Federal Housing Finance Agency, and take action to give every responsible homeowner the chance to refinance and save money on their mortgage, so that we can keep growing the housing market, support working families, and strengthen the economy.

The audio of the address and video of the address will be available online at www.whitehouse.gov at 6:00 a.m. ET, Saturday, May 11, 2013.

Remarks of President Barack Obama
Weekly Address
The White House
May 11, 2013

Hi, everybody. Our top priority as a nation is reigniting the true engine of our economic growth – a rising, thriving middle class. And few things define what it is to be middle class in America more than owning your own cornerstone of the American Dream: a home.

Today, seven years after the real estate bubble burst, triggering the worst economic crisis since the Great Depression and costing millions of responsible Americans their jobs and their homes, our housing market is healing. Sales are up. Foreclosures are down. Construction is expanding. And thanks to rising home prices over the past year, 1.7 million more families have been able to come up for air, because they're no longer underwater on their mortgages.

From the day I took office, I've made it a priority to help responsible homeowners and prevent the kind of recklessness that helped cause this crisis in the first place.

My housing plan has already helped more than two million people refinance their mortgages, and they're saving an average of $3000 per year.

My new consumer watchdog agency is moving forward on protections like a simpler, shorter mortgage form that will help to keep hard-working families from getting ripped off.

But we've got more work to do. We've got more responsible homeowners to help – folks who have never missed a mortgage payment, but aren't allowed to refinance; working families who have done everything right, but still owe more on their homes than they're worth.

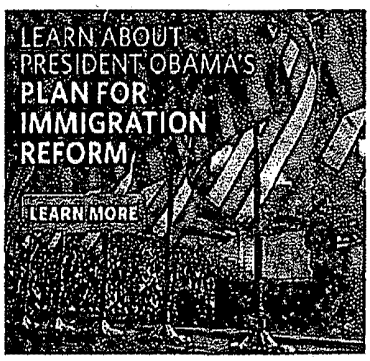
Last week, I nominated a man named Mel Watt to take on these challenges as the head of the Federal Housing Finance Agency. Mel's represented the people of North Carolina in Congress for 20 years, and in that time, he helped lead efforts to put in place rules of the road that protect consumers from dishonest mortgage lenders, and give responsible Americans the chance to own their own home. He's the right person for the job, and that's why Congress should do its job, and confirm him without delay.

And they shouldn't stop there. As I said before, more than two million Americans have already refinanced at today's low rates, but we can do a lot better than that. I've called on Congress to give every responsible homeowner the chance to refinance, and with it, the opportunity to save $3,000 a year. That's like a $3,000 tax cut. And if you're one of the millions of Americans who could take advantage of that, you should ask your representative in Congress why they won't act on it.

Our economy and our housing market are poised for progress – but we could do so much more if we work together. More good jobs. Greater security for middle-class families. A sense that your hard work is rewarded. That's what I'm fighting for – and that's what I'm going to keep fighting for as long as I hold this office.

WATCH THE VIDEO

May 11, 2013 5:00 AM
Weekly Address: Growing the Housing Market and Supporting our Homeowners



BLOG POSTS ON THIS ISSUE

June 26, 2013 1:14 PM EDT
See the White House through a New Lens
This morning, The White House posted its first photo on Instagram, an image of the First Family taking off on Marine One for their trip to Senegal, South Africa, and Tanzania.

June 26, 2013 1:00 PM EDT
State-by-State Reports: President Obama's Plan to Cut Carbon Pollution and Prepare for Consequences of Climate Change
State-by-state reports detail the impacts of extreme weather and pollution across the country, and explain how President Obama's plan will help cut carbon pollution and prepare states for the impacts of climate change that can't be avoided.

June 26, 2013 9:30 AM EDT
FLOTUS Travel Journal: Kicking Off Our Trip to Africa
The First Lady is heading to Africa – to Senegal, South Africa, and Tanzania – and she wants young people all across America to join!

VIEW ALL RELATED BLOG POSTS

Thank you. And have a great weekend.

###

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Exhibit 5

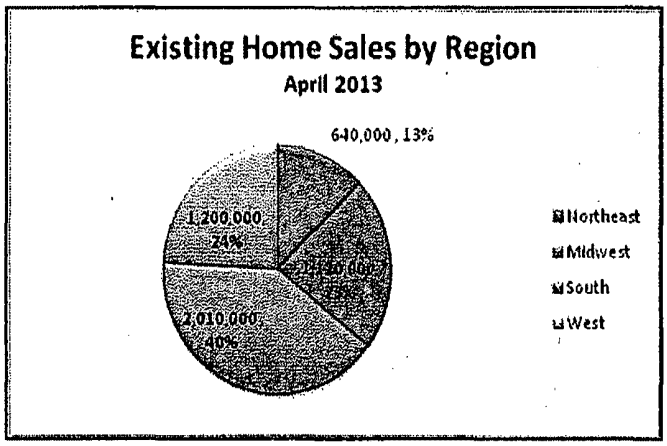
NATIONAL ASSOCIATION of REALTORS®

Economists' Outlook | BLOG
Housing stats and analysis from NAR's research experts

Roughly 40% of existing homes sold in the US are sold in the South

On May 23, 2013, in Did You Know, by Danielle Hale, Research Economist

Share | Share



- April home sales data show that about 40 percent of all existing homes in the US are sold in the South. At the current seasonally adjusted sales rate, that's more than 2 million a year.
- For decades, the South has had the largest number of housing units and owner-occupied housing units. As the South's share of population has increased over the last decade, so too has its contribution to home sales nationally.
- While all regions showed year over year sales growth in the data released today, the South showed the strongest growth at around 15% which helped boost national sales growth to nearly 10 percent above one year ago.
- By price, the South is the 3rd most expensive compared to other regions with an April 2013 median price of $168,700. From one year ago, the median price of homes sold in the South has jumped more than 10 percent, but affordability remains high. According to March data, the median income family earns nearly twice what is needed to qualify to purchase the median priced home[1].
- The South can be broken down further into 3 Census divisions which include the South Atlantic, East South Central, and West South Central.

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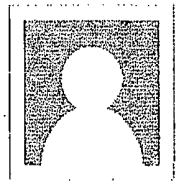
[1] For details see NAR's Housing Affordability Index Release: http://www.realtor.org/topics/housing-affordability-index



Danielle Hale, Research Economist

As a Research Economist at NAR, Danielle studies tax issues, the wealth impact of home ownership, and different measures of home prices.

Tagged with: Existing Home Sales • Home Buyers • Regional and Local Data

3 Responses to *Roughly 40% of existing homes sold in the US are sold in the South*

1. *Calgary Home Builder* says:
June 1, 2013 at 11:38 am

Why do you think sales are so high in the South? Larger consumer base? More conservative population? Obviously the South is having economic troubles of its own.

2. *joseph pugliese* says:
June 9, 2013 at 8:00 pm

A reason i believe is helping the South in home sales is so many people from the North are moving a way do to the cost of living from up North.

3. *Colleen Donlevy-Burns* says:
June 18, 2013 at 8:42 am

You can still get more house for your money in the South than in the North and the prices went down so far in this area that it makes it a great place for investors to get a good return on their dollar investment either by flipping the house or renting it out.

Leave a Reply

Your email address will not be published. Required fields are marked *

Name *

Email *

Website

Comment

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Economists' Outlook

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© 2011 Economists' Outlook

Exhibit 6

North Carolina Association of REALTORS

Existing Home Sales

April 2013

REPORTING MLS	UNITS SOLD IN April 12	UNITS SOLD IN April 13	% CHANGE	UNITS SOLD IN March 13	% CHANGE	April 12 AVG. COST	April 13 AVG. COST	% CHANGE	April 12 TOTAL DOLLARS	April 13 TOTAL DOLLARS	% CHANGE	March 13 TOTAL DOLLARS	% CHANGE
ASHEVILLE	203	284	40%	232	22%	$237,261	$249,531	5%	$48,163,974	$70,866,870	47%	$53,992,507	31%
BREVARD	24	42	75%	25	68%	$182,582	$159,779	-12%	$4,382,200	$6,710,701	53%	$5,616,650	19%
BRUNSWICK**	158	188	19%	162	16%	$239,684	$199,177	-15%	$36,921,522	$37,445,350	1%	$36,817,898	2%
CATAWBA VALLEY	172	183	6%	178	3%	$136,554	$143,376	5%	$23,487,414	$26,237,851	12%	$24,284,070	8%
CAROLINA (CHARLOTTE)	2,170	2,915	34%	2,624	11%	$214,779	$217,166	1%	$466,070,430	$633,038,890	36%	$567,302,340	12%
CARTERET	127	166	31%	131	27%	$206,247	$234,587	14%	$26,193,464	$38,941,524	49%	$31,560,424	23%
FAYETTEVILLE	189	284	50%	252	13%	$120,164	$127,253	6%	$22,710,941	$36,139,756	59%	$29,778,166	21%
GOLDSBORO	76	79	4%	84	-6%	$129,914	$135,748	4%	$9,873,489	$10,724,073	9%	$10,539,996	2%
GREENVILLE	116	178	53%	135	32%	$149,438	$152,727	2%	$17,334,808	$27,185,406	57%	$17,466,900	56%
HAYWOOD	55	63	15%	49	29%	$159,923	$178,079	11%	$8,465,760	$11,218,998	33%	$8,433,869	33%
HENDERSONVILLE	97	135	39%	138	-2%	$188,548	$221,480	17%	$18,095,129	$29,899,779	65%	$26,816,062	11%
JACKSONVILLE	261	275	5%	247	11%	$172,274	$172,073	0%	$44,963,534	$47,320,742	5%	$43,078,376	10%
NEUSE RIVER	106	129	22%	109	18%	$155,723	$163,529	5%	$16,855,365	$21,095,205	25%	$16,435,758	28%
OUTER BANKS	129	167	29%	131	27%	$339,290	$318,415	-6%	$43,768,441	$53,175,410	21%	$50,459,237	5%
ROCKY MOUNT	55	77	40%	61	26%	$94,866	$119,506	26%	$5,217,631	$9,201,950	76%	$4,855,885	90%
PINEHURST	79	92	16%	95	-3%	$239,392	$222,103	-7%	$18,912,044	$20,433,489	8%	$24,521,230	-17%
TRIAD	998	1,456	46%	1,288	13%	$146,966	$150,703	3%	$146,672,000	$219,423,000	50%	$193,430,000	13%
TRIANGLE*	1,900	2,635	39%	2,261	17%	$223,658	$231,914	4%	$424,100,000	$611,093,390	44%	$515,892,370	18%
WASHINGTON/BEAUFORT	26	31	19%	29	7%	$146,433	$145,940	-25%	$3,027,250	$4,524,125	49%	$3,980,800	14%
WILMINGTON	446	536	20%	486	10%	$218,563	$225,618	3%	$97,479,093	$120,931,139	24%	$107,781,806	12%
WILKES	25	38	52%	15	138%	$136,198	$142,460	5%	$3,404,957	$5,413,462	59%	$2,029,500	167%
TOTALS	7,412	9,953	34%	8730	14%	$200,499	$205,066	2%	$1,486,099,446	$2,041,020,610	37%	$1,775,472,944	15%
Year to Date	25,649	32,122	25%			$185,802	$196,393	5%	$4,765,642,755	$6,308,534,928	32%	$3,030,678,092	
*Triangle data includes new homes													
**Brunswick data includes Brunswick, Bladen, and Columbus Counties													

Exhibit 7

FRED ECONOMIC DATA | ST. LOUIS FED

Tools

Download Data

View Data

Notify Me of Updates

Add to My Data List

Vintage Series in ALFRED

Map in GeoFRED

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Other Formats

- Monthly, Seasonally Adjusted

Tags

- nsa *x 69,844*
- usa *x 55,604*
- monthly *x 34,351*
- state *x 6,991*
- census *x 6,902*
- nc *x 841*
- 1-unit structures *x 565*
- privately owned *x 553*
- housing starts *x 484*

Related Categories

- U.S. Regional Data
- States
- North Carolina

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- Tutorials
- FAQs
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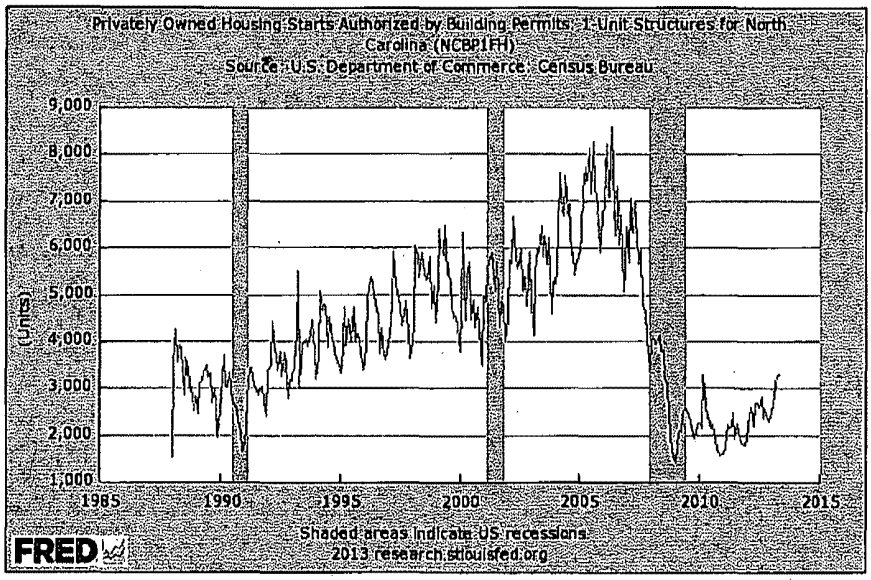
Privately Owned Housing Starts Authorized by Building Permits: 1-Unit Structures for North Carolina (NCBP1FH)

2013-05: **3,304** Units Last 5 Observations
Monthly, Not Seasonally Adjusted, Updated: 2013-06-26 9:32 AM CDT



Edit Graph Print PDF Save

Type: Line Size: Medium Range: Max Log Scale: Left Units: Levels

Notes: Growth Rate Calculations | US recession dates

Source: U.S. Department of Commerce: Census Bureau

Release: Housing Units Authorized By Building Permits

Subscribe to our newsletter for updates on published research, data news, and latest econ information.

Name: Email: Subscribe

Federal Reserve Bank of St. Louis, One Federal Reserve Bank Plaza, St. Louis, MO 63102

Exhibit 8

OUR WESTERN NORTH CAROLINA MARKET

Major Transition Underway

Consider these year-over-year metrics for Western North Carolina comparing 2012Q1 and 2013Q1:

- Existing home sales are up 21% percent.
- Existing months of inventory for sale are down 19% percent.
- Median home prices are up 4.8 percent.

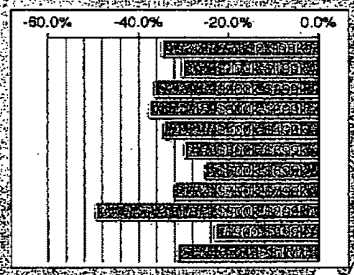
In the short term, we expect increasing values to increase demand and further constrain supply. Here's why.

1. Buyers are competing for a limited number of homes driving up prices.
2. As prices rise, buyers will become impatient and sellers will hold out hoping for the market to get even better. In a recent national survey by Redfin, 56% of buyers said now is a good time to buy, whereas only 13% said now is a good time to sell.
3. As prices rise, homeowners will eventually jump into the market and home builders will likely follow suit adding to inventory.

"I appear premature to declare a housing boom and chronicle an uneven regional recovery, but Vital Signs indicate a major transition."

Neal Hanks Jr., President

Home Supply Change Since Peak



Source: NAR

New Homes Needed to Relieve Inventory Shortage

"Only new home construction will relieve the anticipated inventory shortage, and housing starts need to rise at least 50 percent from current levels for that to happen," said Lawrence Yun, chief economist for the National Association of Realtors.

Jed Kolko, chief economist of Trulia describes the short-term phenomena created by reasons "1" and "2" as an "inventory spiral". Kolko does not believe the spiral will lead to another long-term bubble. "Rising prices encourage homeowners to sell and builders to build, which adds to inventory and breaks the spiral," he says. Following long established regional trends, inventories rose between 2012Q4 and 2013Q1.

Only hints of a shortage in some specific niche markets are visible, but if national trends play out in Western North Carolina we may not be far behind. Housing inventory nationwide declined 23% year-on-year in February according to the Department of Numbers. Housing tracker Inventory fell year-on-year in all 50 of the largest metros.

We take this responsibility of monitoring these trends seriously. Our agents welcome the opportunity to personalize the information, enabling you to make confident real estate decisions.

Median Sales Price

2012Q1/ 2013Q1

Area		% of change
WNCMLS	⇧	+4.8
Buncombe	⇧	+.9
Haywood	⇧	+4.2
Henderson	⇧	+7.4
Madison	⇧	+4.2
Polk	⇩	-3.2
Rutherford	⇩	-.08
Transylvania	⇩	-1.9

Market Insights

27% decrease in average months of inventory since 2012. Largest reduction in inventory occurring in middle price brackets.

Median sales price increased by almost 5% since 2012Q1.

1,396 total homes sold in the region in Q1, a 2% increase year over year.

VITAL SIGNS 2012Q1/ 2013

List/Sell Ratio: 94%

Median Sales Pric: $170,00

Supply: 6,096 (down 7.2%)

Cash Sale: 35%

Distressed Property Sales: 2%

23% of total Sales

National average 25% of closed s

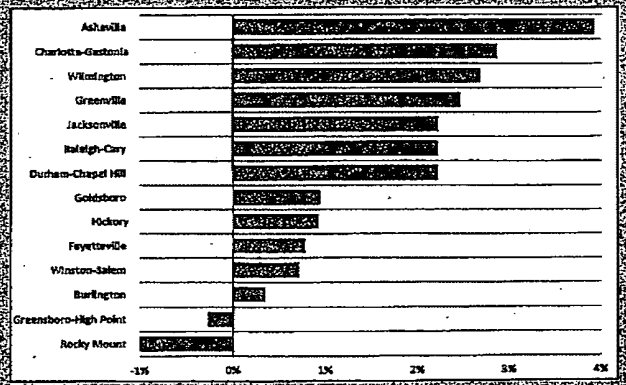
Economic Trends

by Tom Tveldt of SYNEVA Economics

The Asheville MSA (Buncombe, Haywood, Henderson, Madison counties) began the year with exceptionally strong employment gains, up 3 percent over the year. The MSA is the fastest growing metro area in the state and is outpacing both the state and nation.

By adding more than 5,000 jobs through the first two months of 2013, our post recession expansion is up to 40 consecutive months of growth. The pace of growth has accelerated over the last six months, historically averaging an annual growth rate of 1.4 percent, but during the last six months rates have steadily risen to near four percent. The biggest new job creation is led by the Leisure and Hospitality sector, up 2,500 new positions, nearly 12 percent over 2012. This sector's strength confirms the region's historically strong attraction to visitors and vacationers. Other industries contributing to job growth include Retail, adding 1,460 jobs, and Health Services, up 1,000. The broad based expansion even includes the Manufacturing sector, which added 250 jobs in the first quarter.

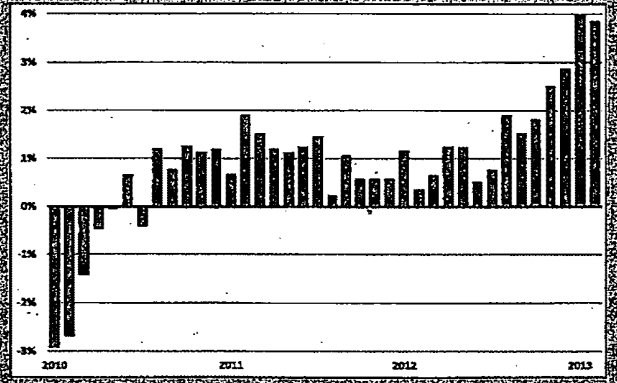
Jobs: Fastest Growth in the State



Over Two Years of Unbroken Job Growth

Thirty-One Consecutive Months of Year-Over-Year Expansion

Averaging 1.4 percent through February, the unemployment rate is the third lowest among all of the state's metropolitan areas. Currently two percentage points below the overall statewide unemployment rate and 1.9 percentage points below the national rate, our unemployment rate has been below both the state and national rates for over a decade.



Visit SYNEVA Economics at syneva.com

Information throughout this report is derived from Buncombe, Henderson, Haywood, Madison, Rutherford, Polk, and Transylvania counties real estate markets. Information as reported by the NC Mountains Multiple Listing Service, which does not guarantee or is in any way responsible for its accuracy. Data maintained by the MLS may not reflect all real estate activity in the market.

Beverly-Hanks & Associates

Exhibit 9

Beverly-Hanks & ASSOCIATES *The Sign of Excellence*

June 26, 2013

Mr. Randy Banks
(b)(4) P. O. Box 1037
Burnsville, NC 28714

Dear Randy,

[redacted]

With Warm Regards,

W. Neal Hanks, Jr.
President

/WNHjr

Exhibit 10

PRIVATE MOUNTAIN COMMUNITIES

June 24, 2013

Western NC Market Overview Prepared by Private Mountain Communities

Private Mountain Communities is a consumer based real estate advisory service that works exclusively with buyers acting as a buyers advocate by educating and referring consumers to the appropriate community based on their needs.

PMC's independent community consultants specialize in second home communities and retirement relocation and interview over 1000 prospective clients annually. PMC has accumulated over 45,000 active prospects from 46 states and 6 countries that have an expressed interest in Western NC since the company's inception in 2006.

In addition PMC utilizes a 17 question "Community Finder" Lifestyle Survey® that matches consumers to communities based on their preferred amenities, architecture and lifestyle preferences. This information is aggregated annually to reveal trends in consumer buying behavior and is the source used and referenced in this market overview.

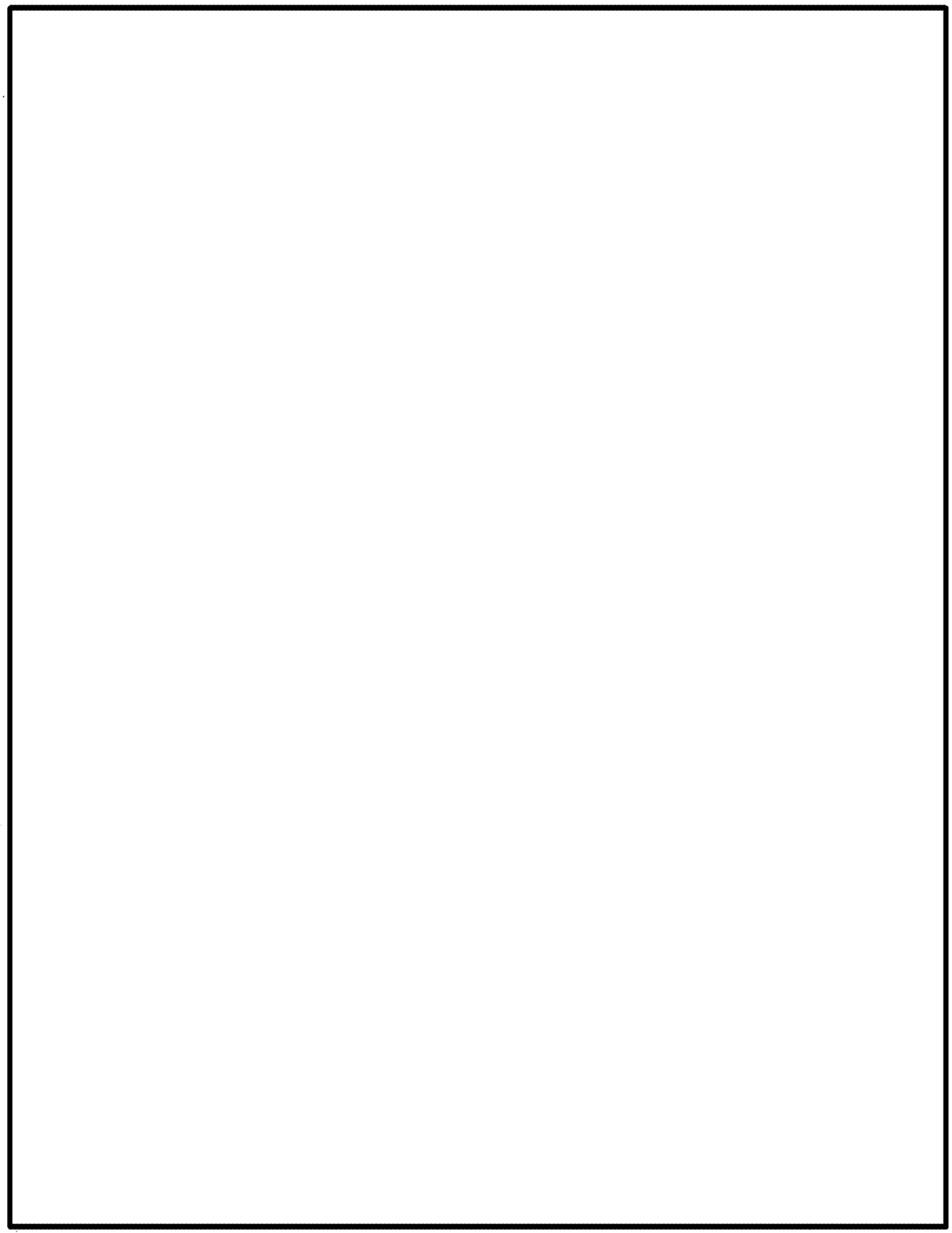
General Overview of the Western North Carolina Market

The regional market reached what many local experts consider the bottom of the market in the fall of 2011 when traffic and sales velocity began to increase in what in retrospect has been a sustained return to a more traditional absorption for this region. In 2013 that trend has accelerated in the first and second quarters with many developments reporting sales velocities approaching the highs of 2005 with 15 or more lot transactions and an additional 7 to 14 product sales for communities like Biltmore Lake and Southcliff with shelter product offerings.

WWW.PMCLIFESTYLE.COM

HENDERSONVILLE OFFICE:
130 South Main Street
Hendersonville, NC 28792
Toll Free: 1-888-517-3322
Fax: 828-698-6085

ASHEVILLE OFFICE:
1 Page Avenue, Suite 150
Asheville, NC 28801
Toll Free: 1-888-517-3322
Fax: 828-253-3351



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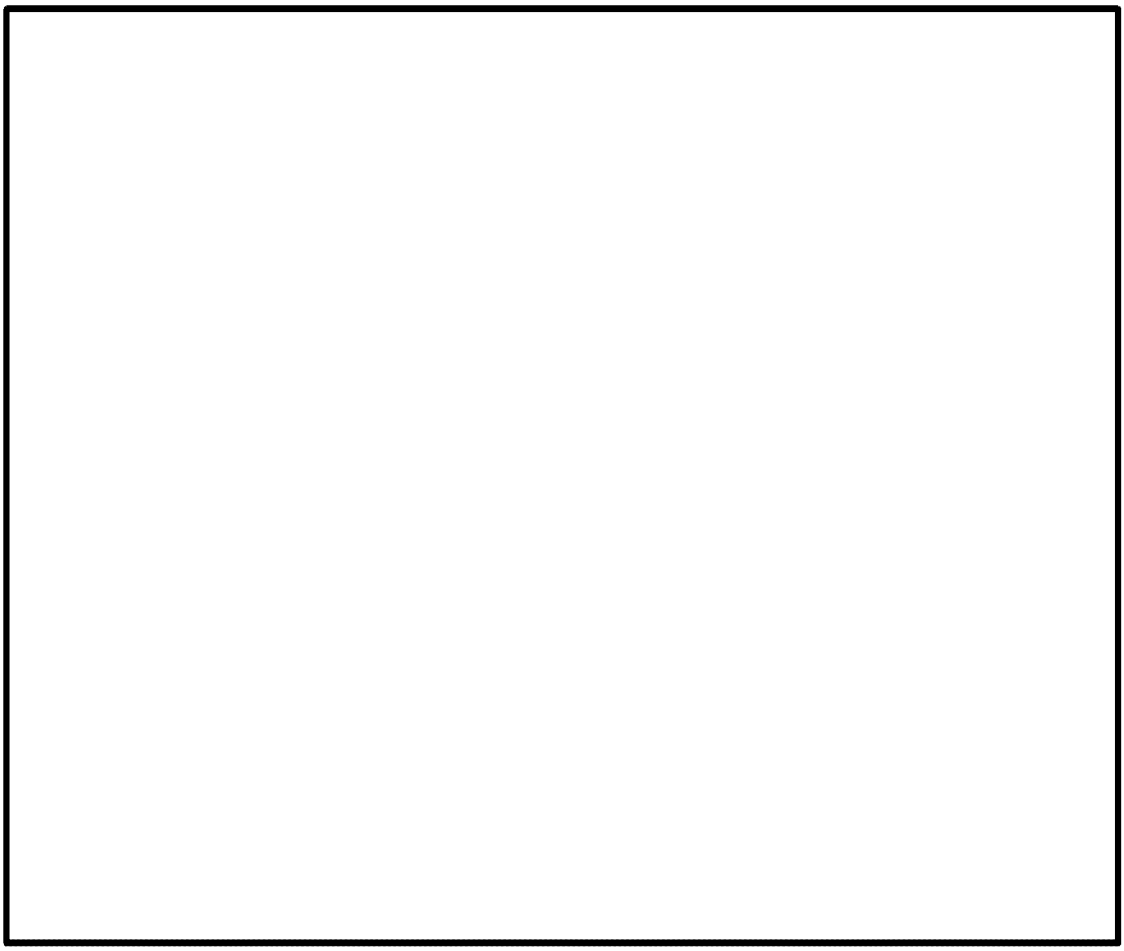

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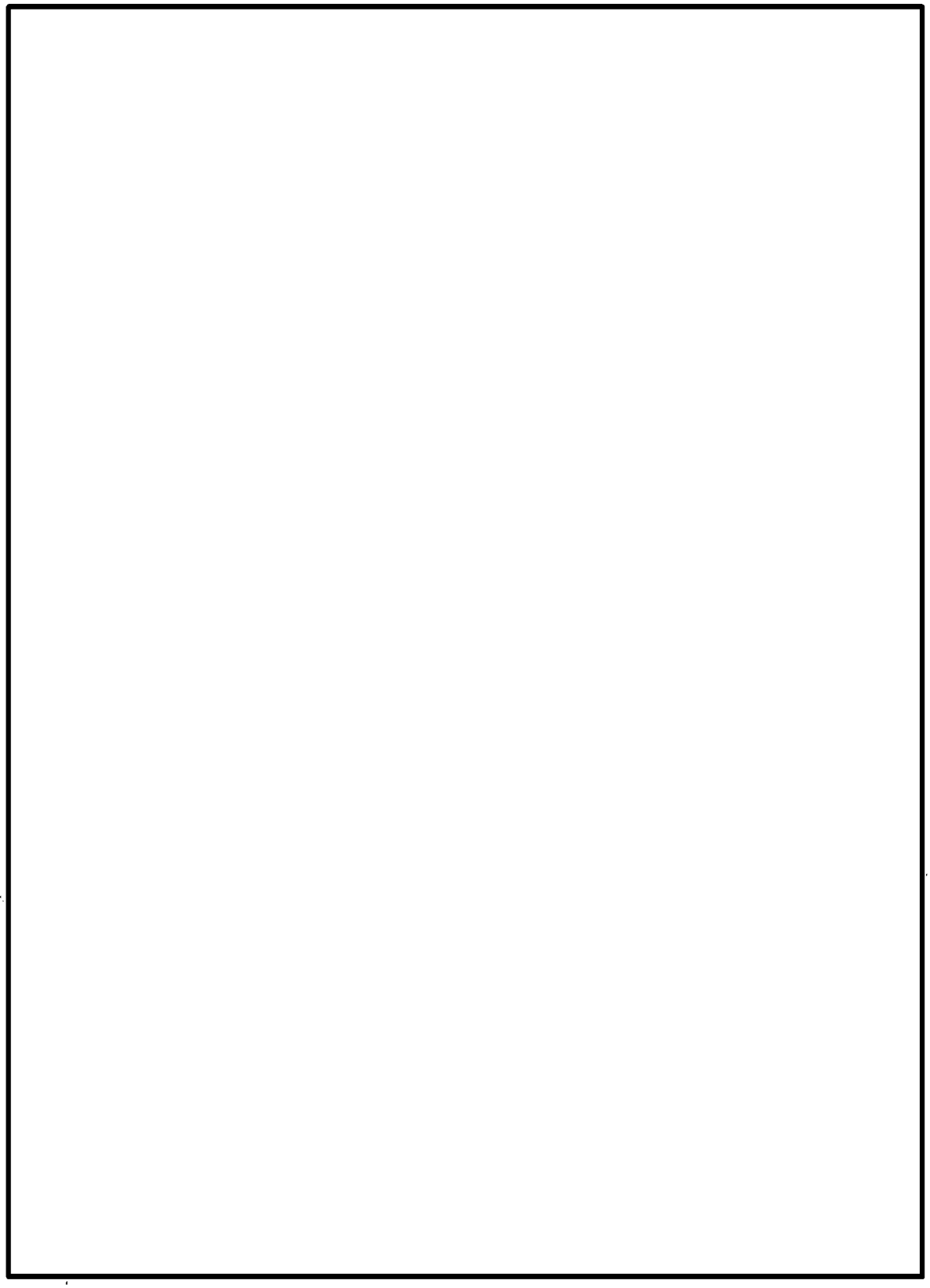

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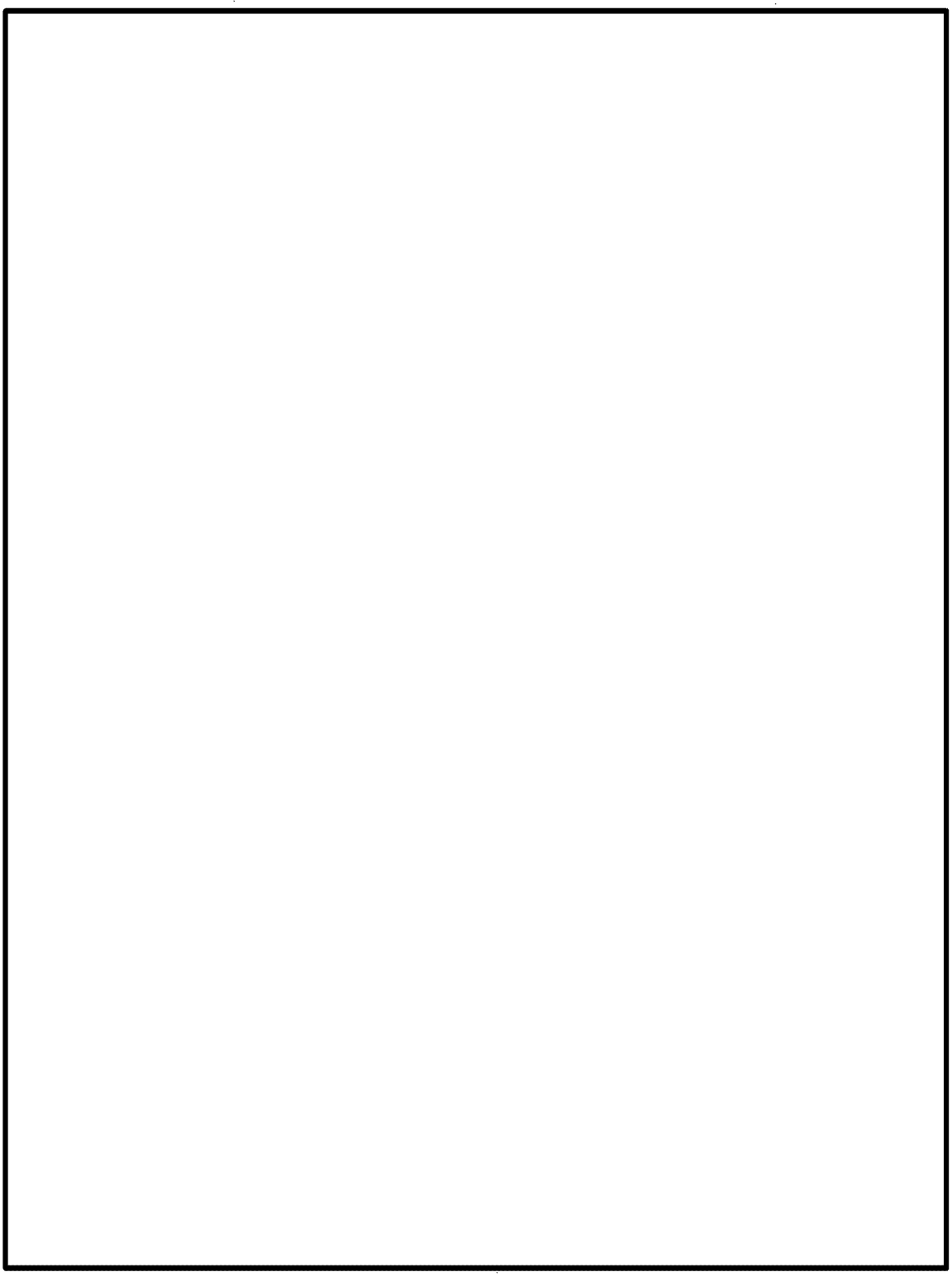

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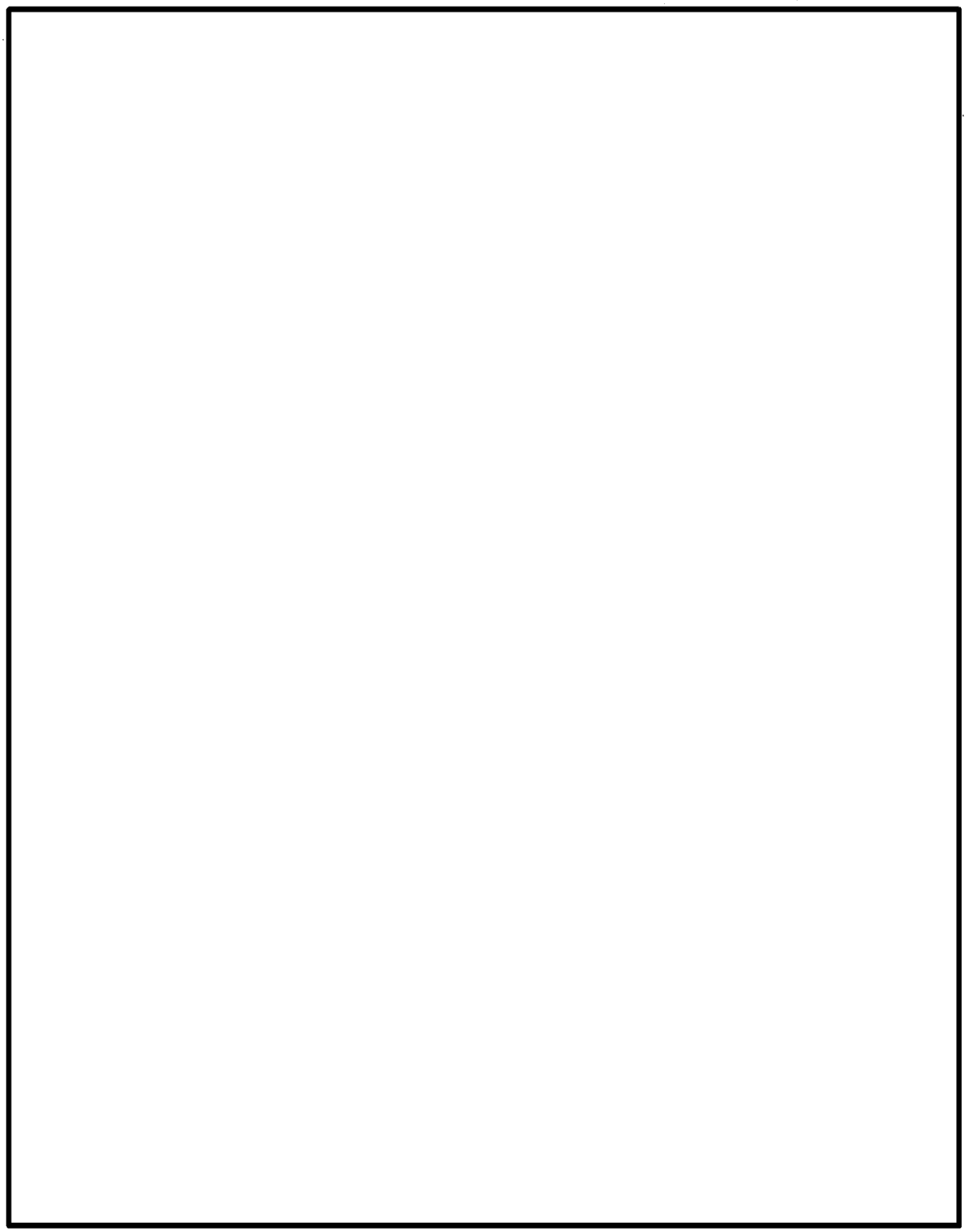

Sincerely,

Harry Redfearn
Founder and President

Exhibit 11

BlueRidge COUNTRY
Exploring the Mountains of the South

June 12, 2013

Randy Banks
Mountain Air Country Club
P. O. Box 1037
Burnsville, NC 28714

Dear Randy Banks:

It is my distinct pleasure, here on the occasion of *Blue Ridge Country*'s 25th Anniversary, to inform you that Mountain Air has been voted by our 325,000 readers as Platinum Award Winner for Best Gated community.

Your recognition, as well as those of more than 100 other reader favorites, will appear in the July/August 25th Anniversary issue of the magazine, available on newsstands throughout the region, as well as through our **Inaugural Digital Edition** available at blueridgecountry.com/online. An advance copy of the magazine is enclosed.

Please find herewith, a certificate commemorating your recognition. We encourage you to display it, and to use it in any marketing you may undertake in connection to your award; please include the phrasing "As voted by readers of *Blue Ridge Country* magazine" in all mentions of the award.

Congratulations once again on your award. And all best for the summer travel season.

Sincerely,

Richard Wells

J. Richard Wells
President

P.S. A sample press release about your award is also included – making it easier for you to share your good news with your local newspaper, radio and television media.

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Department of Homeland Security
U.S. Citizenship and Immigration Services

I–797E, N

A #	Application/Petition I924, Application for Regional Center under Immigrant Investor Pilot Program
Receipt # RCW1209050633	Application/Petitioner Appalachian E B-5 Regional Center
Notice Date October 11, 2012 / Page 1 of 9	Beneficiary

H. Ronald Klasko
Klasko, Rulon, Stock, & Seltzer LLP
RE: Appalachian EB-5 Regional Center
1800 John F. Kennedy Boulevard, Suite 1700
Philadelphia, PA 19103

Request for Evidence

Notice also sent to:

RETURN THIS NOTICE ON TOP OF THE REQUESTED INFORMATION LISTED ON THE ATTACHED SHEET.

Note: You are given until January 3, 2013 in which to submit the requested information to the address at the bottom of this notice.

Please note the required deadline for providing a response to this Request for Evidence. The deadline reflects the maximum period for responding to this RFE. However, since many immigration benefits are time sensitive, you are encouraged to respond to this request as early as possible but no later than the date provided on the request.

Pursuant to 8 C.F.R. 103.2(b)(11) failure to submit ALL evidence requested at one time may result in the denial of your application.

For more information, visit our website at www.uscis.gov
Or call us at 1-800-375-5283

Telephone service for the hearing impaired: 1-800-767-1833

CSC4639 WS25097 DIV III AC

For non-US Postal Service
Attn: EB 5 RC Proposal
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

You will be notified separately about any other applications or petitions you filed. Save this notice. Please enclose a copy of it if you write to us about this case, or if you file another application based on this decision. Our address is:

USCIS - CALIFORNIA SERVICE CENTER
P.O. BOX 10590
LAGUNA NIGUEL, CA 92607-0590
800-375-5283

RCW1209050633

Please see additional information on the reverse side.

COPY

Form I–797E (Rev. 05/05/06)

OMB No. 1615-0105; Expires 04/30/2012

Department of Homeland Security

G-28, Notice of Entry of Appearance as Attorney or Accredited Representative

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

☒ USCIS - List the form number(s): I-924

☐ CBP - List the specific matter in which appearance is entered:

☐ ICE - List the specific matter in which appearance is entered:

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. **NOTE:** Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and **not** the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent			A Number or Receipt Number, if any	
Name: Last	First	Middle		☐ Petitioner ☒ Applicant ☐ Respondent
Appalachian EB-5, LLC				
Address: Street Number and Street Name	Apt. No.	City	State	Zip Code
45 Mountain Air Drive		Burnsville	NC	28714

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCBP, or USICE.

Signature of Petitioner, Applicant, or Respondent Andrew Dover, Manager — **Date** 03/14/2012

Part 2. Information about Attorney or Accredited Representative *(Check applicable items(s) below)*

A. ☒ I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia: Pennsylvania Supreme

I am not ☒ or ☐ am subject to any order of any court or administrative agency disbarring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If you are subject to any order(s), explain fully on reverse side).

B. ☐ I am an accredited representative of the following qualified non-profit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and expiration date of accreditation:

C. ☐ I am associated with _____.

The attorney or accredited representative of record previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request *(If you check this item, also complete item A or B above in **Part 2**, whichever is appropriate)*.

Part 3. Name and Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

Name of Attorney or Accredited Representative	Attorney Bar Number(s), if any
H. Ronald Klasko	PA 20384
Signature of Attorney or Accredited Representative	Date 3/19/12

Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code)

Klasko, Rulon, Stock & Seltzer LLP, 1800 John F. Kennedy Boulevard, Suite 1700, Philadelphia, PA 19103

Phone Number *(Include area code)*	Fax Number, if any *(Include area code)*	E-Mail Address, if any
(215) 825-8600	(215) 825-8699	rklasko@klaskolaw.com

RECD CSC 12MAR30 15:16

OMB No. 1615-0061; Expires 09/30/2012

Department of Homeland Security
U.S. Citizenship and Immigration Services

Form I-924, Application for Regional Center Under the Immigrant Investor Pilot Program

Do Not Write in This Block - for USCIS Use Only (except G-28 block below)

Action Block

U.S. Department of Homeland Security
APPROVED
JUL 11 2013
004639
U.S. Citizenship and Immigration Services

F

RCW1209050633
egarcia2 I924 03/30/2012

☒ G-28 attached

Attorney's State License No.

C30056

Part 1. Information About Principal of the Regional Center

Name: Last	First	Middle
Dover	Andrew	

C/O: Appalachian EB-5, LLC

Street Address/P.O. Box: 45 Mountain Air Drive

City: Burnsville	State: NC	Zip Code: 28714

(b)(6)

Date of Birth (mm/dd/yyyy):	Fax Number (include area code): (305) 400-0679	Telephone Number (include area code): (740) 704-3256

Web site address: www.AppalachianEB5.com

Part 2. Application Type (Check one)

☒ **a.** Initial Application for Designation as a Regional Center

☐ **b.** Amendment to an approved Regional Center application. Note the previous application receipt number; if any (also attach the Regional Center's previous approval notice): _____

Part 3. Information About the Regional Center

(Use a continuation sheet, if needed, to provide information for additional management companies/agencies, Regional Center principals, agents, individuals or entities who are or will be involved in the management, oversight, and administration of the regional center.)

A. Name of Regional Center: Appalachian EB-5 Regional Center

Street Address/P.O. Box: 45 Mountain Air Drive

City: Burnsville	State: NC	Zip Code: 28714

Web site address:	Fax Number (include area code):	Telephone Number (include area code):
www.AppalachianEB5.com	(305) 400-0679	(740) 704-3256

Part 3. Information About the Regional Center *(Continued)*

B. Name of Managing Company/Agency: Appalachian Eb-5, LLC

Street Address/P.O. Box: 45 Mountain Air Drive		
City: Burnsville	State: NC	Zip Code: 28714
Web site address: www.AppalachianEB5.com	Fax Number (include area code): (305) 400-0679	Telephone Number (include area code): (740) 704-3256

C. Name of Other Agent:

Street Address/P.O. Box:		
City:	State:	Zip Code:
Web site address:	Fax Number (include area code):	Telephone Number (include area code):

D. Continuation, if needed, to provide information for additional management companies/agencies, regional center principals, agents, individuals or entities who are or will be involved in the management, oversight, and administration of the regional center.)

William R. Banks, additional Principal. 45 Mountain Air Drive, Burnsville, NC 28714. Phone: (740) 704-3256. Fax: (305) 400-0679. Date of Birth: 7/1/1953.

Part 3. Information About the Regional Center *(Continued)*

Note: If extra space is needed to complete any item, attach a continuation sheet, indicate the item number, and provide the response.

1a. Describe the structure, ownership and control of the regional center entity.

Appalachian EB-5, LLC is a North Carolina Limited Liability Company formed on October 13, 2011.

b. Date the Regional Center was established(mm/dd/yyyy): 10/13/2011

c. Organization Structure for the Regional Center:

- ☐ **1.** Agency of a U.S. State or Territory (identify) _____
- ☐ **2.** Corporation
- ☐ **3.** Partnership (including Limited Partnership)
- ☒ **4.** Limited Liability Company (LLC)
- ☐ **5.** Other (Explain) _____

2. Has this regional center's designation ever been formally terminated by USCIS, or has the regional center ever filed a Form I-924 or regional center proposal or amendment that was denied?

☒ No ☐ Yes - Attach a copy of the adverse decision, with an explanation, the date of decision, and case number, if any.

3. Describe the geographic area of the regional center. **Note:** This area must be contiguous. Provide a map of the geographic area.

See attached Regional Center Operations and Business Plan. The proposed territory is comprised of 50 counties in the State of Tennessee and 29 counties in the State of North Carolina. The Regional Center encompasses seven Metropolitan Statistical Areas (MSAs) in their entirety and parts of three others. The territory is located in the heart of the Blue Ridge Mountains section of the Appalachian range, and includes the western portion of North Carolina and the eastern part of Tennessee.

4. Describe the regional center's administration, oversight, and management functions that are or will be in place to monitor all EB-5 capital investment activities and the allocation of the resulting jobs created or maintained under the sponsorship of the regional center.

The Regional Center will engage in oversight and administration of investment activities pursuant to its responsibilities under the regulations. The Regional Center will create a database to keep records of the name, date of birth, nationality, location where the alien resides in the U.S., and alien registration number of each alien investor who makes an investment and files an I-526 petition or 829 application with USCIS, and whether the petition or application was approved, denied, or withdrawn by the alien. The Regional Center will track each investor's investment, the total aggregate investment, industry codes, job creation, and other data required to be kept for reporting to USCIS. The Regional Center will also manage the allocation of created jobs among investors. See attached Business and Operations Plan for a complete description.

Part 3. Information About the Regional Center *(Continued)*

5. Describe the past, current, and future promotional activities for the regional center. Include a description of the budget for this activity, along with evidence of the funds committed to the regional center for promotional activities. Submit a plan of operation for the regional center that addresses how EB-5 investors will be recruited, the method(s) by which the capital investment opportunities will be offered to the investors, and how they will subscribe or commit to the investment interest.

(b)(4)

6. Describe whether and how the regional center is engaged in supporting a due diligence screening of its alien investor's lawful source of capital and the alien investor's ability to fully invest the requisite amount of capital. Also, describe the regional center's prospective plans in this regard if they differ from past practice.

The Regional Center will screen each investor to ensure that the investor is an accredited investor under U.S. securities laws, is making the investment on his or her own behalf, and is investing funds acquired from a lawful source. Investors will be required to complete a questionnaire and submit documentation of the lawful source of their funds. The lawful source of funds will be further vetted by the escrow agent and bank in accordance with U.S. PATRIOT Act requirements, review by the Regional Center, and review by each investor's immigration attorney. See Business and Operations Plan.

7. Identify each industry that has or will be the focus of EB-5 capital investments sponsored through the regional center.

Industry Category Title:	Is the Form I-924 application supported by an economic analysis and underlying business plan for the determination of prospective EB-5 job creation through EB-5 investments in this industry category?
Construction NAICS Code for the Industry Category: 2 3 6 — — —	☐ No - Attach an explanation ☒ Yes
Industry Category Title:	Is the Form I-924 application supported by an economic analysis and underlying business plan for the determination of prospective EB-5 job creation through EB-5 investments in this industry category?
Real Estate Rental and Leasing NAICS Code for the Industry Category: 5 3 1 — — —	☐ No - Attach an explanation ☒ Yes
Industry Category Title:	Is the Form I-924 application supported by an economic analysis and underlying business plan for the determination of prospective EB-5 job creation through EB-5 investments in this industry category?
Profess'l, Scientific, and Tech. Svc NAICS Code for the Industry Category: 5 4 1 — — —	☐ No - Attach an explanation ☒ Yes

See Addendum for Add'l

Part 3. Information About the Regional Center *(Continued)*

8a. Describe and document the current and/or prospective structure of ownership and control of the commercial entity(s) in which the EB-5 alien investors have or will make their capital investments.

Foreign investors will invest in Mountain Air Lenders, LLC, a New Commercial Enterprise formed on October 11, 2011 under the laws of the State of Delaware. Investors will be Members in the LLC. The LLC will be managed by Mountain Air Manager, LLC, which is owned by the Regional Center. Mountain Air Lenders, LLC will loan 100% of the investors' EB-5 capital to the Mountain Air EB-5 Project. See attached business plan and organizational chart.

b. Date commercial enterprise established, if any (mm/dd/yyyy): 10/11/2011

c. Organization Structure for commercial enterprise:

- ☐ **1.** Corporation
- ☐ **2.** Partnership (including Limited Partnership)
- ☒ **3.** Limited Liability Company (LLC)
- ☐ **4.** Other (Explain) _____

d. Has or will the Regional Center or any of its principals or agents have an equity stake in the commercial enterprise?

☐ No ☒ Yes - Attach an explanation and documentation that outlines when and under what circumstances these remittances will be paid.

e. Has or will the Regional Center or any of its principals or agents receive fees, profits, surcharges, or other like remittances through EB-5 capital investment activities from this commercial enterprise, beyond the minimum capital investment threshold required of the EB-5 alien entrepreneurs?

☐ No ☒ Yes - Attach an explanation and documentation that outlines when and under what circumstances these remittances will be paid.

Part 4. Applicant Signature *Read the information on penalties in the instructions before completing this section. If someone helped you prepare this petition, he or she must compete* ***Part 5.***

I certify, under penalty of perjury under the laws of the United States of America, that this form and the evidence submitted with it are all true and correct. I authorize the release of any information from my records that U.S. Citizenship and Immigration Services needs to determine eligibility for the benefit being sought. I also certify that I have authority to act on behalf of the Regional Center.

Signature of Applicant	**Daytime Phone Number** *(Area/Country Codes)*	**Date** *(mm/dd/yyyy)*
Andrew Dover	(740) 704-3256	03/14/2012
Printed Name of Applicant	**E-Mail Address**	
Andrew Dover	andydover@odlumcapital.com	
Relationship to the Regional Center Entity (Managing Member, President, CEO, etc.)		
Manager		

Part 5. Signature of Person Preparing This Form, If Other Than Above *(Sign Below)*

I declare that I prepared this application using information provided by someone with authority to act on behalf of the Regional Center, and the answers and information provided by the Regional Center.

Attorney or Representative: In the event of a Request for Evidence (RFE), may the USCIS contact you by Fax or E-mail? ☐ No ☒ Yes

Signature of Preparer	**Printed Name of Preparer**	**Date** *(mm/dd/yyyy)*
	H. Ronald Klasko	5/29/12
Firm Name and Address Klasko Rulon Stock & Seltzer, LLP 1800 John F. Kennedy Blvd, Suite 1700 Philadelphia, PA 19103		

Daytime Phone Number *(Area/Country Codes)*	**Fax Number** *(Area/ Country Codes)*	**E-Mail Address**
(215) 825-8600	(215) 825-8699	rklasko@klaskolaw.com

Appalachian EB-5, LLC Regional Center
Mountain Air Project
Application for Regional Center Designation

Addendum to I-924

Part 3, Question 7

Additional Target Industry Categories requested (supported by attached economic model):

Utilities, NAICS 221

Repairs and Maintenance, NAICS 811

KLASKO
Immigration and Nationality Law

...o, Rulon, Stock & Seltzer, LLP
Pra... limited to Immigration and Nationality Law

PHILADELPHIA • NEW YORK

March 28, 2012

U.S. Citizenship and Immigration Services
California Service Center
ATTN: EB-5 Processing Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

RE: Application for Regional Center Designation (Form I-924)
Appalachian EB-5, LLC Regional Center
Mountain Air EB-5 Project

Exemplar I-526 Petition Attached.

Dear Sir/Madam:

We are the attorneys for Appalachian EB-5, LLC. We hereby submit the attached I-924 Application for Regional Center Designation and Exemplar I-526 Petition on its behalf. Appalachian EB-5, LLC is seeking project pre-approval through the exemplar I-526 process for its Mountain Air EB-5 Project. In support of this application, please find the following attached:

- Filing fee of $6,230;
- Form G-28;
- Form I-924;
- A detailed Index of Exhibits; and
- Supporting documentation.

Appalachian EB-5, LLC was organized under the laws of the State of North Carolina on October 11, 2011 for the purposes of engaging in economic development activity in the parts of the Appalachian Mountain Region falling with the western regions of North Carolina and the eastern regions of Tennessee- an area located within the heart of the Blue Ridge Mountains. The company seeks Regional Center Designation under Section 203(b)(5) of the Immigration & Nationality Act and Section 610 of the Appropriations Act of 1993.

1800 John F. Kennedy Boulevard, Suite 1700
Philadelphia, PA 19103
Telephone 215.825.8600 Facsimile 215.825.8699
www.klaskolaw.com

Pursuant to 8 CFR 204.6(m), each regional center wishing to participate in the Immigrant Investor Pilot Program shall submit a proposal to the Assistant Commissioner for Adjudications, which:

> "(i) Clearly describes how the regional center focuses on a geographical region of the United States, and how it will promote economic growth through increased export sales, improved regional productivity, job creation, and increased domestic capital investment;
>
> (ii) Provides in verifiable detail how jobs will be created indirectly through increased exports;
>
> (iii) Provides a detailed statement regarding the amount and source of capital which has been committed to the regional center, as well as a description of the promotional efforts taken and planned by the sponsors of the regional center;
>
> (iv) Contains a detailed prediction regarding the manner in which the regional center will have a positive impact on the regional or national economy in general as reflected by such factors as increased household earnings, greater demand for business services, utilities, maintenance and repair, and construction both within and without the regional center; and
>
> (v) Is supported by economically or statistically valid forecasting tools, including, but not limited to, feasibility studies, analyses of foreign and domestic markets for the goods or services to be exported, and/or multiplier tables."

Appalachian EB-5, LLC intends to offer EB-5-compliant capital investment opportunities within the 79 county territory of the proposed Regional Center in the initial five target industry clusters identified below. The offered investments will promote economic growth in the region through increased export sales, improved regional productivity, job creation, and increased domestic capital investment.

The company's first project, the Mountain Air EB-5 project, will consist of one phase of the master development plan of the Mountain Air private residential community. The Mountain Air community, located in Yancey County, North Carolina, was originally conceived as a getaway for close friends and acquaintances, but quickly blossomed into a 1,300 acre award-winning private residential development complete with 18 holes of mountaintop golf and its own airstrip. The community is unique as a destination-oriented development with $100 million of amenities and infrastructure in place, including the Mountain Air Country Club, with a full 18 hole golf course (expanding to 27); a community pool; an activity center with a movie theatre, kids' activity and game rooms, and a fitness room overlooking the mountains; restaurants; and a five-star hotel. The community is supported by 17 miles of completed roads, on-site water wells and water

treatment/distribution network, city sewer service provided by the town of Burnsville, underground utility lines (including phone, cable, electricity and high speed internet), a 2,875 foot paved runway, and 8.5 miles of maintained hiking trails. *See* **Exhibit 19**, Project Business Plan.

The current phase of the development, to be funded in part by EB-5 investment, includes the construction of single family units and condos in a number of Mountain Air subdivisions, and the build out of accompanying infrastructure. In total 189 properties (70 single family homes, 82 condominiums, and 37 sites for custom homes) will be prepared and sold as part of the Mountain Air EB-5 project. *See* **Exhibit 19**, Project Business Plan. The project will be funded in part by up to [redacted] in EB-5 funds, for a total of up to [redacted] EB-5 investors. The total cost of the project is expected to be [redacted] over a four year period, with the remainder of the funding coming from other sources, including developer equity, conservation easements and revenue. (b)(4)

I. Geographic Area of the Regional Center

Appalachian EB-5, LLC will offer EB-5 investment opportunities in industries within the contiguous territory comprised of a total of 79 counties in western North Carolina and eastern Tennessee.[1] The Regional Center's largely rural territory is located along the Appalachian Mountain Range on the border of North Carolina and Tennessee, in the heart of the Blue Ridge Mountains. The outlines of the area, which is linked culturally and economically, were set in part to align with the focus area of the Appalachian Regional Commission, a federal, state, and local government partnership focused on promoting the economic development of the region.

The region is known for its distinct culture and economy, which have been defined by the difficulties to transportation and economic growth imposed by the mountains. The major force that has shaped the culture and development pattern of the region has been the terrain, which presents a substantial barrier to east-west travel and transportation. The region has long been known for the poverty that results from these obstacles to economic development, but also for the spectacular national forests, substantial natural resources, and long cultural heritage present in the region. Although predominantly rural, the proposed region is roughly bounded by three cities that connect the region economically and culturally, including Knoxville, Tennessee on the western side, Asheville, North Carolina to the south, and Winston-Salem to the north-east. *See* **Exhibit 20**, Economic Impact Report (discussing in detail the unifying characteristics of the proposed region).

[1] For a complete listing and a map, *see* **Exhibit 3,** at 3, 32 (Operations Plan); **Exhibit 20,** at 13-14 (Econ. Report).

II. Industry Focus

Appalachian EB-5, LLC will offer investments targeting the following industries for which it seeks USCIS approval:

- NACIS 236, Construction of Buildings;
- NAICS 531 Real Estate, Rental, and Leasing;
- NAICS 541 Professional, Scientific, and Technical Services;
- NAICS 221 Utilities;
- NAICS 811 Repair and Maintenance.

The Mountain Air EB-5 project is a multi-year development project involving the construction of numerous single and multi-family dwellings, community infrastructure, and amenities, as well as the sales and leasing of real estate. The requested industry classifications are directly tied to these activities. The investment of EB-5 funds into these activities will create a broad economic impact on the region, as discussed in the Economic Impact Report. *See* **Exhibit 20**.

III. Economic Impact

A. Economic Model

8 C.F.R. § 204.6(m)(3)(v) provides that an application for regional center designation must be "supported by economically or statistically valid forecasting tools, including, but not limited to, feasibility studies, analyses of foreign and domestic markets for the goods or services to be exported, and/or multiplier tables." 8 C.F.R. § 204.6(m)(7)(ii) provides that:

> "To show that 10 or more jobs are actually created indirectly by the business, reasonable methodologies may be used. Such methodologies may include multiplier tables, feasibility studies, analyses of foreign and domestic markets for the goods or services to be exported, and other economically or statistically valid forecasting devices which indicate the likelihood that the business will result in increased employment."

Appalachian EB-5, LLC had provided an econometric analysis performed by Jeffery B. Carr of Economic & Policy Resources, Inc. (EPR) using the Regional Dynamics Economic Analysis Model (REDYN). REDYN is a dynamic input-output model that simulates the economic relationships between various sectors of an economy on several levels of geographic detail. It is one of four models that have been generally accepted by USCIS (the others being RIMS II, IMPLAN, and REMI), and is generally considered to be a reasonable methodology and a valid forecasting tool.

B. Projected Economic Impacts

Appalachian EB-5, LLC has provided an economic impact analysis based on its first project, the Mountain Air EB-5 Project, in support of its application for designation as a regional center. This project is an actual project, not an exemplar project. However, the economic analysis provided demonstrates both the economic impact of the project and the positive economic impact of the proposed regional center.

The model was used to predict the economic impact of the construction and operation of the project. According to the Economic Impact Report, the Mountain Air EB-5 Project will create a total of [redacted] EB-5 eligible jobs by impact Year 3 within the geographical area of the prospective regional center, and a total of an additional [redacted] jobs for U.S. workers outside of the territory of the proposed regional center. (b)(4)

The project will also generate positive economic impacts within the regional center, including:

- [redacted] in increased output (in 2012 dollars).
- [redacted] increased disposable income (in 2012 dollars).
- [redacted] increased household earnings (in 2012 dollars).

(b)(4) Positive impacts to the U.S. economy outside of the regional center include:

- [redacted] in increased output (in 2012 dollars).
- [redacted] in increased disposable income (in 2012 dollars).
- [redacted] in increased household earnings (in 2012 dollars).

The underlying assumptions, inputs, and results of the analysis are described in detail in **Exhibit 20**.

The Economic Impact Report demonstrates that Appalachian EB-5, LLC will meet the statutory requirements of the EB-5 program by creating a significant, positive economic impact in the region. The Report also demonstrates that the Mountain Air

(b)(4) [redacted]

IV. Regional Center Structure and Operations

Appalachian EB-5, LLC has submitted a detailed Regional Center Business and Operations Plan with this application. *See* **Exhibit 3**.

A. Structure, Principals, and Administration

Appalachian EB-5, LLC is a North Carolina limited liability company, organized on October 13, 2011. *See* **Exhibit 1**, Articles of Organization. The principals of Appalachian EB-5, LLC are Andrew Dover and William R. Banks. The principal office of the company is located at 45 Mountain Air Drive, Burnsville, North Carolina 28714. Andrew Dover serves as the Manager of the company. *See* **Exhibit 2**, Operating Agreement.

Andrew Dover is responsible for setting the firm's global asset strategy and managing the overall operations firm. He is currently the Founder and Managing Partner of Odlum Capital. Prior to founding Odlum, Mr. Dover was the CEO of the Joe Torre Foundation in New York City. Before his tenure as CEO, he served as a senior vice-president at UBS. He started his investment career at Merrill Lynch. Mr. Dover holds a BA in Philosophy from Yale University, an MPA from Harvard University's John F. Kennedy School of Government, and a Diploma in Organizational Leadership from the University of Oxford. In addition, he was a Fellow of the Center for Social Innovation (CSI) at the Stanford Graduate School of Business.

The regional center is expected to employ 1 full-time administrative and one full time professional Manager at start-up—adding a second professional analyst at the beginning of operating year 4. The business plan and financial projections expect that staffing will increase in the Appalachian EB-5, LLC Regional Center regional center as needed to meet the needs of the regional center administrative and compliance program. Mr. Andrew Dover and Mr. William R. Banks will provide administrative oversight and guidance to regional center staff.

B. Marketing Activities of the Regional Center

(b)(4)

The marketing activities are described in detail in the Regional Center Business and Operations Plan, **Exhibit 3**.

(b)(4) [redacted]

projects. *See* **Exhibit 3** (including 5 year financial projections for the Regional Center).

C. Regional Center Due Diligence Activities

Appalachian EB-5 will institute procedures to screen investors and track investor and investment information, including:

- A list of all EB-5 investors, including the name, date of birth, and alien registration number of each alien investor who makes an investment and files an EB-5 I-526 petition with USCIS, specifying whether the petition was approved, denied, or withdrawn by the petitioner;
- The country of nationality of each alien investor who makes an investment and files an EB-5 petition with USCIS;
- A current list by U.S. municipality and state of residence of each alien investor who makes an investment and files an EB-5 I-526 petition with USCIS;
- A listing of the categories of approved business activity within the geographic boundaries of the regional center that have received the alien investors' capital, and in what amount;
- The names and locations of each of the job creating commercial enterprises located within the geographical boundaries if the regional center has received alien investor capital;
- The sources and amounts of EB-5 and non-EB-5 capital invested into approved business activities within the Regional Center territory;
- The total aggregate number of EB-5 alien investor I-526 petitions and I-829 applications, filed, approved, denied or withdrawn per Federal Fiscal Year to date made through the regional center;
- The total number of EB-5 eligible jobs created or, if applicable, preserved by EB-5 investment within the Regional Center.

Appalachian EB-5, LLC will also screen investors for accredited investor status under the securities laws of the U.S. and to ensure that potential investors are eligible for the EB-5 program and their investment funds come from lawful sources. *See* **Exhibit 3.**

D. Allocation of Created Jobs

Appalachian EB-5 will be responsible for allocating credited jobs among the investors. While the company intends to take on only projects that are anticipated to easily meet the

10-job per investor requirement, jobs will be allocated among investors in the case of a shortfall pursuant to the Job Allocation Agreement, **Exhibit 13**. This agreement provides that jobs will be allocated on a priority basis based on the date an investor acquired conditional permanent resident status, either by entering the U.S. on an approved EB-5 visa, or through adjustment of status within the U.S.

E. Statement of Funds Committed to the Regional Center

A total of $[redacted] has been committed to the Regional Center to cover start-up costs, application costs, operations, and initial marketing activities. Funding will come from the capital contributions of the company's members in proportion to their interests in the company as follows: Andrew Dover, [redacted] and William R. Banks, [redacted] *See* **Exhibit 2**, Operating Agreement (Exhibit A). (b)(4)

Appalachian EB-5, LLC has included a five year pro-forma for operating costs and income, and a five year marketing budget. *See* **Exhibit 3**. Operations costs and marketing costs are expected to be funded through revenue, including the [redacted] administrative fee to be paid by each investor and the [redacted] fee to be paid by the Project to the Regional center. [redacted]

(b)(4) [redacted]

V. Exemplar I-526 Petition/Project Details

Appalachian EB-5, LLC is seeking project pre-approval for the Mountain Air EB-5 Project through the exemplar I-526 process. This is an actual, shovel ready project. Appalachian EB-5, LLC is seeking approval of the attached project business plan, Economic Impact Report, economic methodology, job creation, and other documents as if the attached exemplar petition were being submitted by a real investor for actual adjudication by USCIS. The investor specific documents have been omitted, and a fictional investor has been used.

(b)(4) [redacted]

A. Project Overview

The Mountain Air EB-5 Project (the Project), will consist of one phase of the master development plan of the Mountain Air private residential community. The Mountain Air community, located in Yancey County, North Carolina, was originally conceived as a getaway for close friends and acquaintances, but quickly blossomed into a 1,300 acre award-winning private residential development complete with 18 holes of mountaintop golf and its own airstrip. The community is unique as a destination-oriented development with $100 million of amenities and infrastructure in place, including the Mountain Air Country Club, with a full 18 hole golf course (expanding to 27); a community pool; an activity center with a movie theatre, kids' activity and game rooms, and a fitness room overlooking the mountains; restaurants; and a five-star hotel. The community is supported by 17 miles of completed roads, on-site water wells and water treatment/distribution network, city sewer service provided by the town of Burnsville, underground utility lines (including phone, cable, electricity and high speed internet), a 2,875 foot paved runway, and 8.5 miles of maintained hiking trails. *See* **Exhibit 19**, Project Business Plan.

The current phase of the development, to be funded in part by EB-5 investment, includes the construction of single family units and condos in a number of Mountain Air subdivisions, and the build out of accompanying infrastructure. In total 189 properties (70 single family homes, 82 condominiums, and 37 sites for custom homes) will be prepared and sold as part of the Mountain Air EB-5 project. *See* **Exhibit 19**, Project Business Plan. The project will be funded in part by up to [redacted] EB-5 funds, for a total of up to [redacted] EB-5 investors. The total cost of the project is expected to be [redacted] over a four year period, with the remainder of the funding coming from other sources, including developer equity, conservation easements and revenue. (b)(4)

B. Project Structure

The Project will be funded through loans funded by EB-5 investment. A New Commercial Enterprise, Mountain Air Lenders, LLC was established on October 11, 2011 for the purposes of loaning funds to Mountain Air Global, LLC, (the Developer) to complete the project. Mountain Air Lenders will be owned by EB-5 investors as members, and Mountain Air Manager, LLC as the Manager of the LLC.[3] The investment will be made under the Appalachian EB-5, LLC Regional Center pursuant to a Memorandum of Understanding between the Regional Center and the Mountain Air Lenders, LLC. The Regional Center will maintain responsibility for record keeping, due diligence, and other administrative duties pursuant to its responsibilities as a designated regional center. *See* **Exhibit 20**.

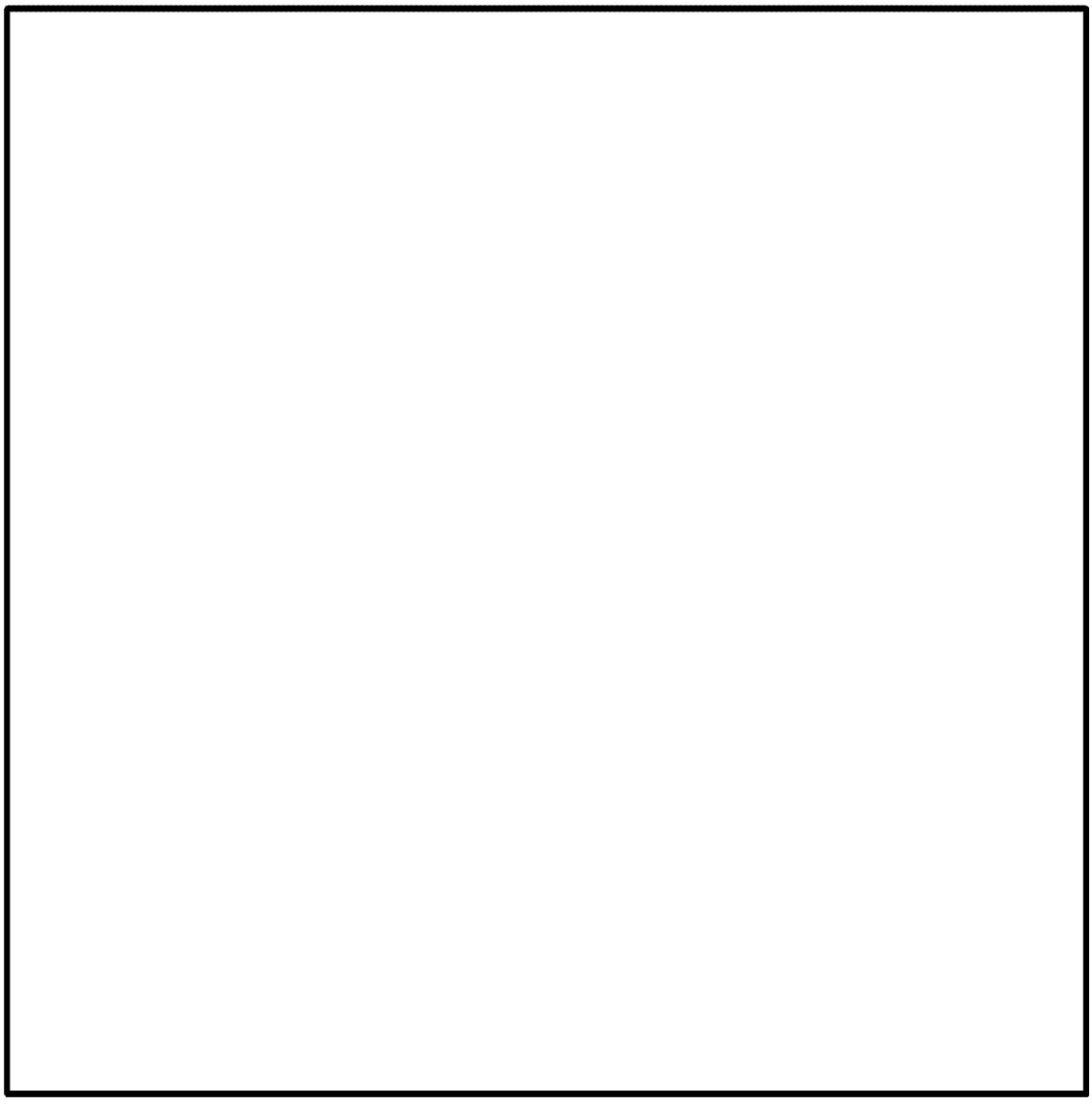
[3] Mountain Air Manager, LLC is owned by Appalachian EB-5, LLC.

The structure is illustrated in the following chart:

OVERVIEW STRUCTURE

MOUNTAIN AIR LENDERS, LLC
(THE "EB-5 COMPANY")

(b)(4)



C. Qualifying Investment

Investors in Mountain Air Lenders, LLC will make a qualifying investment of $500,000 plus an administrative fee of [redacted] to cover marketing and administrative costs and attorney's fees. 100% of each investor's qualifying investment of $500,000 will be used to fund the loan to the developer for the construction of the Project. *See* **Exhibit 6**, Private Placement Memorandum.

(b)(4)

(b)(4) [redacted]

D. The Investment is At Risk

Investors in Mountain Air Lenders, LLC will make a capital contribution to the company in the amount of $500,000. There is no guarantee that this money will be returned or the investors will make a profit on their investment, and the investment is subject to partial or total loss in the event that Mountain Air Global, LLC defaults on the loan. While the loan may be secured with the assets of the Project, there is no guarantee that the assets of the project will have a market value equal to the amount of investment, or any market value at all. The ability of Mountain Air Global to pay back the loan is dependent on its ability to complete the project and successfully market the constructed units, or refinance the project after completion. If Mountain Air Global, LLC fails to do any or all of these things, the investor's $500,000 capital investment may be lost. *See* **Exhibit 6**.

The terms of the investment place substantial limits on the transferability of member interests in Mountain Air Lenders, LLC, and there is essentially no market for shares in the company. To limit the risks that an investor will invest in the company and then be unable to obtain conditional permanent residence due to the denial of their I-526 petition by USCIS, the company has established an escrow account for use by investors. *See* **Exhibit 6**.

(b)(4) Investors will place their $500,000 investment into an escrow account with the Project. They will also place the [redacted] administrative fee into a separate escrow account.[4] Upon the filing of their I-526 petitions, [redacted] *See* **Exhibits 6, 11, 12.**

In the event that an investor's I-526 petition is denied, the company will refund the $500,000 capital contribution and cancel the investor's subscription. Upon such a denial, the company may accelerate the funding of a number of other investors' holdback amounts into the company sufficient to replace the denied investor's capital contribution, so that the accelerated investors fully fund their capital contributions prior to the approval of their I-526 petitions. Once their I-526 petitions are approved, investors are **not** entitled

[4] A portion of this fee will be returned in the case the I-526 petition is denied.

to any return of capital upon the denial of their EB-5 visa application, application for admission as a conditional resident, application for adjustment of status, or I-829 application to remove the conditions on their residence. Once the I-526 petition is approved, an investor is only entitled to a return of his capital upon the dissolution of the company or return after the removal of the conditions on residence (I-829 approval) and at the maturity of the loan, as described in the offering documents. Investors are required to maintain their capital investment through the conditional residence period. *See Id.*

E. Active Involvement of Investors

Investors in the project will have a policy making role. Investors in the Project will have all the rights and duties usually accorded to members under the Delaware Limited Liability Company Act. The rights of the Members under the Operating Agreement are consistent with rights normally granted to Members under the Act, and give the investors the right to vote on certain decisions, including the removal of the Manager. *See* **Exhibit 8**, Operating Agreement.

F. Targeted Employment Area/Rural Area

The Mountain Air EB-5 project is located in the town of Burnsville, North Carolina. According to the U.S. Census Bureau, Burnsville, North Carolina has a population of 1,693. The project is also located within Yancey County, North Carolina, which is outside of any metropolitan statistical area. Because the project is outside of any metropolitan statistical area, and outside of any city or town with a population of 20,000 or more, it is located in a Rural Area under the regulations, and thus qualifies as a targeted employment area with a reduced investment requirement of $500,000 instead of $1 million. *See* **Exhibit 21**, MSA map (highlighted areas include all counties within a Metropolitan Statistical Area).

G. The Investment will Create at Least 10 Full-Time, Permanent Jobs Per Investor

The proceeds of each investor's qualifying investment will be loaned to the Developer to be used for costs related to the construction of multiple properties and related infrastructure. Specifically, the proceeds of the loan of EB-5 money will be used toward the construction of 70 single family homes, 82 condominiums, and 37 sites for custom homes, as well as the accompanying infrastructure improvements necessary to support the development.

According to the Economic Impact Report, **Exhibit 20**, expenditures on the construction and development of the Project will result in a total of [redacted] full-time, permanent jobs for U.S. workers in the regional economy. The Mountain Air Lenders, LLC offering is open to up to [redacted] EB-5 investors. *See* **Exhibit 6**, PPM. If the offering is fully subscribed, the project would need to create [redacted] jobs in order to create at least 10 jobs per investor. However, as the Project is expected to generate [redacted] jobs, that threshold is easily met.[5] (b)(4)

VI. Conclusion

In light of the foregoing, we respectfully request that you approve the instant application for regional center designation and the accompanying exemplar I-526 Petition.

Respectfully Submitted,

H. Ronald Klasko, Esq.
Klasko Rulon Stock & Seltzer
rklasko@klaskolaw.com

[5] *See* the discussion of the Economic Impact Report, *supra*.

Appalachian EB-5, LLC Regional Center
Mountain Air Development Project
Application for Regional Center Designation

Index of Exhibits

Part 1, Regional Center Documents

Exhibit 1: Articles of Organization of Appalachian EB-5, LLC, 10/13/2011 (North Carolina)

Exhibit 2: Appalachian EB-5, LLC Operating Agreement

Exhibit 3: Appalachian EB-5 Regional Center Business and Operations Plan

Exhibit 4: Map of geographic territory

Part 2, Project Organizational Documentation

Exhibit 5: Certificate of Formation for Mountain Air Lenders, LLC (New Commercial Enterprise), on 10/11/2011 in the State of Delaware

Exhibit 6: Confidential Private Placement Memorandum for Mountain Air Lenders, LLC

Exhibit 7: Mountain Air Lenders, LLC Subscription Agreement (See Exhibit 7 p.68)

Exhibit 8: Mountain Air Lenders, LLC Operating Agreement

Exhibit 9: Mountain Air EB-5 Job Allocation Agreement

Exhibit 10: Letter in support of the project from U.S. Congressman Heath Shuler, 11th Dist., North Carolina

Exhibit 11: Subscription and Processing Fee Escrow Agreement between Mountain Air Lenders, LLC, Appalachian EB-5, LLC, NES Financial Corp., and SunTrust Bank

Exhibit 12: Escrow Administration Services Agreement between Appalachian EB-5, LLC and NES Financial Corp.

Exhibit 13: Letter in support of the project from the North Carolina Department of Commerce

Exhibit 14: Memorandum of Understanding Between Appalachian EB-5 Regional Center, LLC, Mountain Air Global, LLC, and Mountain Air Lenders, LLC

Exhibit 15: Articles of Correction for Mountain Air Global, LLC, 10/21/2011 (North Carolina)

Exhibit 16: Articles of Organization of Appalachian Mountain Air Global, LLC, 10/13/2011 (North Carolina)

Exhibit 17: Articles of Correction for Mountain Air Manager, LLC, 10/21/2011 (North Carolina)

Exhibit 18: Articles of Organization of Appalachian Mountain Air Manager, LLC, 10/13/2011 (North Carolina)

Part 3, Project Business Plan and Economic Analysis

Exhibit 19: Comprehensive EB-5 Project Business Plan

Exhibit 20: Economic Impact Report, "The Economic Impact of the Mountain Air EB-5 Project in the Prospective Appalachian EB-5 Regional Center"

Exhibit 21: Evidence that project is located within a Rural Area

Exhibit 22: Mountain Air Master Development Plans, Maps and Pro Forma

Part 4, Exemplar I-526 Petition

Exhibit 23: Exemplar Form I-526 and Sample Table of Contents

Exhibit 1

Articles of Organization of Appalachian EB-5, LLC, 10/13/2011 (North Carolina)

NORTH CAROLINA
Department of the Secretary of State

To all whom these presents shall come, Greetings:

I, Elaine F. Marshall, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF ORGANIZATION

OF

APPALACHIAN EB-5, LLC

the original of which was filed in this office on the 13th day of October, 2011.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 13th day of October, 2011.

Elaine F. Marshall

Secretary of State

SOSID: 1225596
Date Filed: 10/13/2011 10:21:00 AM
Elaine F. Marshall
North Carolina Secretary of State
C201128500174

State of North Carolina
Department of the Secretary of State

Limited Liability Company
ARTICLES OF ORGANIZATION

Pursuant to §57C-2-20 of the General Statutes of North Carolina, the undersigned does hereby submit these Articles of Organization for the purpose of forming a limited liability company.

1. The name of the limited liability company is: Appalachian EB-5, LLC.

2. If the limited liability company is to dissolve by a specific date, the latest date on which the limited liability company is to dissolve: (*If no date for dissolution is specified, there shall be no limit on the duration of the limited liability company.*)

3. The name and address of each person executing these articles of organization is as follows: (*State whether each person is executing these articles of organization in the capacity of a member, organizer or both. Note: This document must be signed by all persons listed here).*
Ronald R. Fieldstone, Organizer – 200 S. Biscayne Boulevard, Suite 3600, Miami, FL 33131

4. The street address and county of the initial registered office of the limited liability company is:

   Number and Street: 45 Mountain Air Drive

   City, State, Zip Code: Burnsville, NC 28714 County: Yancey

5. The mailing address, ***if different from the street address,*** of the initial registered office is:

   P. O. Box 1037, Burnsville, NC 18714

6. The name of the initial registered agent is: William R. Banks.

7. Principal office information: (*Select either a or b.*)

   a. ☒ The limited liability company has a principal office.

   The street address and county of the principal office of the limited liability company is:

   Number and Street: 45 Mountain Air Drive

   City, State, Zip Code: Burnsville, NC 28714 County: Yancey

   The mailing address, ***if different from the street address***, of the principal office of the corporation is:

   P. O. Box 1037, Burnsville, NC 18714

b. ☐ The limited liability company does not have a principal office.

8. Check one of the following:

_____(i) ***Member-managed LLC***: all members by virtue of their status as members shall be managers of this limited liability company.

__✓__(ii) ***Manager-managed LLC***: except as provided by N.C.G.S. Section 57C-3-20(a), the members of this limited liability company shall not be managers by virtue of their status as members.

9. Any other provisions which the limited liability company elects to include are attached.

10. These articles will be effective upon filing, unless a date and/or time is specified:

This is the 11th day of October, 2011.

Signature

Ronald R. Fieldstone, Organizer

Type or Print Name and Title

Exhibit 2

Appalachian EB-5, LLC Operating Agreement

OPERATING AGREEMENT

OF

APPALACHIAN EB-5, LLC,
a North Carolina limited liability company

DATED: October 13, 2011

OPERATING AGREEMENT

OF

APPALACHIAN EB-5, LLC

THIS OPERATING AGREEMENT OF APPALACHIAN EB-5, LLC (the "Company"), is entered into and dated effective as set forth in Section 2.5 below, by and between **ANDREW DOVER** ("**ANDREW**"), having an office located at 45 Mountain Air Drive, Burnsville, North Carolina 28714, **WILLIAM R. BANKS** ("**WILLIAM**"), having an office located at 45 Mountain Air Drive, Burnsville, North Carolina 28714 (**ANDREW** and **WILLIAM** collectively referred to as "Members" and individually as "Member").

W I T N E S S E T H:

WHEREAS, Articles of Organization were filed with and accepted by the North Carolina Secretary of State for the formation of **APPALACHIAN EB-5, LLC**, a North Carolina limited liability company pursuant to the provisions of the North Carolina Limited Liability Company Act, as amended (the "Act"); and

WHEREAS, the Members wish to set forth the terms and conditions pursuant to which the Company (as hereinafter defined) shall be operated and by which it shall exist.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and intending to be legally bound hereby, the parties hereto covenant, agree, and certify as follows:

ARTICLE 1

DEFINITIONS

Except as otherwise provided in this Agreement, the terms defined in this Article 1 shall, for the purposes of this Agreement, have the meanings set forth below:

"**Act**" has the meaning set forth in the recital clauses of this Agreement.

"**Additional Capital Contributions**" has the meaning set forth in Section 4.2.

"**Adjusted Capital Account Balance**" means, with respect to any Member, the balance, if any, in such Member's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(i) Increase such balance by any amounts which such Member is obligated to restore (pursuant to the terms of such Member's promissory note, if any, to the Company or otherwise) or is deemed to be obligated to restore pursuant to the penultimate (second to last) sentence of Treasury Regulations Section 1.704-2(g)(1) and Section 1.704-2(i)(5) (i.e., minimum gain); and

(ii) Decrease such balance by such Member's share of the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

The foregoing definition of Adjusted Capital Account Balance is intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"**Adjusted Capital Contribution**" means, with respect to any Member, the aggregate amount of such Member's Capital Contribution, as at any given point in time, reduced by the amount of cash (if any) distributed and the Gross Asset Value of any Property distributed to such Member pursuant to Sections 5.2(e) and Section 13.7(e). In the event that any Member transfers all or any portion of its Interest in accordance with the terms of this Agreement, its transferee shall succeed to the Adjusted Capital Contribution of the transferor to the extent it relates to the transferred Interest.

"**Advance**" (in the singular) and "**Advances**" (in the plural) means the lending of any cash money to the Company by a Member as permitted by and pursuant to this Agreement. Advances shall not affect the relative proportions of the Company Interests or the amount of the Capital Account of any Member or give any Member any rights in the capital of the Company except as specifically provided in this Agreement.

"**Affiliate**" or "**affiliate**" means with respect to a person or entity, any person, firm or entity that, directly or indirectly, controls, is controlled by or is under common control with such person or entity. The term "control" shall mean the ownership, directly or indirectly, of fifty percent (50%) or more of the beneficial interests in a firm or entity. For purposes of any provisions in this Agreement relating to transactions between the Company and any Affiliates, an Affiliate shall also be deemed to include any person or entity owning more than a ten percent (10%) interest in such entity or having any right to receive payments from such entity.

"**Agreement**" means this Operating Agreement, as amended from time to time.

"**Assets**" means the assets owned by the Company.

"**Bankruptcy**" means any of the following: (a) the filing of a voluntary petition under any federal or state law for the relief of debtors; (b) the filing of an involuntary proceeding under any such law; (c) the making of a general assignment for the benefit of the assignor's creditors; (d) the appointment of a receiver or trustee for a substantial portion of a Person's assets; or (e) the seizure by a sheriff, receiver or trustee of a substantial portion of a Person's assets; provided, however, that no bankruptcy shall be deemed to have occurred in the case of an event described in clause (b), (d) or (e) above, until the proceeding, appointment or seizure has been pending for sixty (60) days.

"**Budget**" means the operation budget of the Company attached hereto as **Exhibit B**, in order to develop an EB-5 marketing company, including the annual update thereto as approved annually (or more frequently as agreed upon by the Members).

"**Business**" means the business of the Company of engaging in the marketing of EB-5 programs to investors in consideration of receiving deal participation and/or direct compensation.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required to close.

"**Capital Account**" means an account which shall be maintained for each Member in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv), including the following requirements:

(a) to each Member's Capital Account there shall be credited the amount of cash and the Gross Asset Value of any Property contributed by such Member pursuant to the provisions of this Agreement, such Member's distributive share of Profits and any items in the nature of income or gain which are specially allocated to such Member, and the amount of any Company liabilities assumed by such Member or which are secured by any property distributed to such Member;

(b) to each Member's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any Property distributed to such Member pursuant to any provision of this Agreement (other than distributions made in repayment of Advances, if any, made by the Member to the Company), such Member's distributive share of Losses and any items in the nature of expenses or losses which are specially allocated to such Member, and the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company;

(c) in determining the amount of any liability for purposes of (a) and (b) hereof, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Treasury Regulations;

(d) Whenever the Gross Asset Values of Company Property are adjusted pursuant to the definition of Gross Asset Value set forth in this Agreement, the Capital Accounts of all Members shall be adjusted in the manner provided in Treasury Regulations 1.704-1(b)(2)(iv)(f) and (g) to reflect, among other items, the aggregate net adjustment as if the Company had recognized gain or loss equal to the amount of the adjustment;

(e) If any Company Interest is transferred in accordance with this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Company Interest;

(f) If property is distributed to a Member, then, before the Capital Account of such Member is adjusted as required by (b) above, the Capital Accounts of the Members shall be adjusted to reflect the manner in which the unrealized income, gain, loss and deduction inherent in such Property (that has not been reflected in such Capital Accounts previously) would be allocated among the Members if there were a taxable disposition of such Property for its fair market value on the date of distribution; and

(g) A single Capital Account shall be maintained for each Member.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Treasury

Regulations. In addition, the following provisions shall apply to the maintenance of Capital Accounts generally:

(i) Whenever it is necessary to determine the Capital Account of any Member for any purpose hereunder, the Capital Account of such Member shall be determined after giving effect to all adjustments provided for in (a)-(g) above for the current Fiscal Year in respect of transactions effected prior to the date such determination is to be made.

No Member shall be entitled to withdraw any part of its Capital Account, or to receive any distribution from the Company except as specifically provided in this Agreement.

"**Capital Contribution**" means the amount of money and the Gross Asset Value of any property (other than money) contributed to the Company, including Initial Capital Contributions and Additional Capital Contributions.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of any succeeding law).

"**Company**" refers to **APPALACHIAN EB-5, LLC**, a North Carolina limited liability company created under this Agreement and by the Articles of Organization filed with the Office of the North Carolina Secretary of State pursuant to the Act.

"**Company Minimum Gain**" means has the meaning set forth in Treasury Regulations Sections 1.704-2(b)(2) and 1.704-2(d).

"**EB-5 Investor**" is a foreign individual seeking to enter the United States through the EB-5 Program sponsored by USCIS.

"**EB-5 Program**" is the EB-5 employment based visa performance program intended to encourage the flow of capital into the United States economy and promote employment of workers in the United States.

"**Federal Act**" means the Securities Act of 1933, as amended.

"**Fiscal Year**" means the fiscal year of the Company and shall be the year required by the Code.

"**Gross Asset Value**" means with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(i) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Company, including not only cash but also equipment, inventory and tangible property valued at the fair market value of such assets;

(ii) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Members, as of the

following times: (a) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (b) the distribution by the Company to a Member of more than a de minimis amount of Property as consideration for an interest in the Company; and (c) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (a) and (b) above shall not be made if the Members reasonably determine that such adjustments are not necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(iii) The Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution; and

(iv) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this subsection (iv) to the extent that the Members determine that an adjustment pursuant to subsection (iii) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (iv).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subsections (i), (ii) or (iv) hereof such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

"**I-526**" means the immigrant petition by alien entrepreneur that is filed by or on behalf of the EB-5 Investor as part of the application for immigration to the United States.

"**Initial Capital Contributions**" has the meaning set forth in Section 4.1.

"**Interest**" or "**Company Interest**" or "**Member Interest**" means the entire ownership interest of a Member in the Company at any particular time, including the right of such Member to any and all benefits to which a Member may be entitled as provided in this Agreement, together with the obligations of such Member to comply with all of the terms and provisions of this Agreement.

"**Interest Rate**" means: a fluctuating interest rate per annum equal, at all times, to the rate of interest announced as the Wall Street Journal Prime Rate, from time to time, as its "base rate.

"**IRS**" means the Internal Revenue Service.

"**Loan**" means any loan obtained by the Company from a Member.

"**Manager" or "Managers**" means the initial Manager, or any successor thereto and/or any other Persons admitted to the Company, from time to time, as a Manager in accordance with the terms of this Agreement.

"**Majority Vote**" means the affirmative vote of the Managers or Members, as applicable, holding as of a record date at least fifty-one percent (51%) of the total outstanding Percentage Interest in the Company. Such votes may be evidenced by a written consent signed by such Managers or Members, as applicable, which may be executed in counterparts.

"**Members**" refers collectively to the Members of the Company as set forth in **Exhibit A**. Reference to a "Member" shall be a reference to any one of the Members.

"**Memorandum of Understanding/Administration Agreements**" means the agreements to be entered into by the Company to enable the right of third parties, including Affiliates, to utilize the Company's USCIS Regional Approval status to develop a Project pursuant to the Regional Center grant.

"**Net Cash Flow from Operations**" means the gross cash proceeds received by the Company from operations of the Business, less the portion used to pay or establish reserves for Company expenses, debt payments, capital improvements, replacements and contingencies, including Operating Expenditures. Net Cash Flow from Operations shall not be reduced by depreciation, amortization, cost recovery deductions, or similar allowances, but shall be increased by any reductions of reserves previously established.

"**Operating Expenditures**" means the expenditures of the Company for each Fiscal Year, or part thereof, arising from the Business, including, without limitation, the following:

(i) general operating expenses, including but not limited to, legal, accounting and other professional fees, marketing, and any other expenses expended on behalf of the Company in relation to its Business operation;

(ii) payments of principal and interest upon any indebtedness of the Company;

(iii) any cash expended by the Company for taxes, insurance, or assessments;

(iv) fees payable to the Members or their Affiliates in accordance with this Agreement including, but not limited to, any Developer Fee and any Construction Management Fee and any Asset Management Fee related to the Project; and

(v) the establishment of appropriate reserves for debt service, to provide working capital or any other contingency of the Company.

"**Percentage Interest**" means the percentage interest of the Members in the Profits and Losses of the Company. The initial Percentage Interests of the Members are as set forth in **Exhibit A** attached hereto and incorporated herein by this reference, none of which shall be subject to change except as expressly provided herein.

"**Person**" refers to an individual, Company, trust, estate, association, corporation, pension, limited liability company, profit-sharing or other employee benefit plan, or other entity, as well as guardian, trustee, executor, administrator, committee, trustee in bankruptcy, receiver, assignee for the benefit of creditors, conservator or other Person acting in a fiduciary capacity.

"**Profits**" and "**Losses**" shall mean for each Fiscal Year or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this subsection shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this subsection shall be subtracted from such taxable income or loss;

(iii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to clauses (ii) or (iii) of the definition of Gross Asset Value provided above, the amount of such adjustment shall be taken into account as Gain or Loss on Disposition of such asset;

(iv) Gain or Loss on Disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(v) In lieu of the depreciation, amortization; and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period, computed in accordance with the Depreciation definition provided above;

(vi) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's Interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits or Losses;

(vii) Notwithstanding any other provision of this definition of "Profits" and "Losses," any items which are specially allocated pursuant to Section 5.3 shall not be taken into account in computing Profits or Losses.

(viii) The amounts of the items of Company income, gain, loss or deductions available to be specially allocated pursuant to Section 5.3 shall be determined by applying rules analogous to those set forth in subparagraphs (i) through (vii) above.

The foregoing definitions of Profits and Losses are intended to be consistent with the capital account maintenance requirements of Treasury Regulations Section 1.704-1(b), and to the extent of any inconsistency, such Treasury Regulations shall control.

"**Priority Return**" means the sum equal to a _____% annualized compounded rate of return on outstanding Capital Contributions of a Member.

"**Project**" **of** "**Projects**" or "Projects" means each project designated by USCIS as a qualifying investment for the EB-5 Program.

"**Project Sponsors**" means those sponsors of Projects that have received EB-5 Program approval.

"**Proportionate Share**" means at any given time for each Member, the ratio between (i) the Percentage Interests of that Member and (ii) the total Percentage Interests of all of the Members referred to when determining that ratio. Notwithstanding anything herein to the contrary, whenever a Member's Percentage Interest is diluted and the other Members' Percentage Interests are increased, such dilution and increase shall apply for all purposes.

"**Treasury Regulations**" means the Income Tax Regulations promulgated under the Code, as published and in force as of the date hereof, and corresponding provisions of succeeding Income Tax Regulations.

"**USCIS**" means the United States Citizenship and Immigration Service.

ARTICLE 2

THE COMPANY

2.1 Formation of the Company. The Company was formed on the date as provided in the recitals above. The Manager and the Members hereby agree to operate the Company as a North Carolina limited liability company for the purposes and on the terms and conditions provided herein.

2.2 Name of Company. The name of the Company is **APPALACHIAN EB-5, LLC** and the business of the Company shall be conducted under that name or such other name as the Manager may from time to time deem appropriate.

2.3 Purpose of Company. The Company shall undertake the Business and any other lawful activity as unanimously agreed to by the Members.

2.4 Principal Office; Registered Office and Registered Agent. The principal office and registered office of the Company shall be at c/o Andrew Dover, Odlum Tropaion LLC, 45 Mountain Air Drive, Burnsville, North Carolina 28714. The Company may locate its principal

office at any other place or places, as shall be approved, from time to time, by the Manager. The Manager may change the registered office of the Company in the State of North Carolina from time to time as permitted under the Act, provided that it has given the Members prior written notice of each such change. The Company's registered agent for service of process in the State of North Carolina shall be in c/o William R. Banks, at 45 Mountain Air Drive, Burnsville, North Carolina 28714. The Manager may change the Company's registered agent from time to time, as permitted under the Act, upon prior written notice of same to the Members.

2.5 Term of Company. The term of the Company shall commence on the date operations began, which date is also the effective date of this Agreement, and the term of the Company shall continue in perpetuity, unless earlier terminated or dissolved pursuant to this Agreement or by operation of law.

2.6 Certificates and Documents. The Manager shall execute and cause to be timely filed, recorded and, to the extent required by law, published, such certificates and other documents and to take such other action, as may be necessary or appropriate to comply with the requirements of the Act for the formation, continuation and operation of the Company.

2.7 Section and Exhibit References. All references to Sections and Exhibits in this Agreement are to Sections or Exhibits of this Agreement unless the context specifically provides otherwise.

ARTICLE 3

THE MANAGER AND MEMBERS OF THE COMPANY

3.1 Manager. The initial manager of the Company shall be **Andrew Dover** ("**ANDREW**").

3.2 Replacement of Manager. When a Manager ceases to be a Manager as a result of death, resignation, or removal, a new Manager shall be elected or admitted to the Company upon the written approval of the Members (by affirmative vote of the Members owning more than fifty percent (50%) of the Interests in the Company). The Members acknowledge and agree that, notwithstanding anything to the contrary contained herein, each replacement Manager must at all times be an Affiliate of a Member of the Company.

3.3 Members. The Members shall be admitted to the Company on and as of the date of this Agreement and shall make the Initial Capital Contributions set forth on **Exhibit A** hereto at the time provided in Section 4.1.

3.4 Admission of Additional Members. A Person may acquire a Member Interest in the Company directly from the Company and be admitted as an additional Member only with the prior written consent of the Manager and all of the Members.

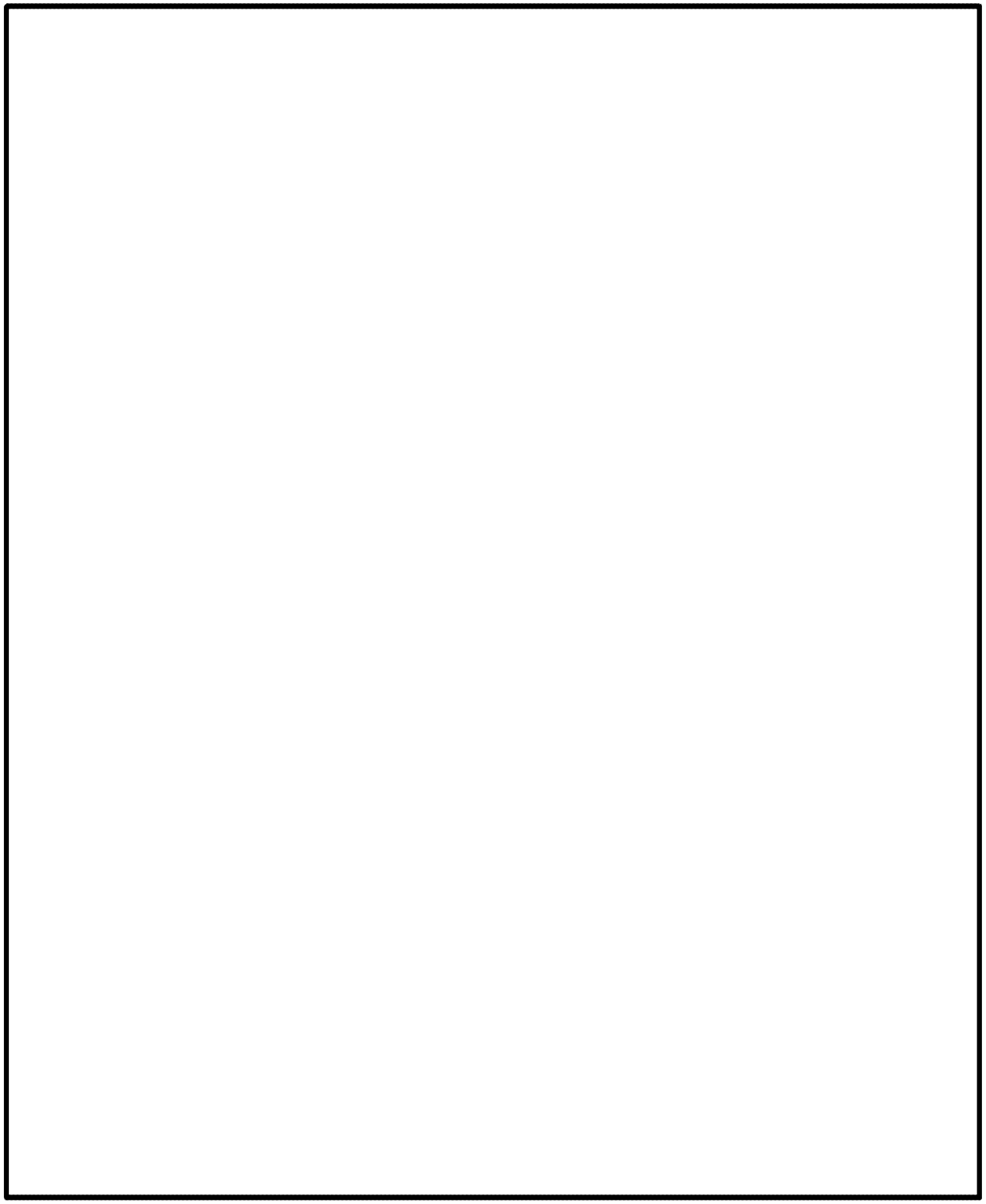
3.5 Amendment of Company Records. Upon the admission of a Manager or Member in accordance with the foregoing provisions of this Article 3, the Manager shall add the name, address, contribution and that Member's Company Interest and Percentage Interest to the list of Members kept in the principal office of the Company.

3.6 Additional Members Bound by Agreement. Before any Person is admitted to the Company as a Member, that Person shall agree in writing to be bound by all of the provisions of this Agreement.

(b)(4)

ARTICLE 4

CONTRIBUTION AND WITHDRAWAL OF CAPITAL

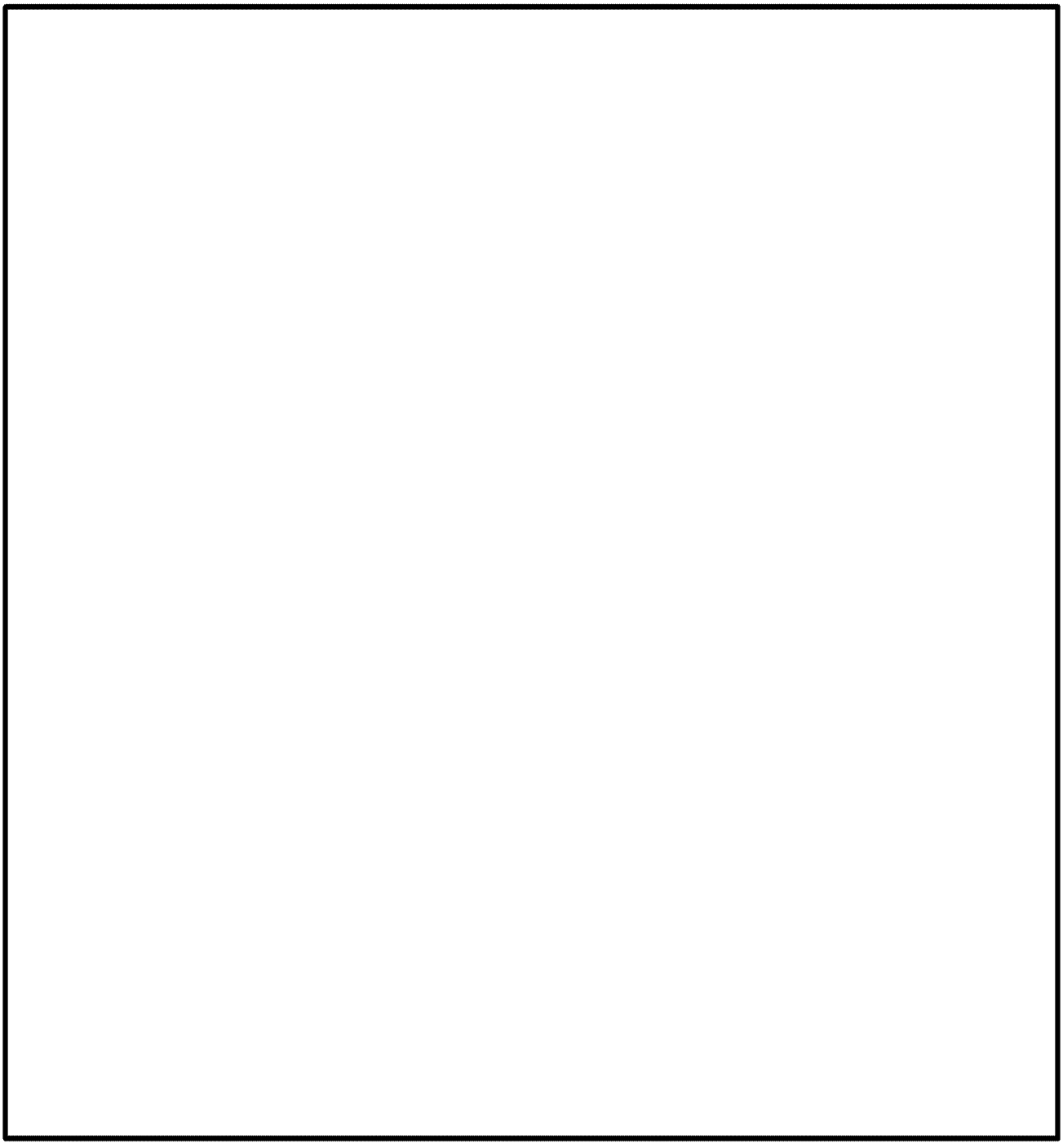


(b)(4)

ARTICLE 5

ALLOCATION OF CERTAIN COMPANY ITEMS

(b)(4)



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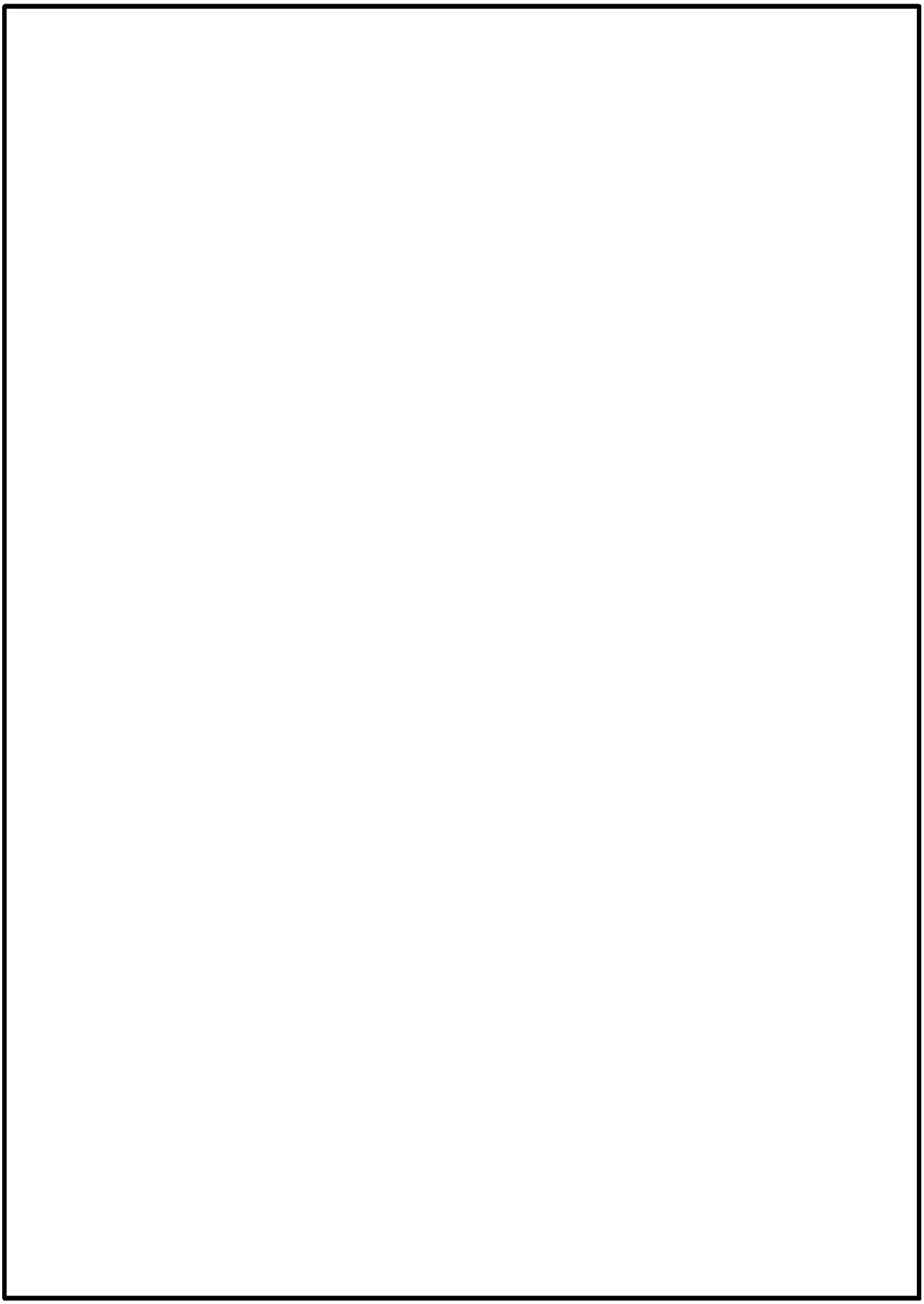


(b)(4)

[redacted]

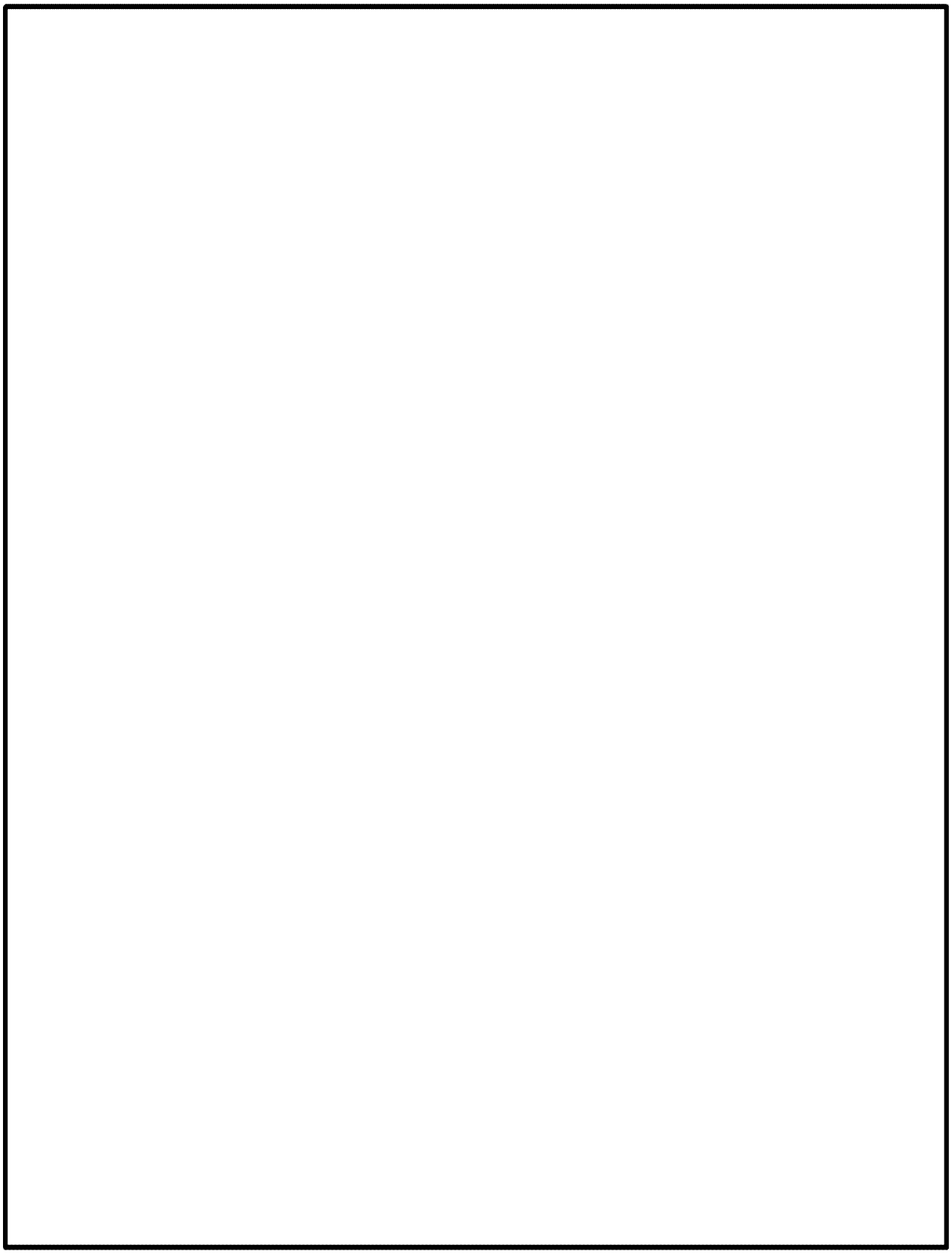
ARTICLE 6

MANAGEMENT OF COMPANY AFFAIRS

(b)(4)

[redacted]

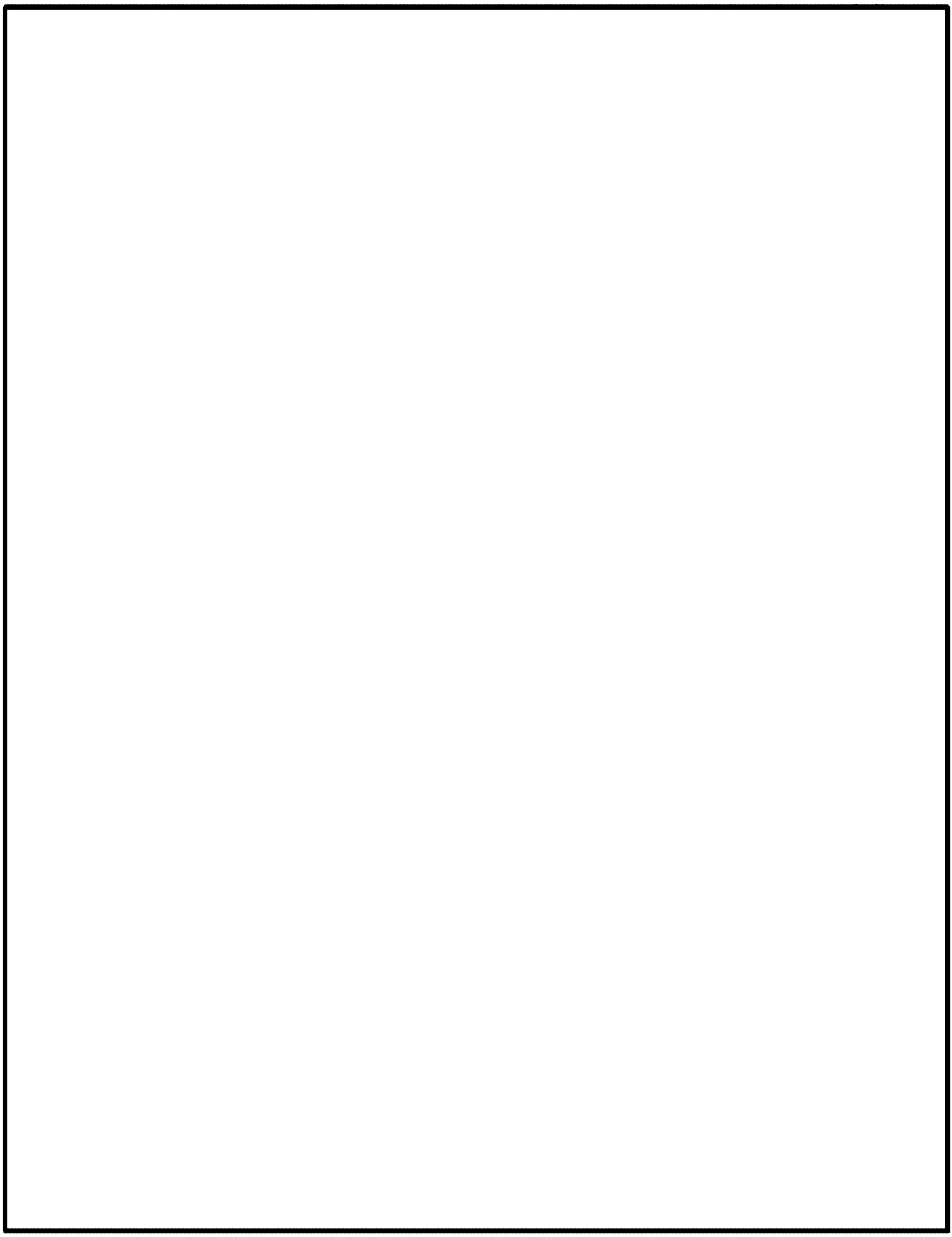
(b)(4)



ARTICLE 7

(b)(4)

BOOKS, RECORDS AND ACCOUNTS



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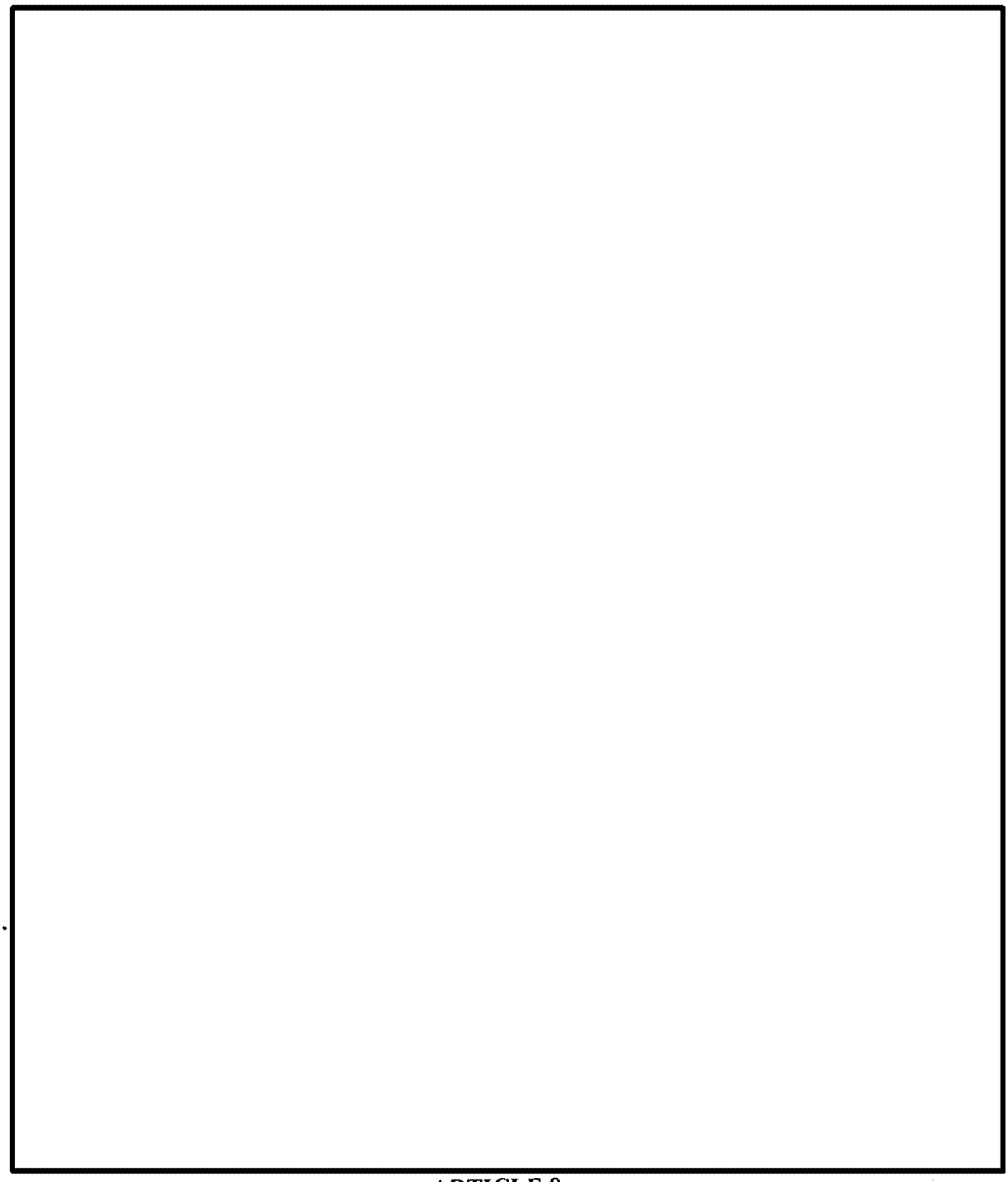


ARTICLE 8

RIGHTS, POWERS AND DUTIES OF THE MANAGER

(b)(4)

(b)(4)

[redacted]

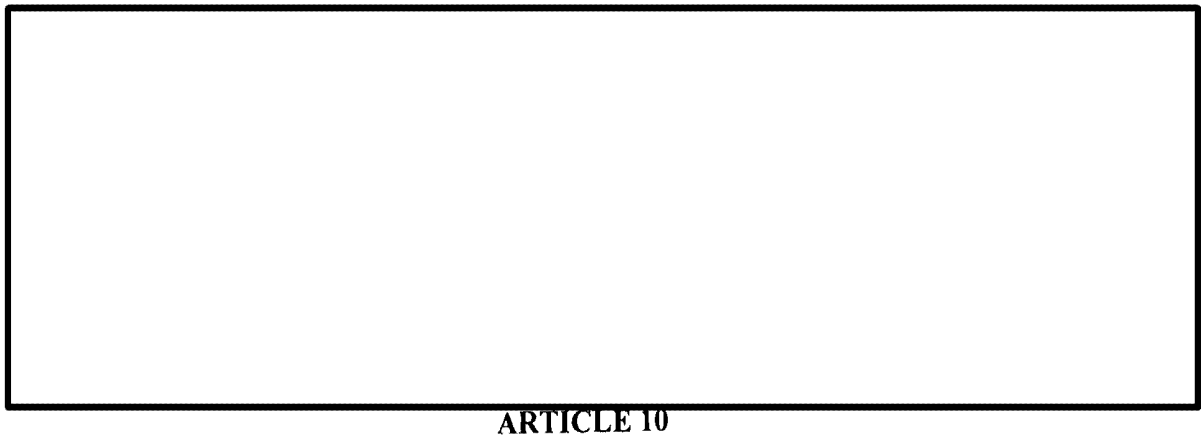
ARTICLE 9

TRANSFERS OF INTERESTS

(b)(4)

[redacted]

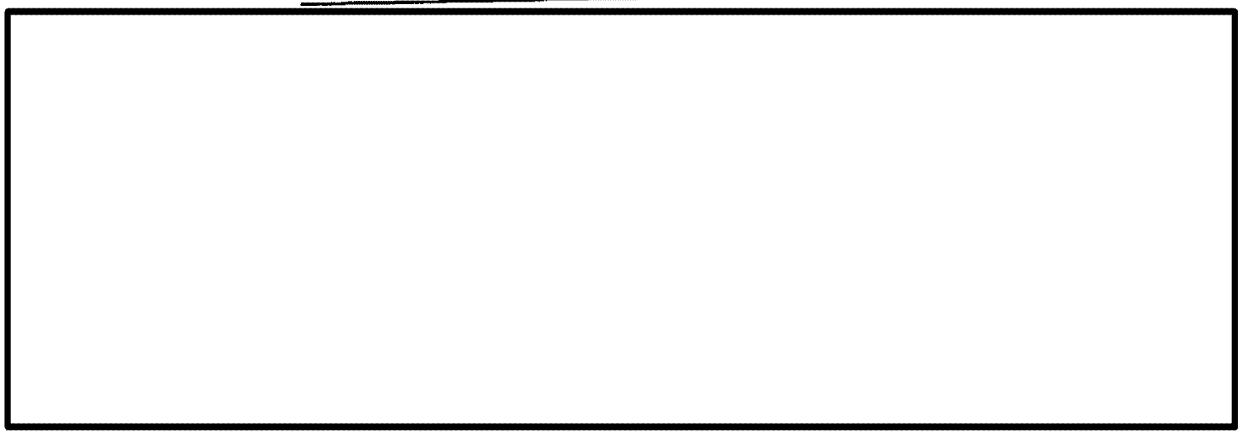
(b)(4)



ARTICLE 10

TERMINATION OF COMPANY OPERATIONS

(b)(4)



ARTICLE 11

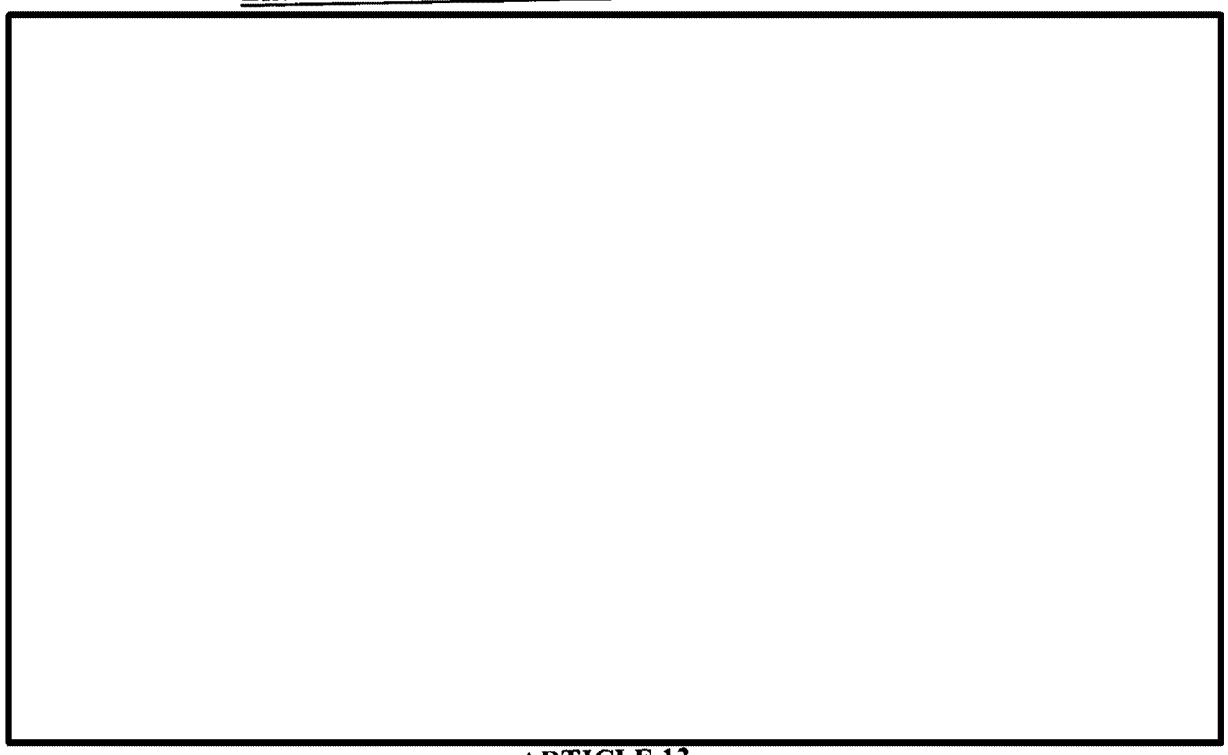
ARBITRATION

(b)(4)

ARTICLE 12

(b)(4)

LIABILITY OF MEMBERS AND INDEMNIFICATION



ARTICLE 13

PROHIBITED TRANSACTIONS

(b)(4)

(b)(4)

[redacted]

ARTICLE 14

REPRESENTATIONS AND COVENANTS

(b)(4)

[redacted]

ARTICLE 15

MISCELLANEOUS PROVISIONS

15.1 Entire Agreement. This Agreement contains the entire understanding among the parties hereto with respect to the subject matter hereof and supersedes any prior written or oral, agreements among them or any of them regarding the subject matter hereof. There are no representations, agreements, arrangements or understandings, oral or written, among the parties hereto relating to the subject matter hereof which are not fully expressed herein.

15.2 Amendments. The provisions of this Agreement may be amended only pursuant to the terms as set forth herein.

15.3 Notices. Except as otherwise provided in this Agreement, any notice, request, instruction or other document required or permitted to be given hereunder by any party to the other parties (or any of them) shall be in writing and shall be delivered personally or mailed by certified mail, postage prepaid, return receipt requested or by national carrier (e.g., Federal Express) (such mailed notice to be effective on the date on which such receipt is acknowledged), addressed to such parties at their respective addresses set forth below:

If to **ANDREW**:	45 Mountain Air Drive Burnsville, North Carolina 28714 Attention: Andrew Dover
If to **WILLIAM**:	45 Mountain Air Drive Burnsville, North Carolina 28714 Attention: William R. Banks
If to the Company:	P.O. Box 1037 Burnsville, NC 18714 Attention: Andrew Dover

Each party hereto may request that written notices and other communications be sent to such other place and with such other copies as such party may designate as to itself by written notice to the other parties.

15.4 Successors and Assigns. This Agreement shall inure to the benefit of, and be binding upon, the respective successors and permitted assigns of each of the parties hereto.

15.5 Severability. If any provisions of this Agreement shall be declared by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect.

15.6 Counterparts and Facsimile Signatures. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and same instrument. For purposes of authenticating this Agreement, facsimile signatures shall be deemed original.

15.7 Headings. The section headings contained in this Agreement are for reference only and shall not modify or affect this Agreement in any manner whatsoever. Whenever required by the context, any gender shall include any other gender, the singular shall include the plural, and the plural shall include the singular.

15.8 Dealings in Good Faith and Best Efforts. Each party hereto agrees to act in good faith with respect to the other parties in exercising its rights and discharging its obligations under this Agreement. Each party further agrees to use its reasonable best efforts to ensure that the purposes of this Agreement are realized and to take all steps as are reasonable in order to

implement the operational provisions of this Agreement. Each party agrees to execute, deliver and file any document or instrument necessary or advisable to realize the purposes of this Agreement.

15.9 Construction. The parties hereto acknowledge that each party and its counsel have reviewed this Agreement and that the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

15.10 Incorporation by Reference. Every exhibit, schedule and other appendix attached to this Agreement and referred to herein is incorporated in this Agreement by reference.

15.11 Governing Law and Venue. This Agreement shall be governed by, and construed in accordance with the laws of the State of North Carolina and venue for the exclusive enforcement hereof shall be Buncombe County, North Carolina.

15.12 Legal Fees. Reasonable legal fees for structuring the Company shall be paid by the Company.

15.13 No Third-Party Beneficiary. This Agreement is for the sole benefit of the Members and their respective successors and permitted assigns, and in no event shall there be any third-party beneficiaries with respect to this Agreement.

15.14 Confidentiality. Each Member hereby agrees not to disclose the identity of Members (or the beneficial owner(s) of any or them) unless such disclosure is required by applicable law, by any lender to the Company, in connection with the creation of bank accounts for Company business or after written consent has been obtained from such Person.

15.15 Enforcement and Waiver of Jury Trial.

(a) Waiver of Jury Trial. THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THAT ANY PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE PROJECT OR ANY OTHER DOCUMENTS EXECUTED IN CONNECTION HEREWITH, OR IN RESPECT OF ANY COURSE OF CONDUCT, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR EACH OF THE PARTIES TO ENTER INTO THIS AGREEMENT AND THIS TRANSACTION.

(b) Attorney's Fees. If any action or proceeding to enforce this Agreement or any provision hereof is brought by any Member, the prevailing party shall be entitled to recover from the non-prevailing party its attorneys' fees and its costs and expenses of suit, including actual attorneys' and consultants' fees. In the event that any party hereto secures a judgment in any proceeding brought to enforce or interpret this Agreement, then any cost of expense incurred in enforcing or in successfully appealing from such judgment, including, without limitation, actual attorneys' fees shall be paid by the party or parties against whom such judgment has been rendered or against whom an appeal is won, and shall be recoverable separately from and in

addition to any other amount included in such judgment. This section is intended to be severable from the other provisions of this Agreement and to survive and not be merged into any such judgments.

15.16 No Waivers. The waiver of any breach or default of any of the terms, provisions or covenants of this Agreement shall not be deemed to be, nor shall the same constitute, a waiver of any subsequent breach or default of such term, provision or covenant or of any other term, provision or covenant contained herein.

[The Remainder of this Page is Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first set forth above.

COMPANY:

APPALACHIAN EB-5, LLC,
a North Carolina limited liability company

By: _____
Name: Andrew Dover
Title: Manager

MEMBERS:

By: _____
Name: Andrew Dover

By: _____
Name: William R. Banks

EXHIBIT A

(b)(4) (b)(6)

	Name and Address Number of Members	Initial Capital Contribution	Percentage Interest
1.	ANDREW DOVER		
2.	WILLIAM R. BANKS		

* All capital to be funded by the Members on a proportionate basis and in accordance with the Project.

EXHIBIT B

(GENERAL OPERATING BUDGET)

(Estimated costs for professionals, and administration)

EXHIBIT G

REGIONAL CENTER

OPERATING PLAN AND PROGRAM ADMINISTRATION

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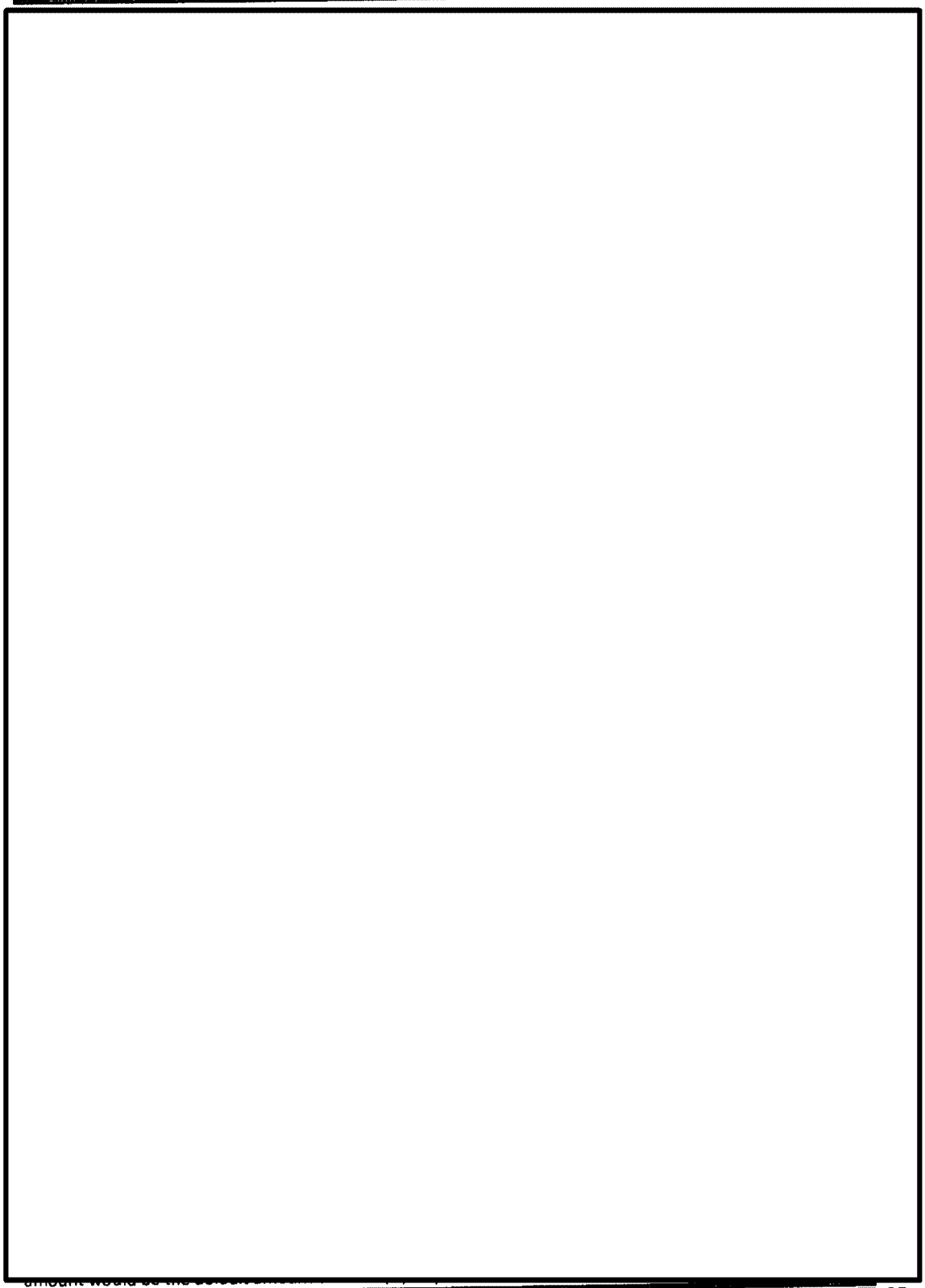

REGIONAL CENTER
OPERATING PLAN AND PROGRAM ADMINISTRATION

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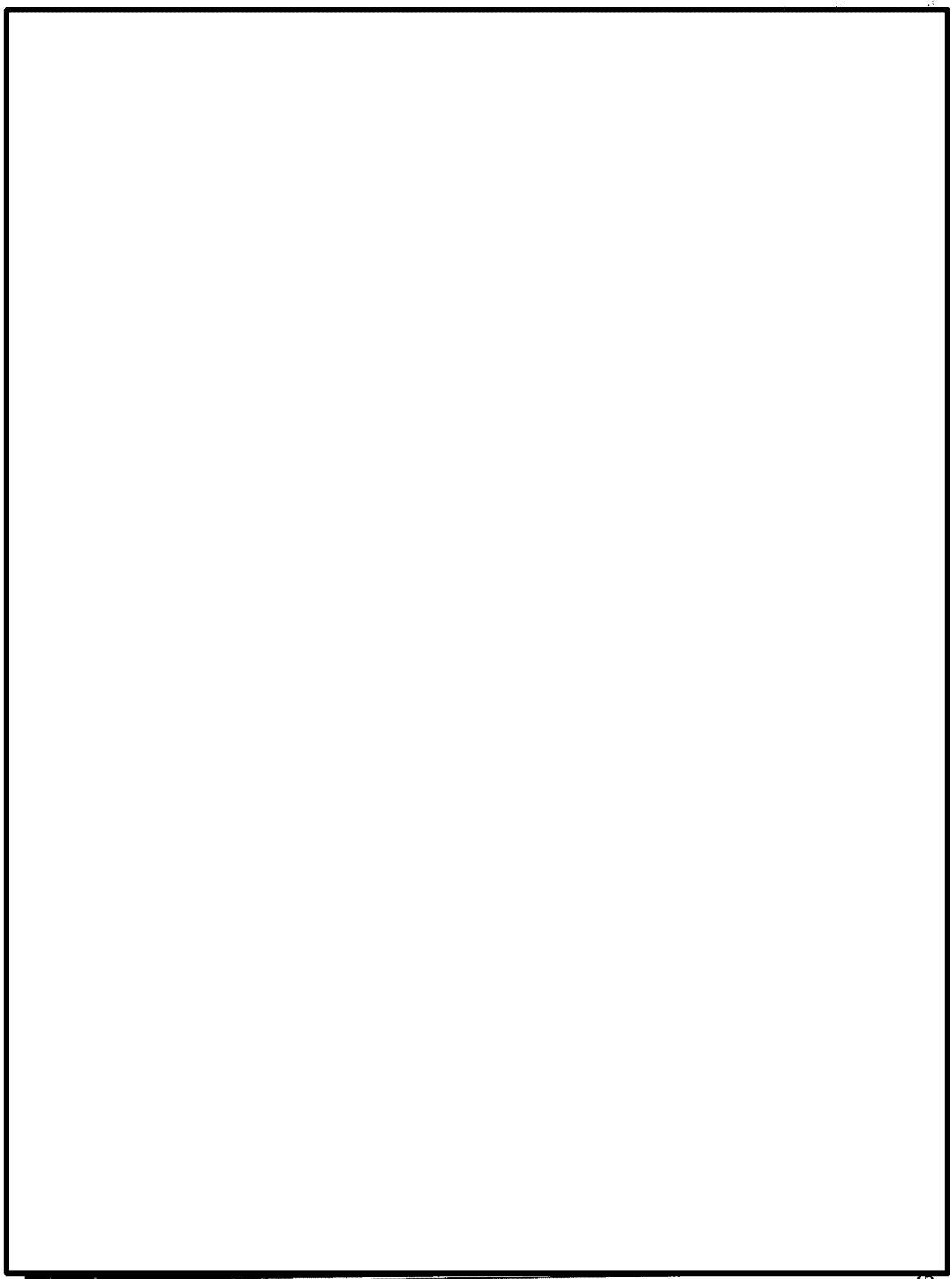

REGIONAL CENTER
OPERATING PLAN AND PROGRAM ADMINISTRATION

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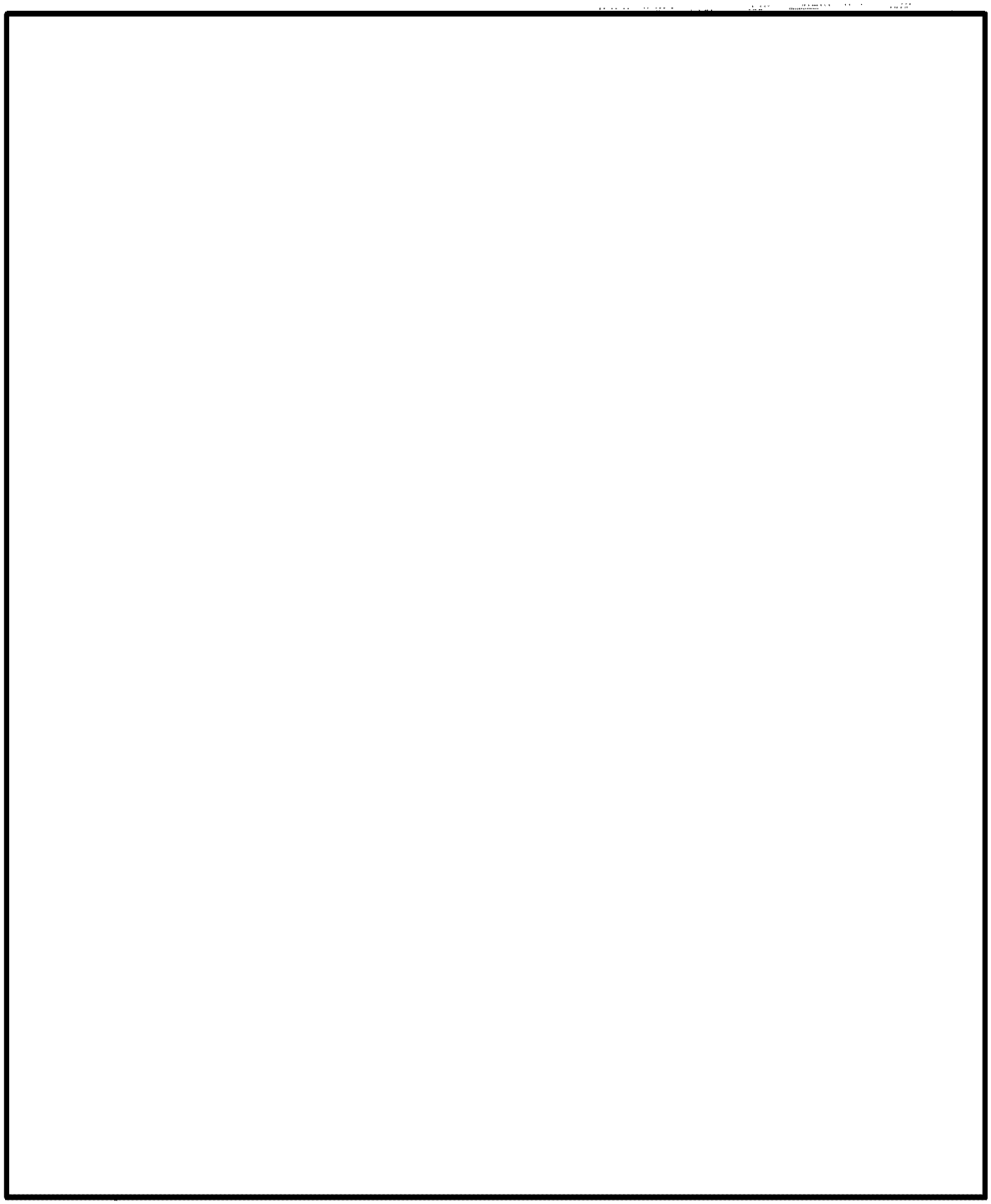

[9] Proof of these expenditures is supplied elsewhere in this regional center designation application.

REGIONAL CENTER
OPERATING PLAN AND PROGRAM ADMINISTRATION

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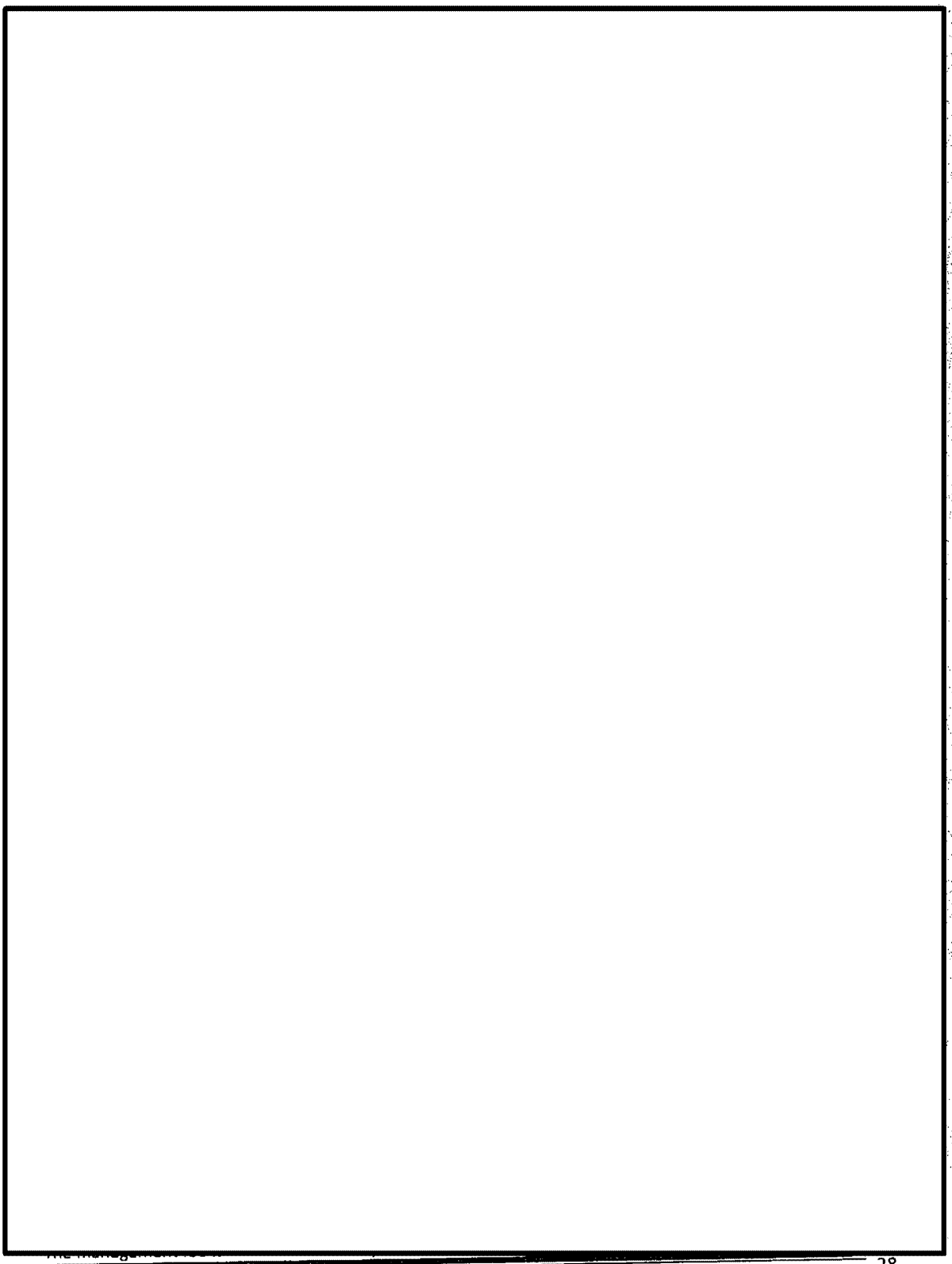

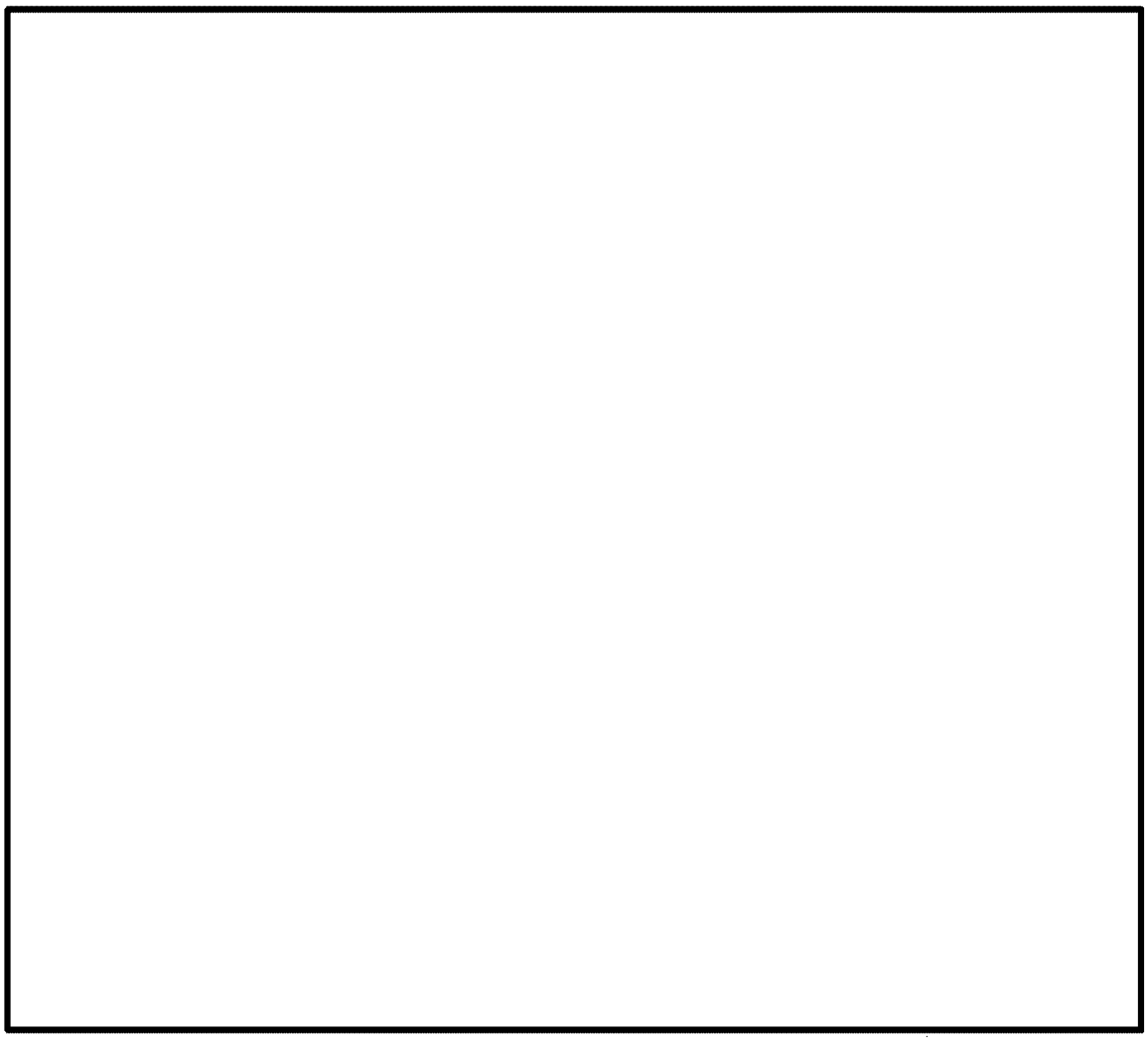

2.1 Overview of the Appalachian EB-5, LLC Regional Center Geography

The proposed project area is comprised of 50 counties in the State of Tennessee and 29 counties in the State of North Carolina. The Regional Center encompasses seven Metropolitan Statistical Areas (MSAs) in their entirety and parts of three others. According to the 2010 estimates from the U.S. Census Bureau, the population of the combined 79 county region is about 4,390,000, which accounts for 31.0% of the total population of the combined two-state area. The total area of the seventy-nine county region is just over 31,000 square miles, which is 34.6% of the total land area of the combined North Carolina/Tennessee region. The regional center has a population density of 141.2 persons per square mile as of the 2010 population estimates.

Exhibit 3

Appalachian EB-5 Regional Center Business and Operations Plan

REGIONAL CENTER BUSINESS AND OPERATIONS PLAN

Appalachian EB-5, LLC Regional Center

REGIONAL CENTER DESIGNATION/PROJECT PRE-APPROVAL APPLICATION

SPONSOR:
Appalachian EB-5, LLC Regional Center
45 Mountain Air Drive
Burnsville, North Carolina 28714

Telephone: (740) 704-3256
Email: info@AppalachianEB5.com
Web Site: www.AppalachianEB5.com

This document contains confidential and proprietary information belonging exclusively to the Appalachian EB-5, LLC Regional Center. This is a regional center operating plan. It does not imply an offering of securities.

REGIONAL CENTER
OPERATING PLAN AND PROGRAM ADMINISTRATION

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1.1 Introduction

Appalachian EB-5, LLC Regional Center is being formed as a U.S. Citizenship and Immigration Service (USCIS) approved regional center to encourage the creation of new business opportunities consistent with USCIS guidelines. The regional center's management team will operate on a day-to-day basis to promote economic growth and its attendant new business activity and job creation. Regional center management and staff will also oversee and assist its sponsored projects with compliance with USCIS rules, to collect information about participating investors and their investment of "at risk" capital into the job creating activity, the counting of created jobs using reasonable methodologies, and the sharing of all required information on a regular periodic basis with USCIS.

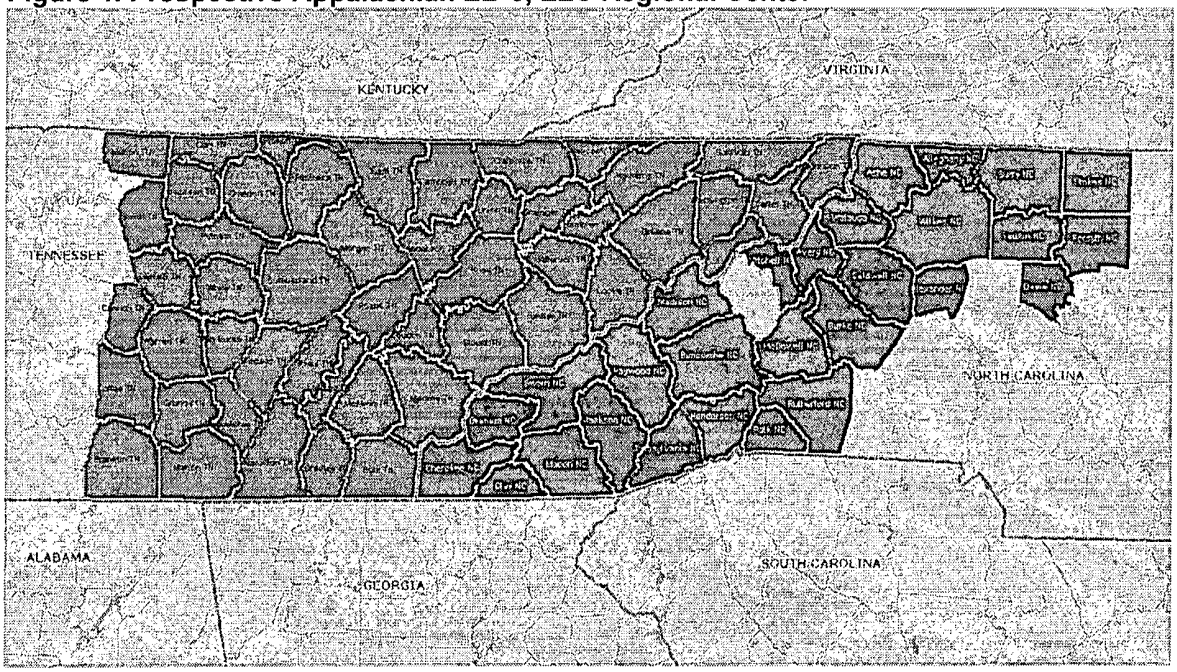
The regional center will work to continuously promote and stimulate the economy of the regional center according to 8 CFR 204.6(m)(3)(i). Specific actions to further that objective include:

- The sponsorship and promotion of sustainable business development projects within the prospective regional center's geographic region (see the map below) that will lead to the creation of additional, permanent, and EB-5 program-eligible job opportunities in a seventy-eight county area in western North Carolina and Eastern Tennessee,

- The raising foreign investment capital through the USCIS EB-5 Immigrant Investor Pilot Program to support the development of the first sustainable EB-5 business project (the Mountain Air EB-5 Project) and potentially others,

- The raising of additional domestic capital to supplement EB-5 capital to support the initiation of the first EB-5 project and potentially others according to 8 CFR 204.6(m)(3)(i) and the development of other potential EB-5 projects within and potentially outside (upon successful amendment of the prospective regional center in the future) of the requested NAICS categories associated with the first EB-5 Project, the Mountain Air development.

Figure 1. Prospective Appalachian EB-5, LLC Regional Center



- The provision of technical support and guidance as required for supporting the first regional center project and potentially others as they are to be developed and operated, and

- To encourage the creation of new EB-5 projects that offer the best possibility of creating the requisite number of permanent jobs and economic activity under 8 CFR 204.5(m)(3)(ii) and (iv) through the provision of technical support and guidance (aided by economic and legal experts to be retained by the regional center) as required for each EB-5 project as they are to be developed and operated, and

- To actively seek out and encourage the creation of new, additional business opportunities consistent with the USCIS' approved designation of the Appalachian EB-5, LLC Regional Center that continuously and permanently increase economic growth, encourage new investment, and support increased productivity to stimulate the regional economy within the geographic boundaries of the regional center when approved.

1.2 Regional Center Administration and Management

Principals. The principal of the Appalachian EB-5, LLC Regional Center is Mr. Andrew Dover, Founder and Managing Partner of Odlum Capital.[1] Mr. Dover is responsible for setting the firm's global asset strategy and managing the overall operations firm. Prior to founding Odlum, Mr. Dover was the CEO of the Joe Torre Foundation in New York City. Before his tenure as CEO, he served as a senior vice-president at UBS. He started his investment career at Merrill Lynch. Mr. Dover holds a BA in Philosophy from Yale University, an MPA from Harvard University's John F. Kennedy School of Government, and a Diploma in Organizational Leadership from the University of Oxford. In addition, he was a Fellow of the Center for Social Innovation (CSI) at the Stanford Graduate School of Business. The other principal of the Appalachian EB-5, LLC Regional Center is Mr. William R. (Randy) Banks.

Staffing. The regional center is expected to employ 1 full-time administrative and one full time professional Manager at start-up—adding a second professional analyst at the beginning of operating year 4. The business plan and financial projections expect that staffing will increase in the Appalachian EB-5, LLC Regional Center regional center as needed to meet the needs of the regional center administrative and compliance program (see below) as the subject project and potentially as other sustainable EB-5 development projects are conceived, developed, executed and then monitored-administered on an on-going basis. The regional center staff will conduct all administrative and compliance duties. Regional Center staff will also potentially be involved in EB-5 deal development and marketing activities. The regional center principal, Mr. Andrew Dover and Mr. William R. Banks will provide administrative oversight and guidance to regional center staff. The financial pro-forma projections presented in Section 3.6 of the EB-5 Project Business Plan includes an expectation for a total of up to 70 EB-5 immigrant investors related to the EB-5 project seeking USCIS project approval.

Regional Center Counsel. The Appalachian EB-5, LLC Regional Center will retain the law firm of Klasko, Rulon, Stock & Seltzer, LLP, 1800 John F. Kennedy Blvd., Suite 1700, Philadelphia, PA 19103 to ensure the timely and accurate compliance with all applicable USCIS regional center reporting requirements as outlined below.

1.3 Designee's Responsibilities—Regional Center Reporting Requirements

The regulations 8 CFR 204.6(m)(6) require that an approved regional center, in order to maintain its designation, must continue to meet the statutory requirements of the EB-5 Immigrant Investor Pilot Program by serving the purpose of promoting economic growth, including

[1] The contact information for Mr. Dover is provided elsewhere in the regional center designation application.

increased export sales where appropriate, improved regional productivity, net new job creation, and increased domestic capital investment in a designated region.

Therefore, in order to maintain compliance with the above regulation, the regional center's administration, oversight, and management of the regional center will be devised so as to identify projects that offer the best opportunities for meeting established EB-5 program criteria for promoting new economic growth through improved productivity, job creation, and increased capital investment. Regional center management will actively and closely monitor all investment activities under the sponsorship of the program, and will maintain records, data and information on a quarterly basis in order to report to USCIS annually through the form I-924A process[2,3] and/or upon request for each Federal Fiscal Year, commencing with the current year according to the process as described below.

After designation, the Appalachian EB-5, LLC Regional Center will manage and oversee all operations and project activity to ensure compliance with all USCIS requirements through the design and execution of a database and reporting system designed to provide the following information on an annual basis to the USCIS:

1. Current Principal Point of Contact: Maintain a current listing of the principal official and point of contact for the management and administration of the regional center;

2. Approved Job Count Methodologies: Maintain a current list of approved methodologies used to evaluate and track job creation that resulted from an approved business enterprise of each specific foreign investor's investment capital.

3. Inventory of I-526 Petition Filers: Maintain an inventory of the name, date of birth, and alien registration number of each alien investor who makes an investment and files an EB-5 I-526 petition with USCIS, specifying whether the petition was approved, denied, or withdrawn by the petitioner.

4. List of Nationality for EB-5 Investors: The country of nationality of each alien investor who makes an investment and files an EB-5 petition with USCIS.

5. Current List of EB-5 Investors by State of Residence: Maintain a current list by U.S. municipality and state of residence of each alien investor who makes an investment and files an EB-5 I-526 petition with USCIS.

---

[2] The prospective regional center understands failure to promptly file (within 90 days of the close of the fiscal year on September 30th) a Form I-924A Supplement for each federal fiscal year in which the regional center has been designated for participation in the Immigrant Investor Pilot Program will result in the issuance of an "intent to terminate" the participation of the regional center in the Pilot Program, which may ultimately result in the termination of the approval and designation of the regional center.

[3] This is a regional center reporting requirement commencing with the federal fiscal year 2011.

6. Current list EB-5 Investment by Approved Activity: Maintain a listing of the categories of approved business activity within the geographic boundaries of the regional center that have received the alien investors' capital, and in what amount.

7. Current List of EB-5 Projects: The names and locations of each of the job creating commercial enterprises located within the geographical boundaries if the regional center has received alien investor capital.

8. Sources of Capital by Type: Report the amounts of alien investor capital and the amounts of other domestic capital that have been invested together in each job creating commercial enterprise specified in item 6 above, distinguishing the separate totals for each.

9. EB-5 Investor Count With Conditional Residency: Report the total aggregate number of approved EB-5 alien investor I-526 petitions per Federal Fiscal Year to date made through the regional center.

10. EB-5 Investor Count with Permanent Residency: Report the total aggregate number of approved EB-5 alien investor I-829 petitions per Federal Fiscal Year to date through the regional center.

11. Total EB-5 Capital Invested: Report the total aggregate of EB-5 alien capital invested through the regional center for each Federal Fiscal Year to date since the approval and designation.

12. Total EB-5 Eligible Jobs Created: Provide the combined total aggregate of "new" direct and/or indirect jobs created by EB-5 investors through the regional center for each Federal Fiscal Year to date since the approval and designation.

13. Total EB-5 Eligible Jobs Preserved: If applicable, the total aggregate of "preserved" jobs by EB-5 alien investors into troubled businesses through the regional center for each Federal Fiscal Year to date since the approval and designation.

14. Inactivity Report: If for any given Federal Fiscal Year the regional center does not have investors to report, then provide an explanation for the inactivity along with a specific plan which details timelines and steps to actively promote the regional center program, and recruit legitimate and viable alien investors.

15. Notification of "Material Changes:" Notification to USIS within 30 days of the occurrence any material change in the structure, operation, administration, focus, or activities relating to the regional center's basis for its most recent designation and/or reaffirmation by the USCIS.

16. In addition, the regional center anticipates collecting and maintaining a data base with the following pertinent information regarding its EB-5 program:

a. Sources of Capital: Maintain an approved method used to validate the foreign investors' lawful source(s) of capital and ability to submit into escrow the requisite amount (see further detail below);
b. Approved Job Count Methodologies: Maintain a current list of approved methodologies used to evaluate and track job creation that resulted from an approved EB-5 eligible project of each specific foreign investor's investment capital;
c. Maintain a list of each foreign investor's name, date of birth, country of nationality, number of dependents seeking immigrant visas through the I-526 petition, U.S. city and state of residence, and foreign registration number who filed an I-526 petition with USCIS and the most current disposition of that petition, whether approved, denied, or withdrawn by the petitioner;
d. Investor List: Maintain a list of each foreign investor's date and amount of investment as well as the date(s), nature, and amount(s) of any payment/remuneration/profit/return on investment made to the immigrant investor by the EB-5 project and/or Appalachian EB-5, LLC regional center from when the investment was initiated to the present;
e. EB-5 Project List: Maintain an accurate list of the locations of each job creating EB-5 project that have received foreign and domestic investor capital; and
f. Identify any domestic capital invested jointly with any foreign investor capital in any EB-5 project identified above, specifically documenting the total invested capital and distinguishing between the sources.

Preferred Immigrant Investor Counsel. To ensure quality and consistency of all immigrant investor I-526 petitions submitted to the USCIS, Klasko, Rulon, Stock & Seltzer, LLP, will also act as preferred immigration counsel for all individual Appalachian EB-5, LLC regional center investors. Klasko, Rulon, Stock & Seltzer, LLP will work with representatives of the Appalachian EB-5, LLC regional center to assemble and draft all necessary regional center business and investor documentation required by USCIS for I-526 petition approval.

Other Service Providers. In addition, the Appalachian EB-5, LLC regional center will engage the services of all necessary experts and a qualified CPA firm to prepare annual financial documents for all Appalachian EB-5, LLC regional center-sponsored projects. The regional center will maintain a relationship with the appropriate business plan, economic, and immigration counsel experts in order to assure that all regional center project screening, due-diligence, administration, reporting,[4] and other requirements will be met.

Job Allocation: The professional staff at the Appalachian EB-5, LLC regional center will monitor job creation and allocate jobs among investors. Appalachian EB-5, LLC regional center will manage job creation, and record of that creation by working with a qualified economist to monitor the employment and take any steps that are recommended. Jobs will be allocated to

[4] Including all responsibilities under the form I-924-A.

individual EB-5 investors on a first-in first-out basis, based on the date an investor's Form I-526 is approved by the USCIS.

1.4 Regional Center Operation Guidelines

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[5] Which, at some future time, may be incorporated into a mandatory project questionnaire which will be required for each possible EB-5 project to be brought under the proposed regional center's umbrella.

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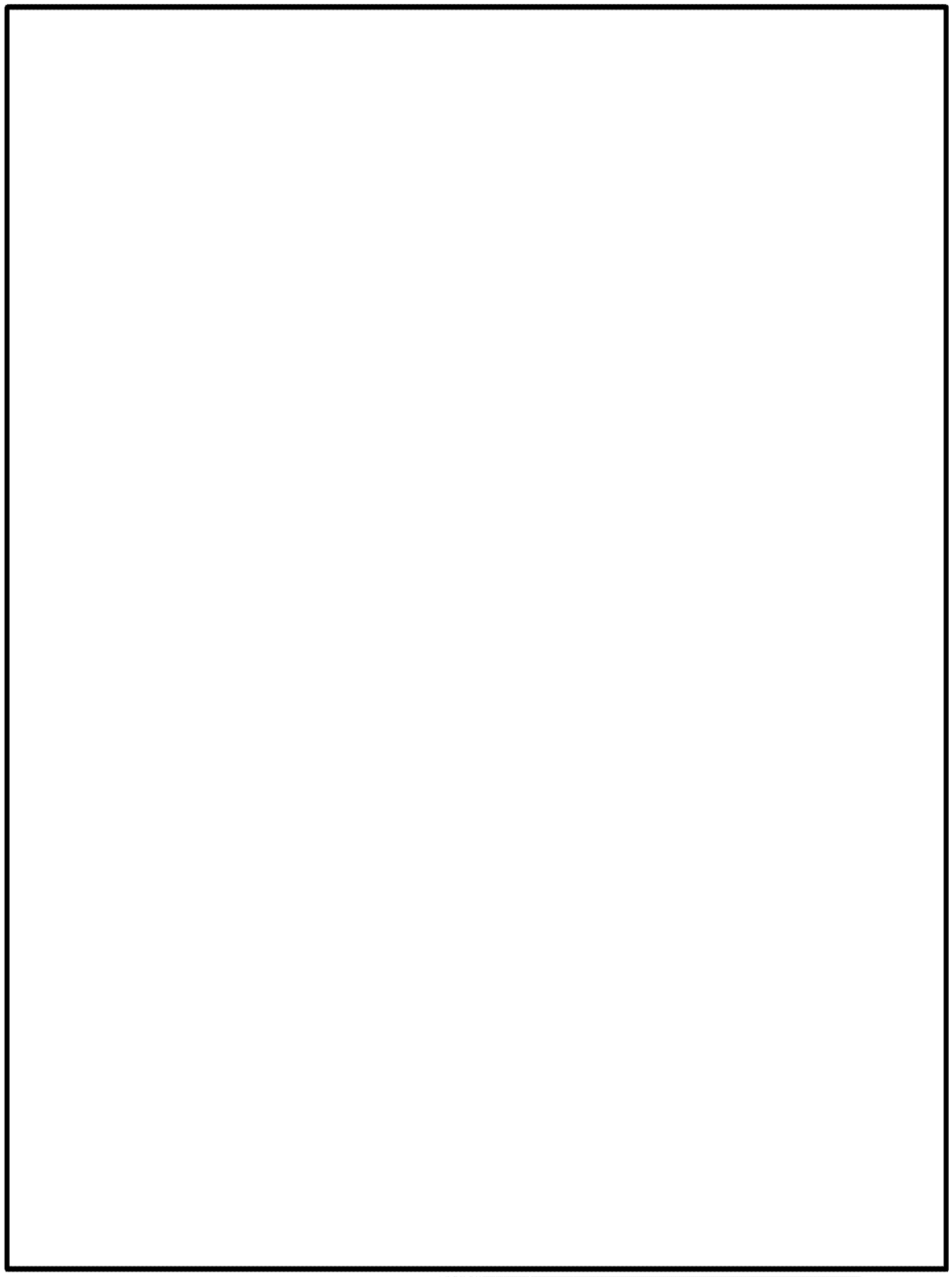

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1.5 Investor Qualifications and Accreditations

Accredited Investor Verification. The Appalachian EB-5, LLC regional center will follow applicable U.S. Securities and Exchange Commission rules for classifying an EB-5 investor as an "Accredited Investor" according to the definitions contained in Rule 501 of Regulation D. An investor must meet one of two of the following definitions to be an eligible EB-5 investors:

- A natural person who has individual net worth, or joint net worth with the person's spouse, that exceeds $1 million at the time of the purchase not including the value of a home, home furnishings or automobiles; or

- A natural person with income exceeding $200,000 in each of the two most recent years or joint income with a spouse exceeding $300,000 for those years and a reasonable expectation of the same income level in the current year.

Each prospective EB-5 investor will be required to complete a questionnaire that provides adequate supporting information to verify compliance with either of these definitions. Assuming the potential immigrant meets one of the two above criteria, the regional center will utilize the following required elements in order to pre-qualify potential investors:

- Valid Passport
- Nationality
- No Criminal Record
- Availability of Funds Within 60 Days
- Identifiable and Legal Source of Funds

1.6 Investor Information Requirements

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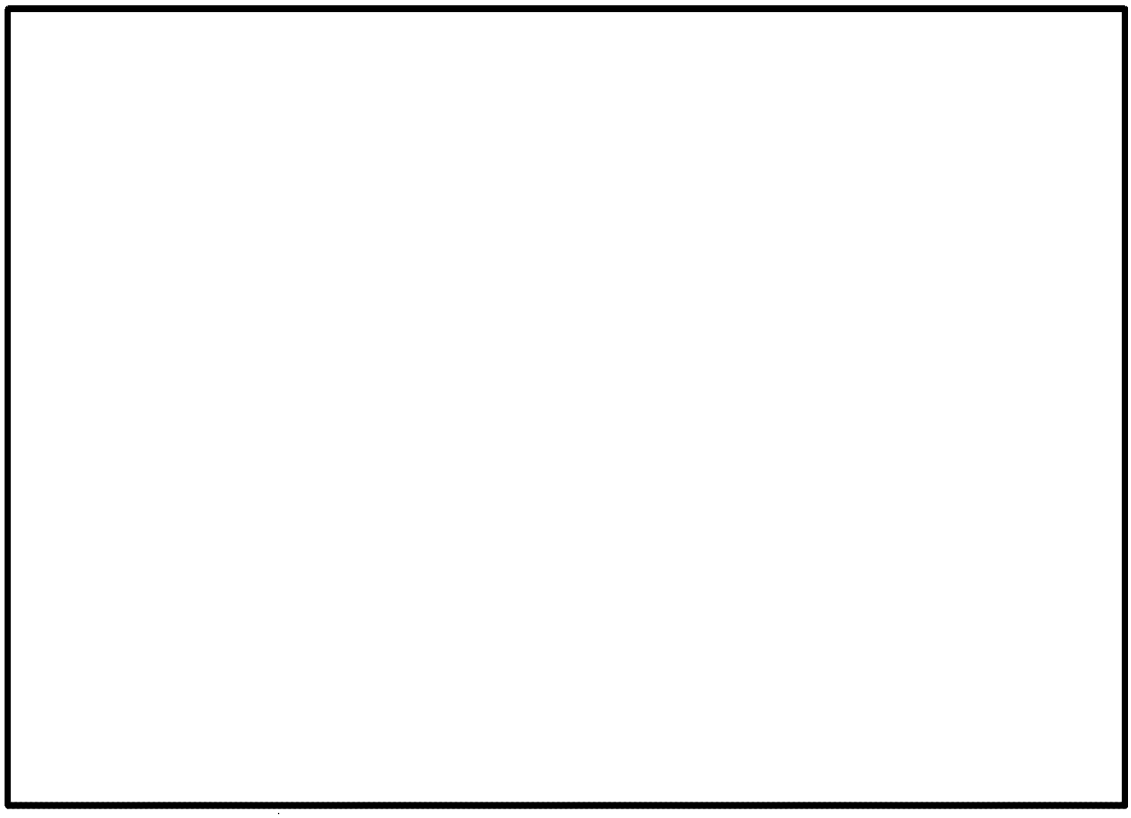

1.7 Investor Source of Funds

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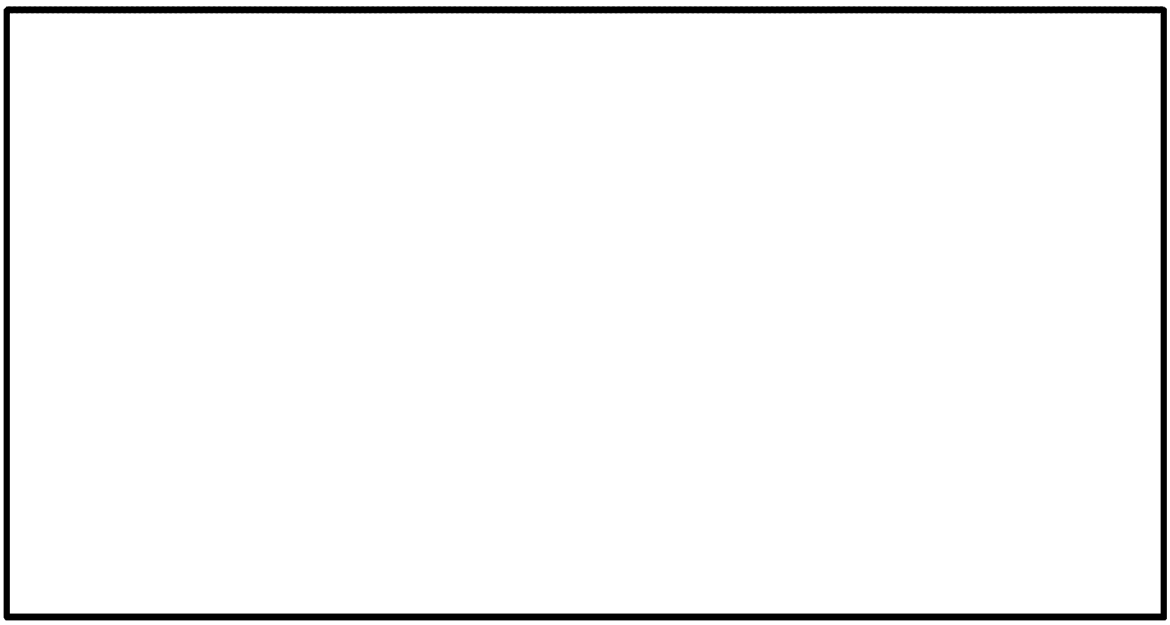

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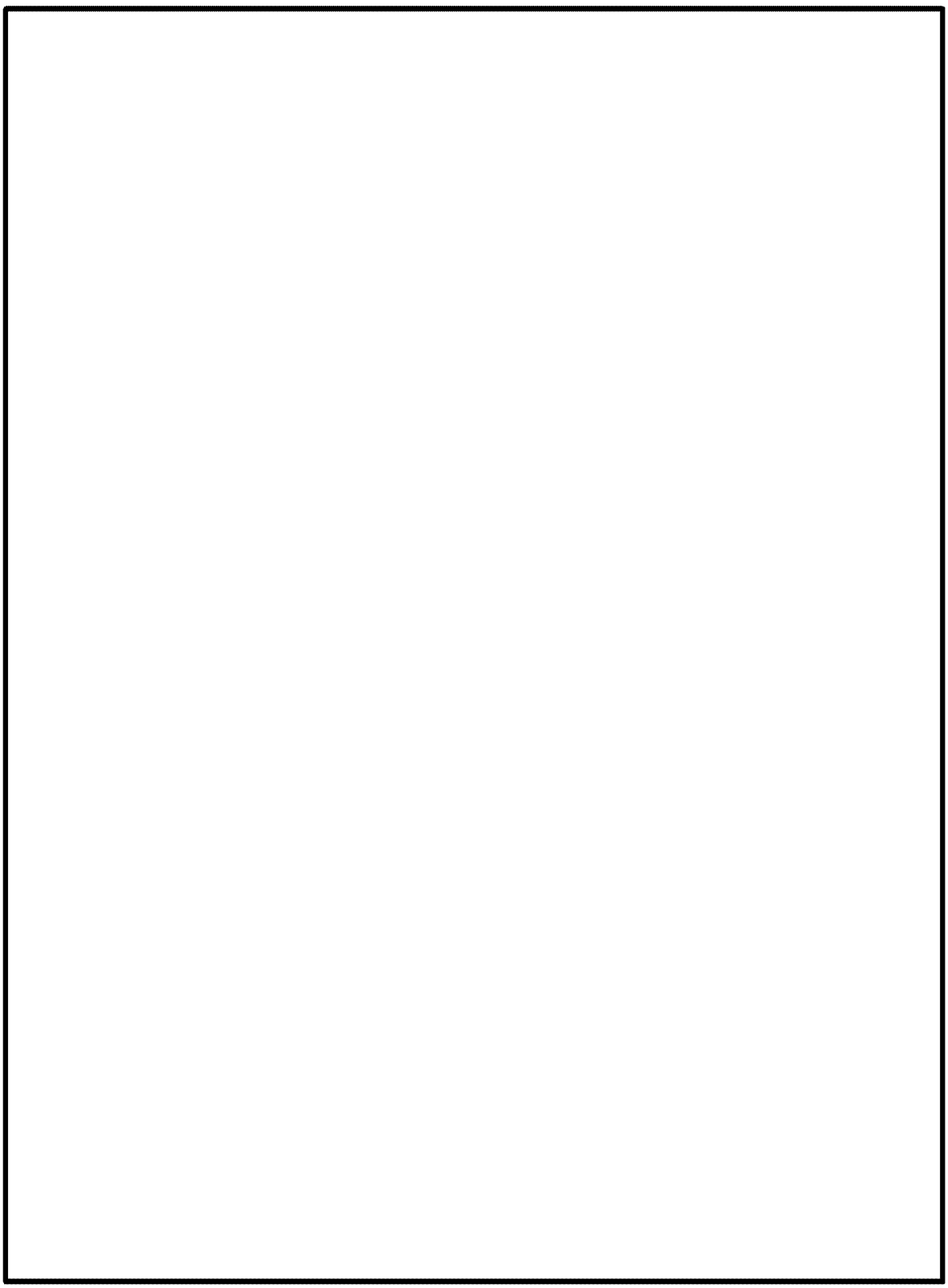

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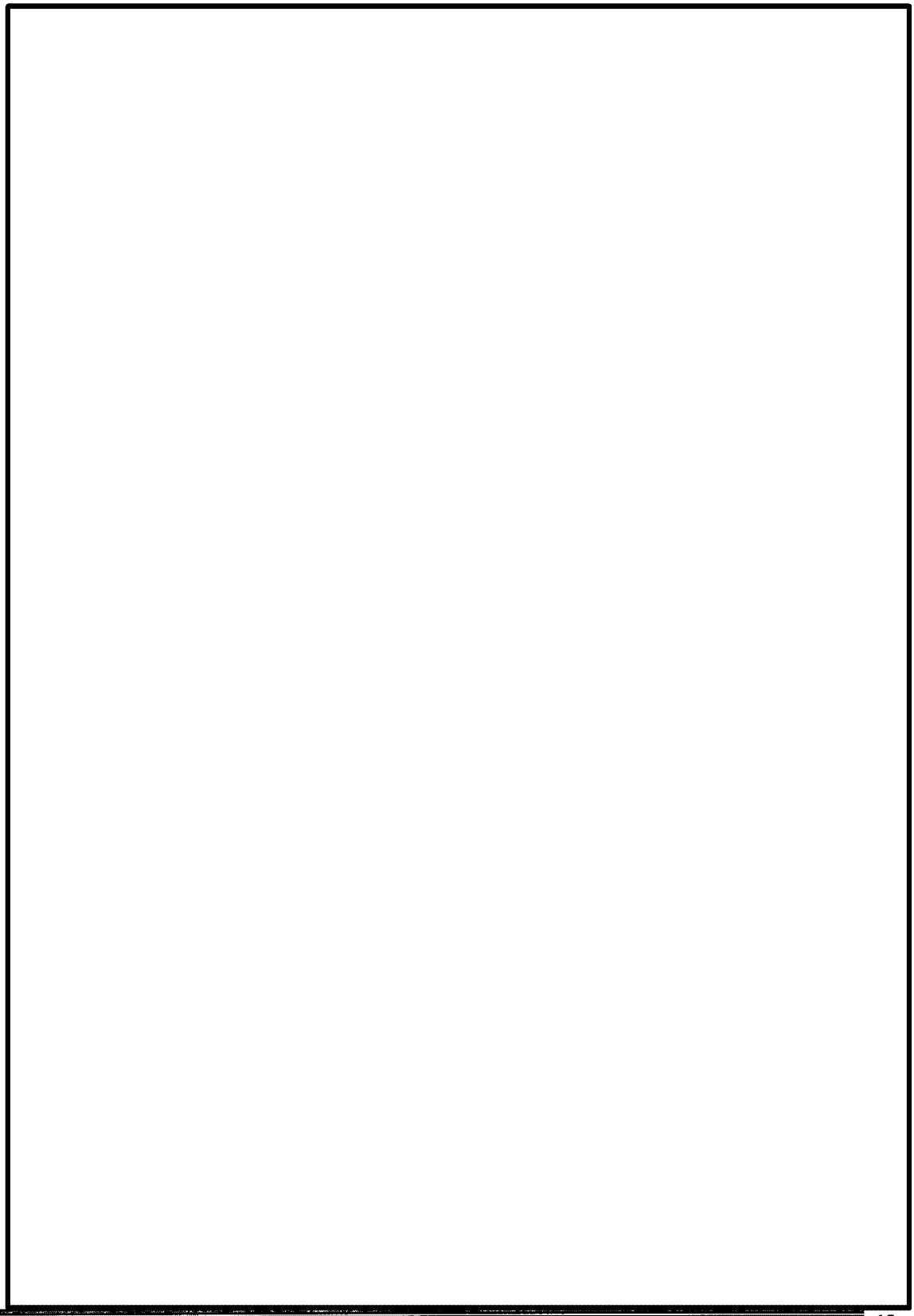

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1.8 Investor Due Diligence

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Under USCIS regulations, the investor must demonstrate that their assets were gained in a lawful manner. This requires the investor to prove their investment funds were obtained through lawful business, salary, investments, property sales, inheritance, gift, loan, or other lawful means.

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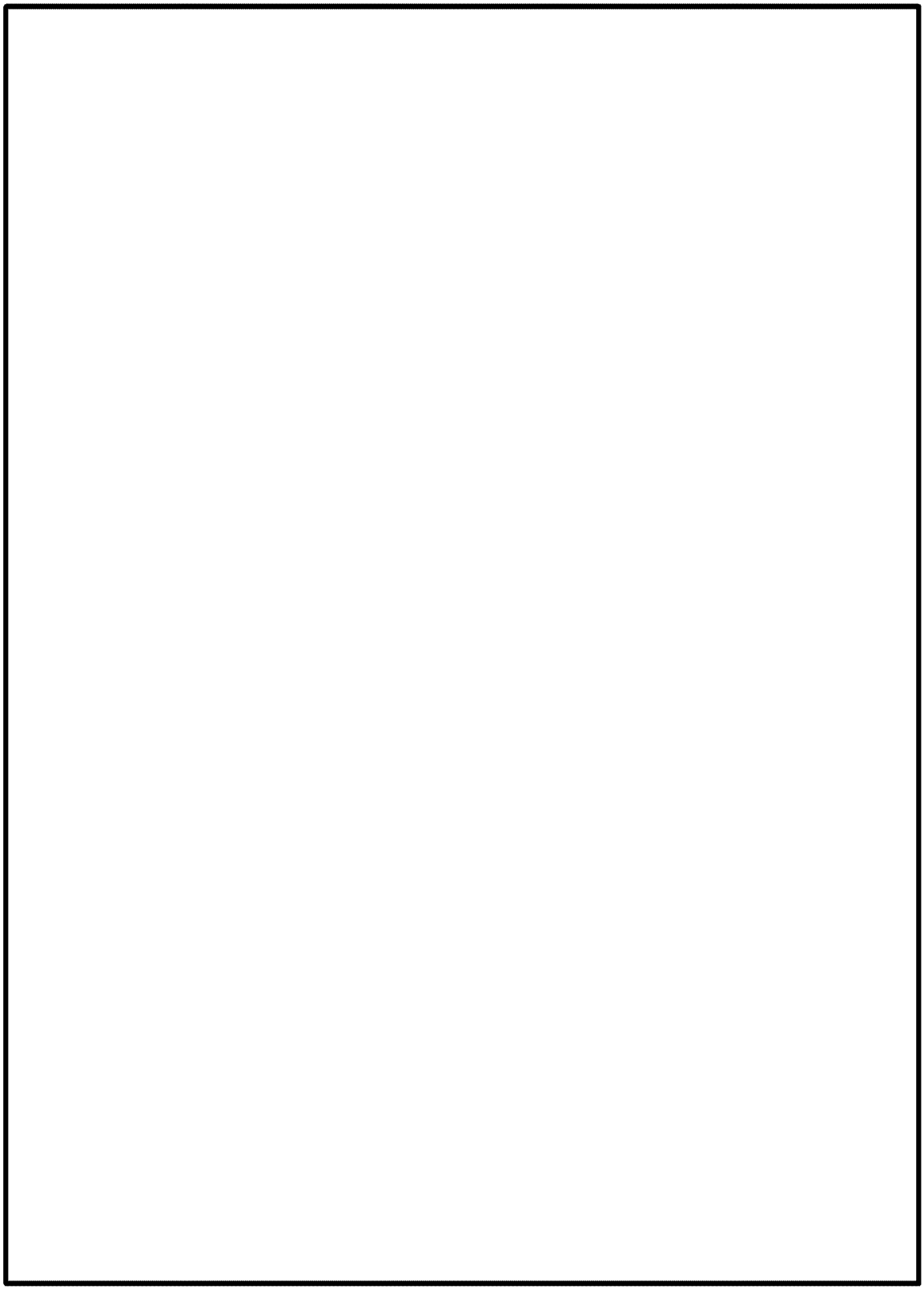

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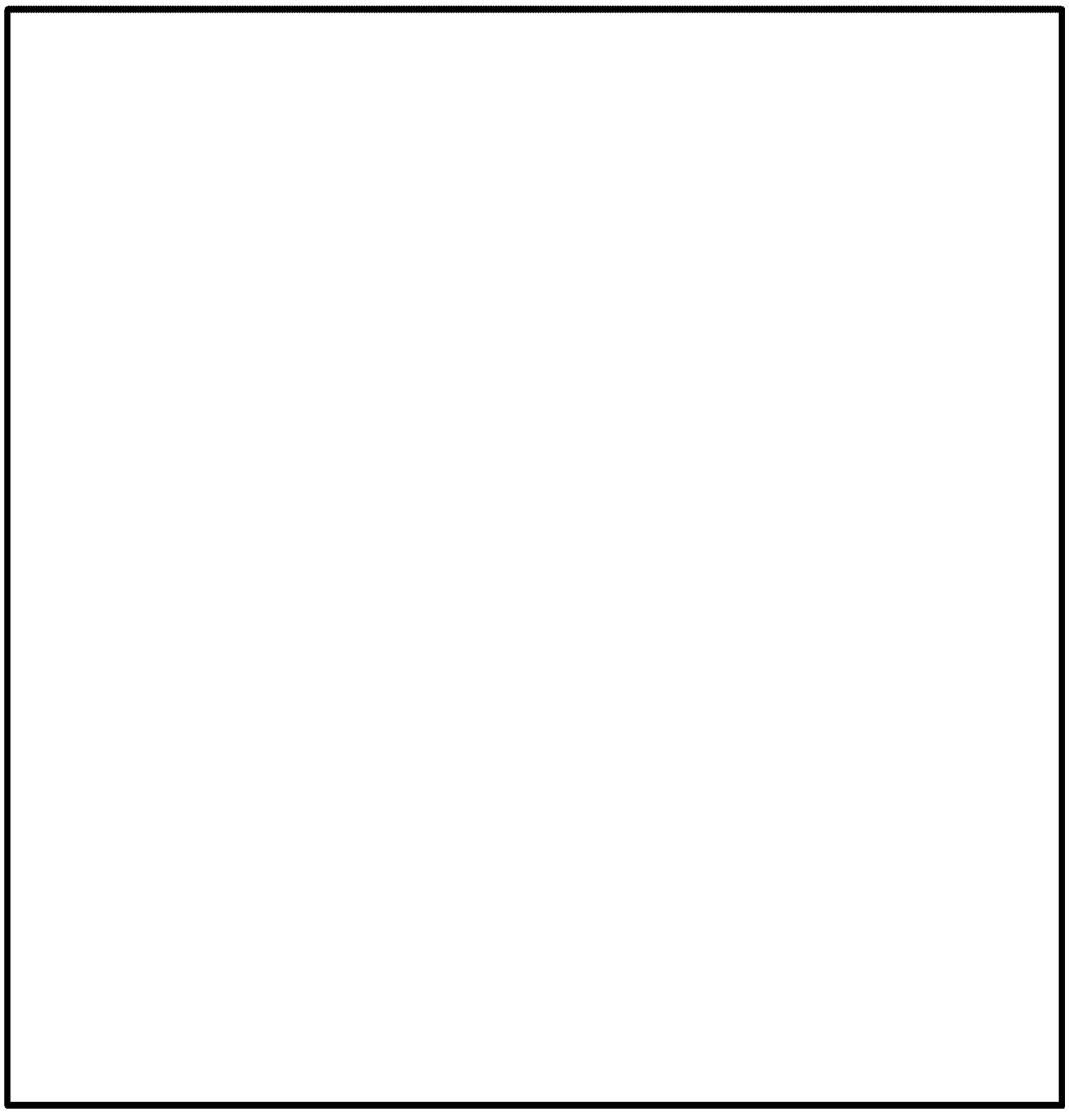

1.9 Document Review and Verification Policy

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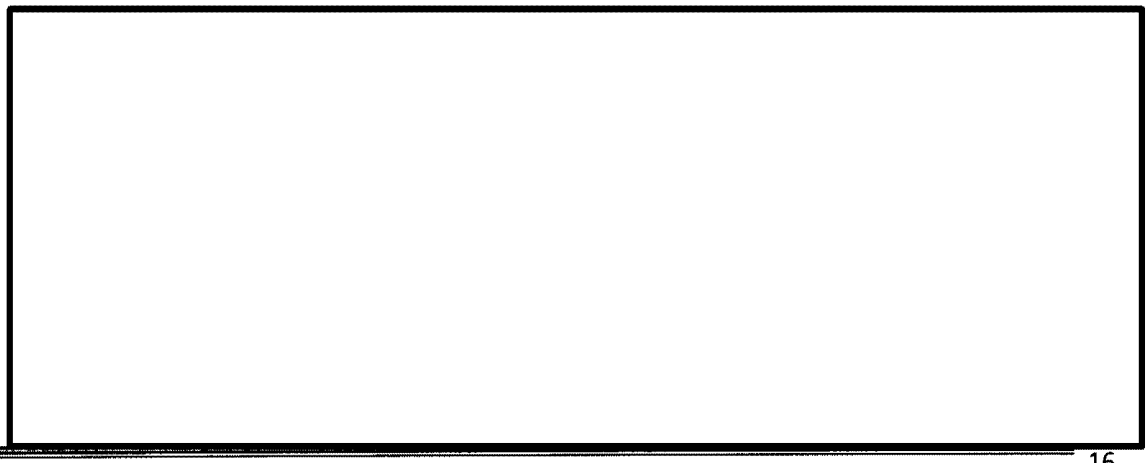

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1.10 Process Documentation and Legal Agreements

Enclosed with this submission are all of the forms and legal agreements pertaining to the establishment and operation of the Appalachian EB-5, LLC Regional Center.

1.11 Summary of Initial Project-Investor Promotional Activities

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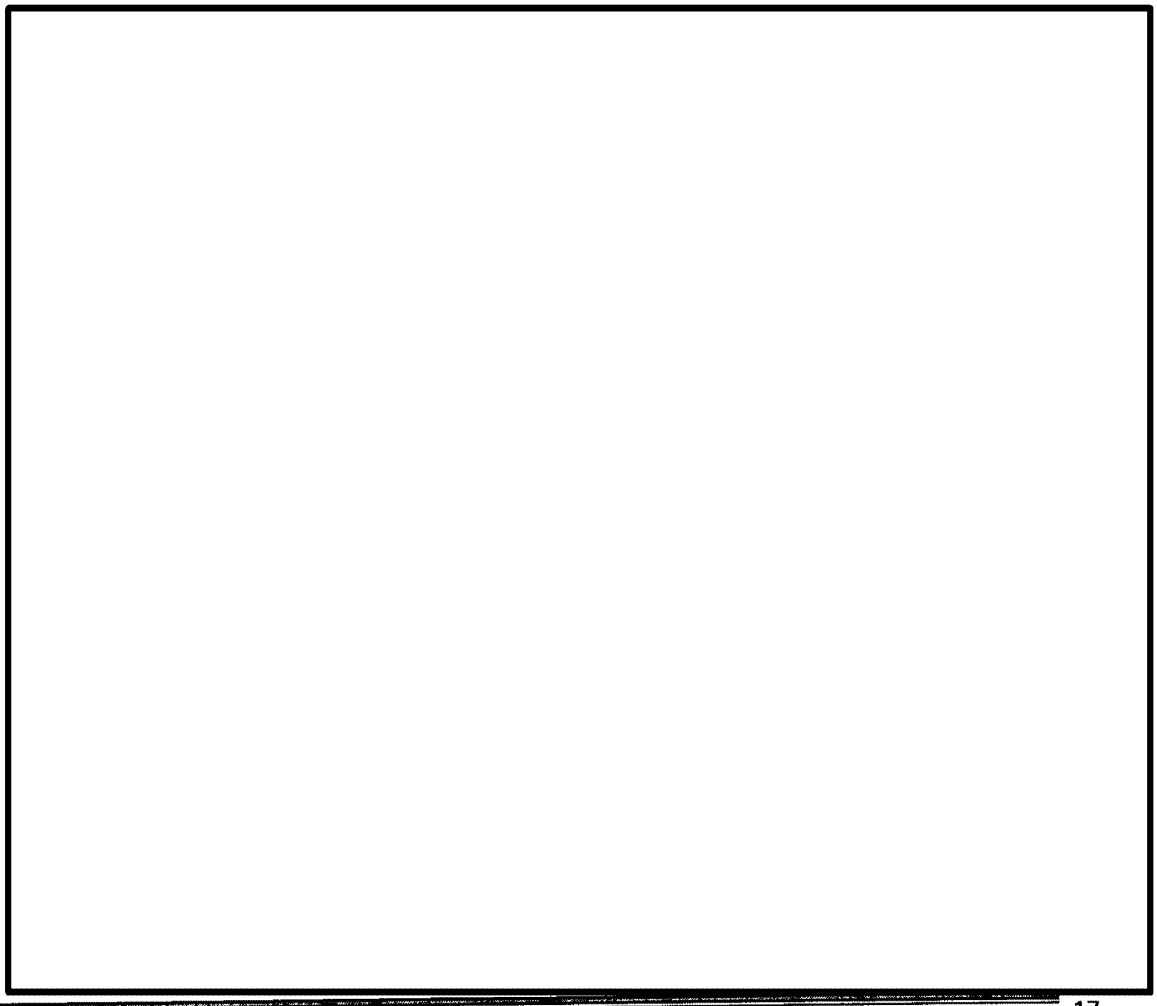

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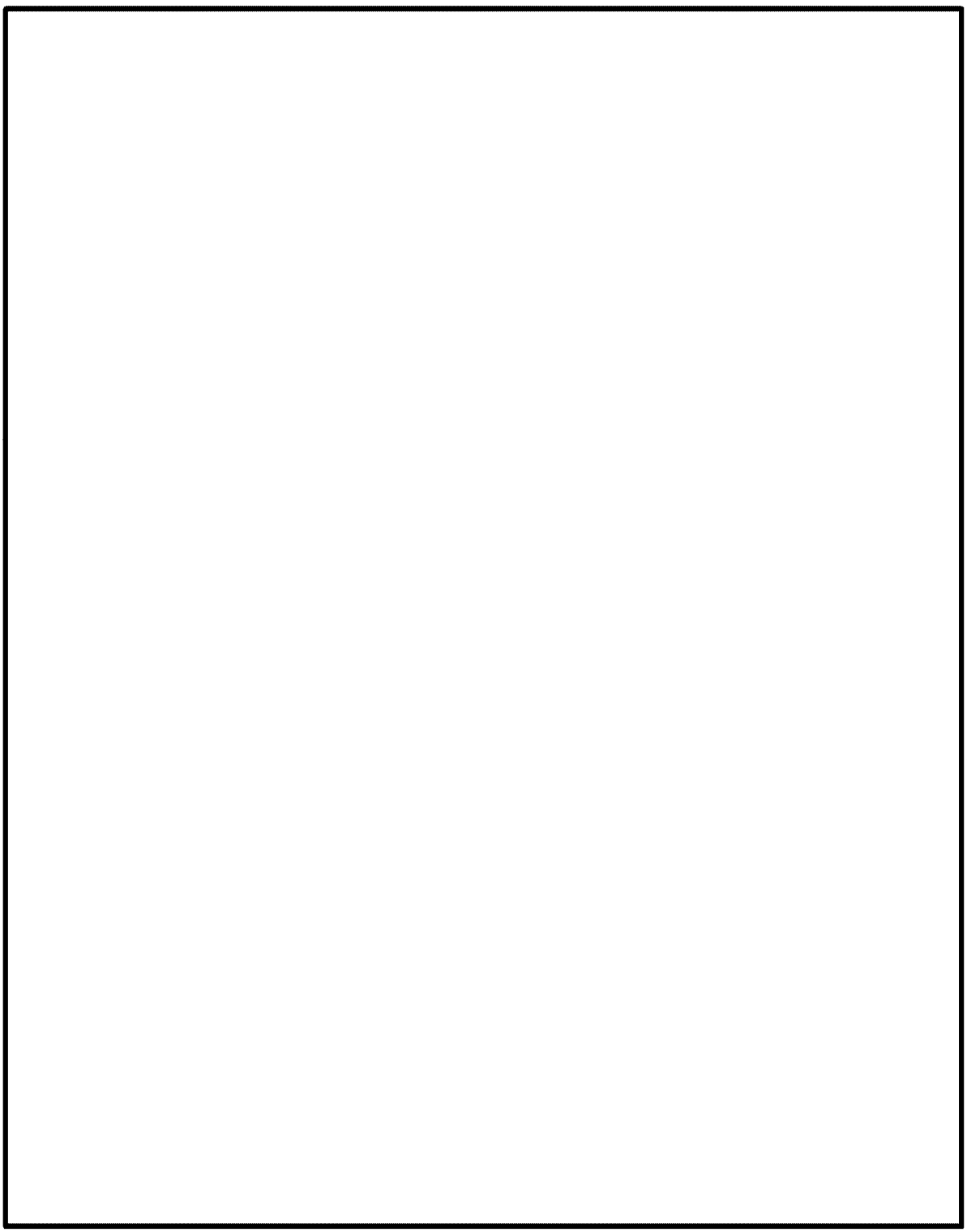

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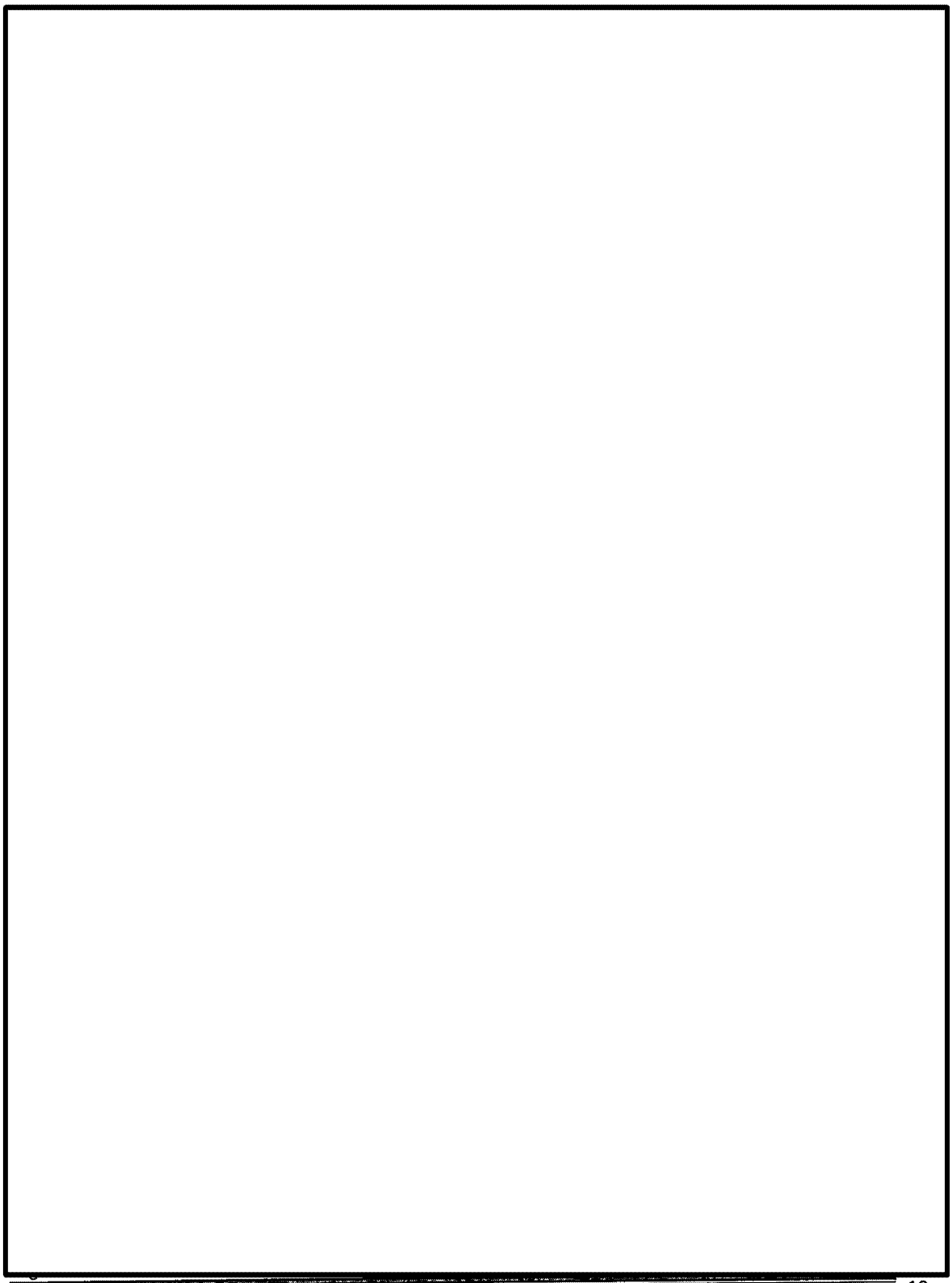

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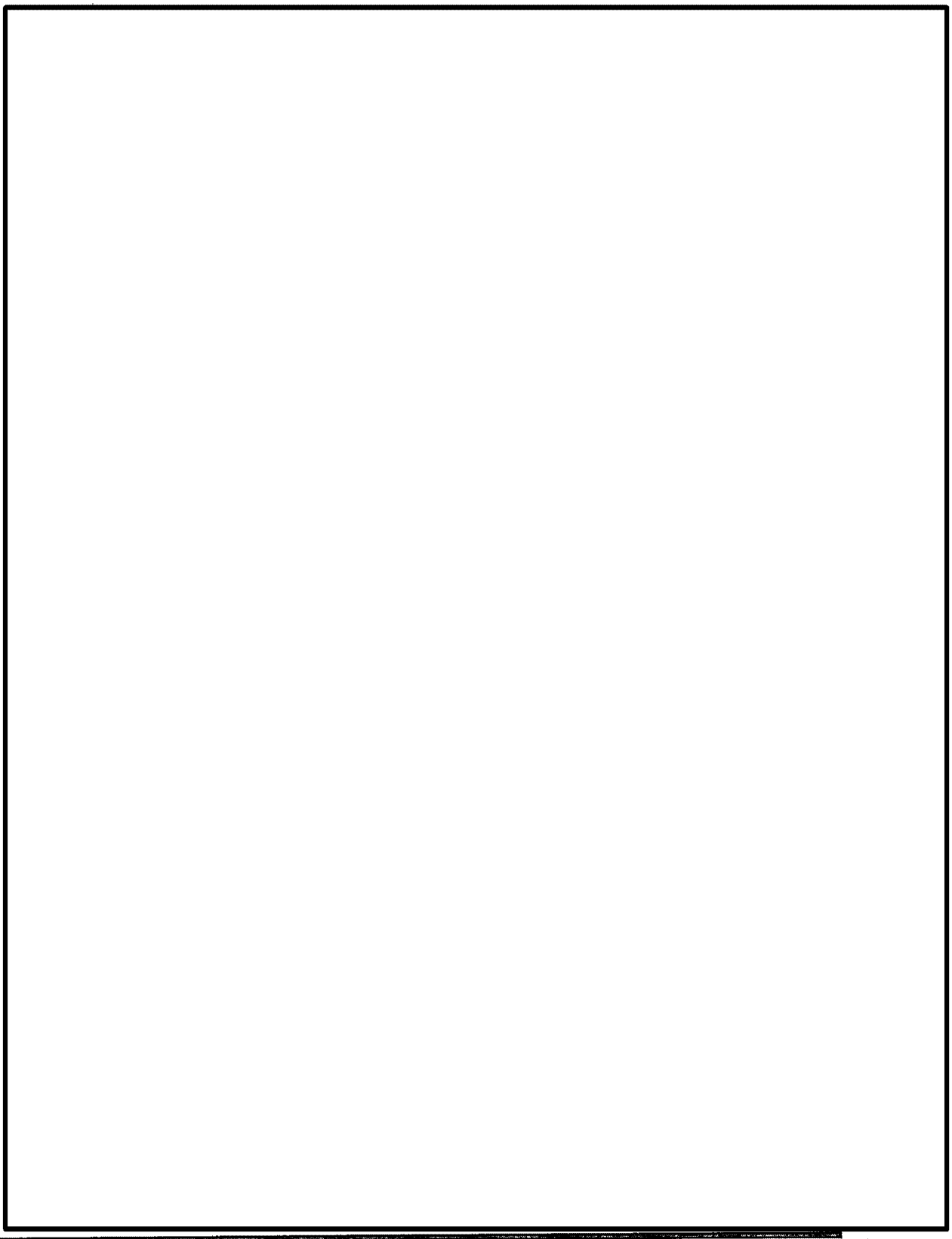

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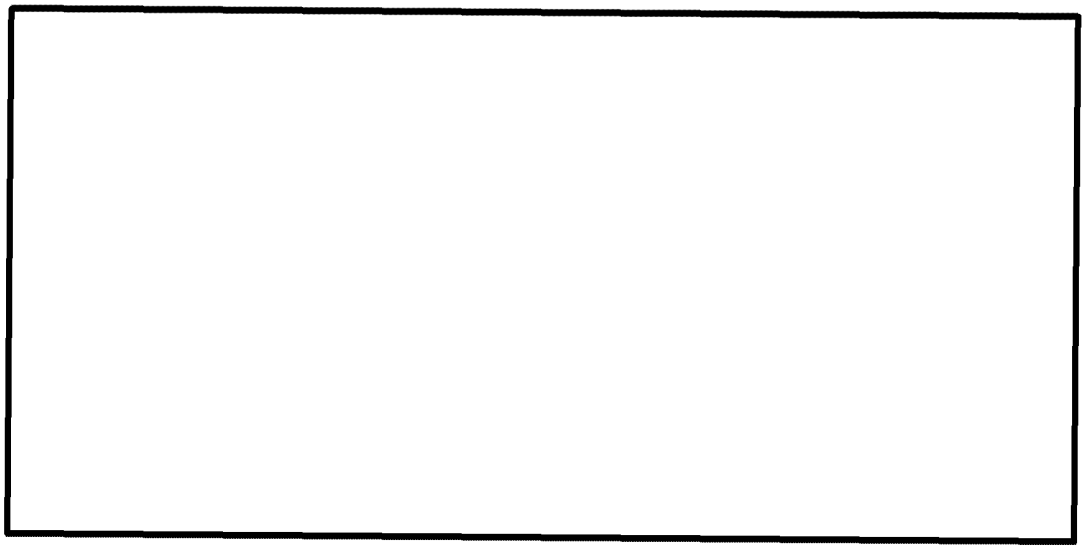

Benefits to Investing in the EB-5 Project: For the initial project, the investment has some additional benefits over most other regional center investment programs:

- Skilled development and operations management,
- A unique project in region not often targeted for EB-5 development,
- Integrity of management of the project,
- Projected positive cash flow for the project with a positive cash flow,
- Reasonable rate of return and with a sound list of exit strategy alternatives being offered.

Benefits of Investing in the U.S.: This general section will include key national discussions published by the U.S. Department of Commerce's International Trade Administration. There is no question that investing in the United States brings with it many advantages. With more than 300 million people and the largest economy in the world (as measured by Gross Domestic Product or GDP), the United States is the most important market for any global company. The American workforce ranks as one of the best educated, most productive, and most innovative in the world. As a place to do business, the United States offers a predictable and transparent legal system, outstanding infrastructure, and access to the world's most lucrative consumer market."

More specifically, some of the advantages of investing in the United States include:

- Economy: The United States has the largest and most technologically advanced economy in the world, with a per capita GDP of approximately $47,400 (2010). The systems of regulation and taxation in the United States give the foreign investor unparalleled operational freedom. Furthermore, the United States consistently ranks at or near the top of most major indicators of an attractive business and investment climate. The United States is the most consistently competitive, innovative, and open

economy in the world. In its calendar year 2008 Business Competitiveness Index, the World Economic Forum (WEF) ranked the United States first, looking at business environment conditions and sustainability of national prosperity.

- Consumer Market: One reason global companies invest in the United States is to be closer to their suppliers and customers in a dynamic market. The United States accounts for 42 percent of the global consumer goods market, with a per capita disposable income in excess of $36,000 in calendar year 2010. In addition, the United States maintains free trade agreements with 17 partner countries, giving foreign investors in the United States access to diverse markets around the world.

- Research and Development: The United States is a center for global innovation. In calendar year 2008, the United States was responsible for 34 percent of total research and development expenditures in the world as well as approximately 40 percent of "patented new technology" developed within OECD countries. Currently, the United States is home to ¾ of all living Nobel laureates and published approximately 60% of the world's "highly cited publications."

- Technology: American companies are leaders in technological advances and innovation. Foreign investors invest in the United States for greater risk-adjusted return on investment in an unparalleled investment climate. Our markets are open to products, ideas, and above all, innovation. Among Business Week's Top 100 Information Technology companies, 43 are U.S. firms. The Economist rated the United States as one of the most "e-ready" country in the world in calendar year 2009. In its 2010-2011 Global Competitiveness Index, the WEF again ranked the United States first in innovation.

- Intellectual Property Protections: The world comes to the United States to invest in research and development and to commercialize the results of their creativity. The United States provides a strong regime of intellectual property rights protection and enforcement. Of the 219,614 patents granted by the U.S. Patent Office in calendar year 2010, more than 50 percent of the approved applications originated from a foreign country.

- Education: Fifteen of the top twenty universities and six of the top ten full-time MBA programs in the world are in the United States, according to the Times Higher Education Supplement. There are more than 4,000 universities and colleges in the United States. Over 56 million Americans have obtained a Bachelor's degree or higher. In addition, there were over 690,000 international students-about a quarter of all international students worldwide-were enrolled in American institutions in the 2009-2010 academic year. Many community colleges have tailored training programs to investors who locate facilities in their area. In addition to the massive number of Americans with post-

secondary degrees, the federal and state governments spend billions every year on workforce training.

- Productive Workforce: Investors in the United States gain access to a highly productive and adaptable workforce. According to the International Labor Organization (ILO), the United States leads in the world with a labor productivity per person employed value of $63,885 per year. Also the productivity gap between the United States and other developed countries continues to widen, according to the ILO.

- Transportation/Infrastructure: Of the top ten world economies, the United States has the largest roadway system, railway network, number of airports, and quantity of Internet hosts. Three of the top ten airports by air cargo volume are in the United States, including the busiest cargo airport in the world. The United States is also home to some of the world's busiest international bulk cargo and container handling ports (e.g. Long Beach CA and Miami, FL).

- Hospitable Society: The United States is a friendly and hospitable country, where many foreigners live and invest. As a nation of immigrants, the United States boasts some of the largest cultural Diasporas in the world. The United States is committed to affording foreign investors fair and equitable treatment

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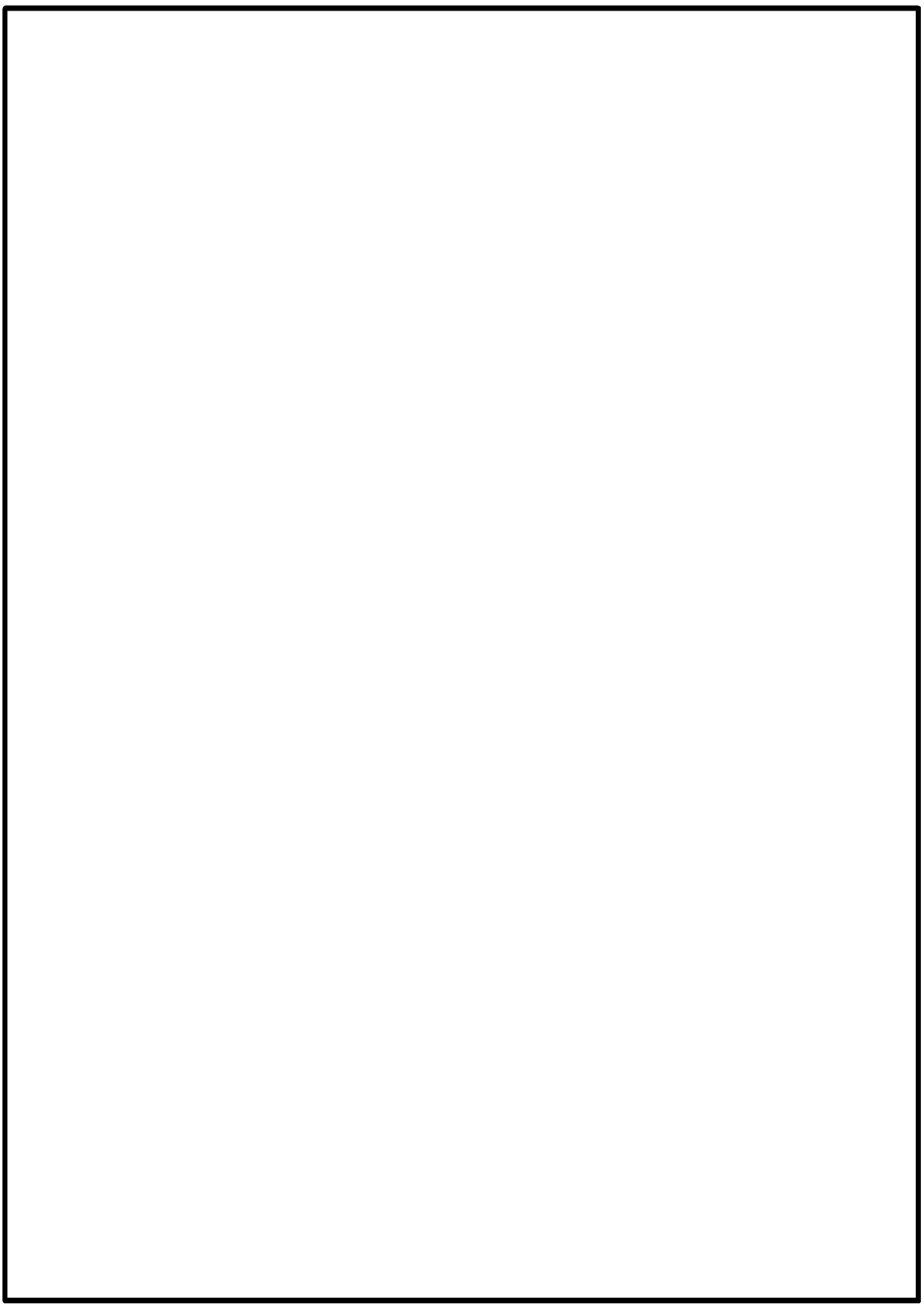

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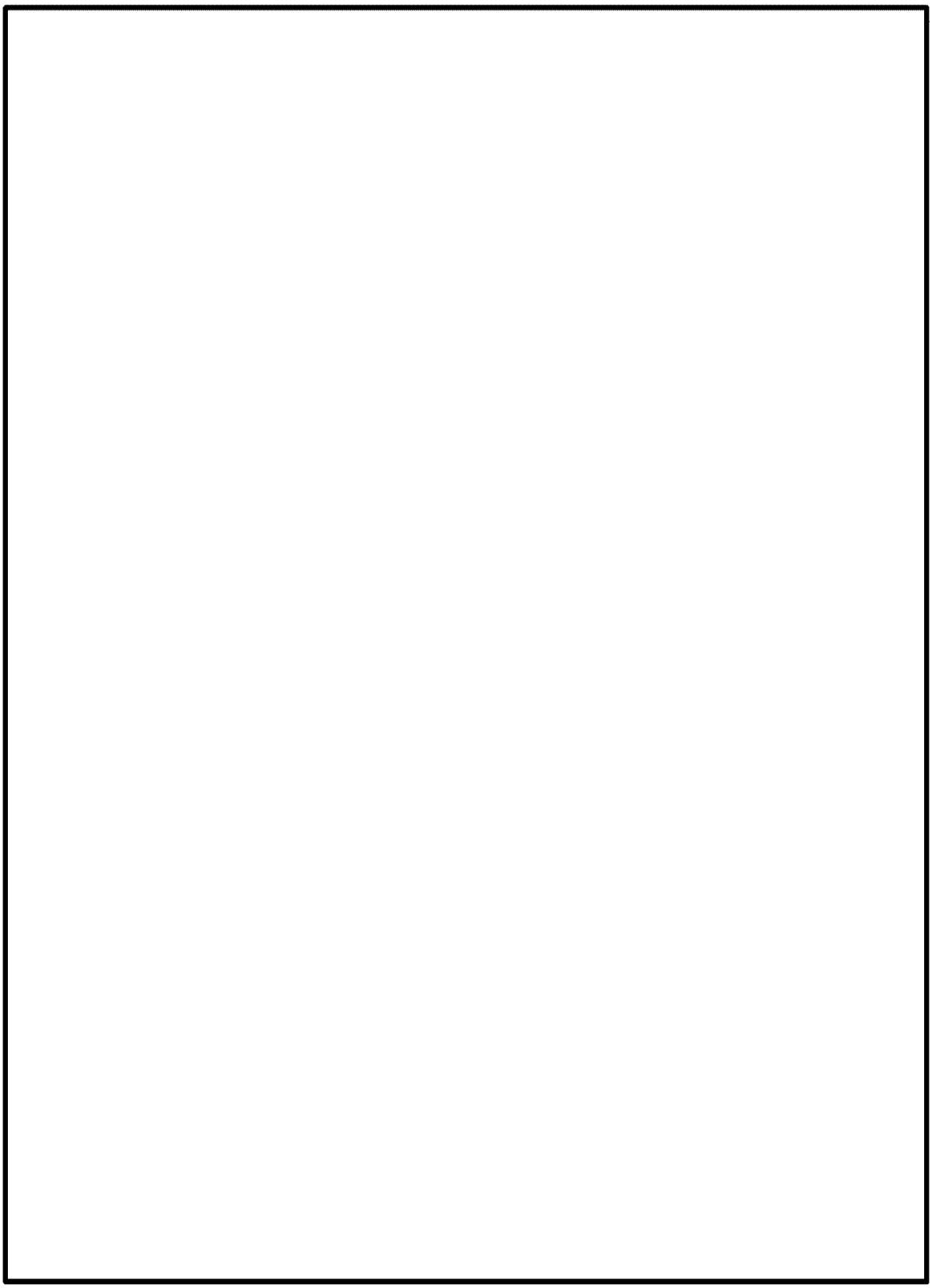

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1.12 Initial Marketing Budget

The following is a draft initial marketing budget based on current plans as they are now understood for the initial EB-5 project at the time of this application filing.

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1.13 Summary of Investor Remittance Requirements

Investors will be responsible for making the following deposits in order to secure the investment opportunity:

Details/Schedule	Amount
Project Expense Deposit (Non-refundable once the investor's subscription is accepted	(b)(4)
Wire Transfer in Investment Escrow Account (Only released once the I-526 has been approved)	$ 500,000[8]

1.14 Application Process Steps

In order to become a qualified immigrant investor in the EB-5 Regional Center Program, a potential investor will take the following steps:

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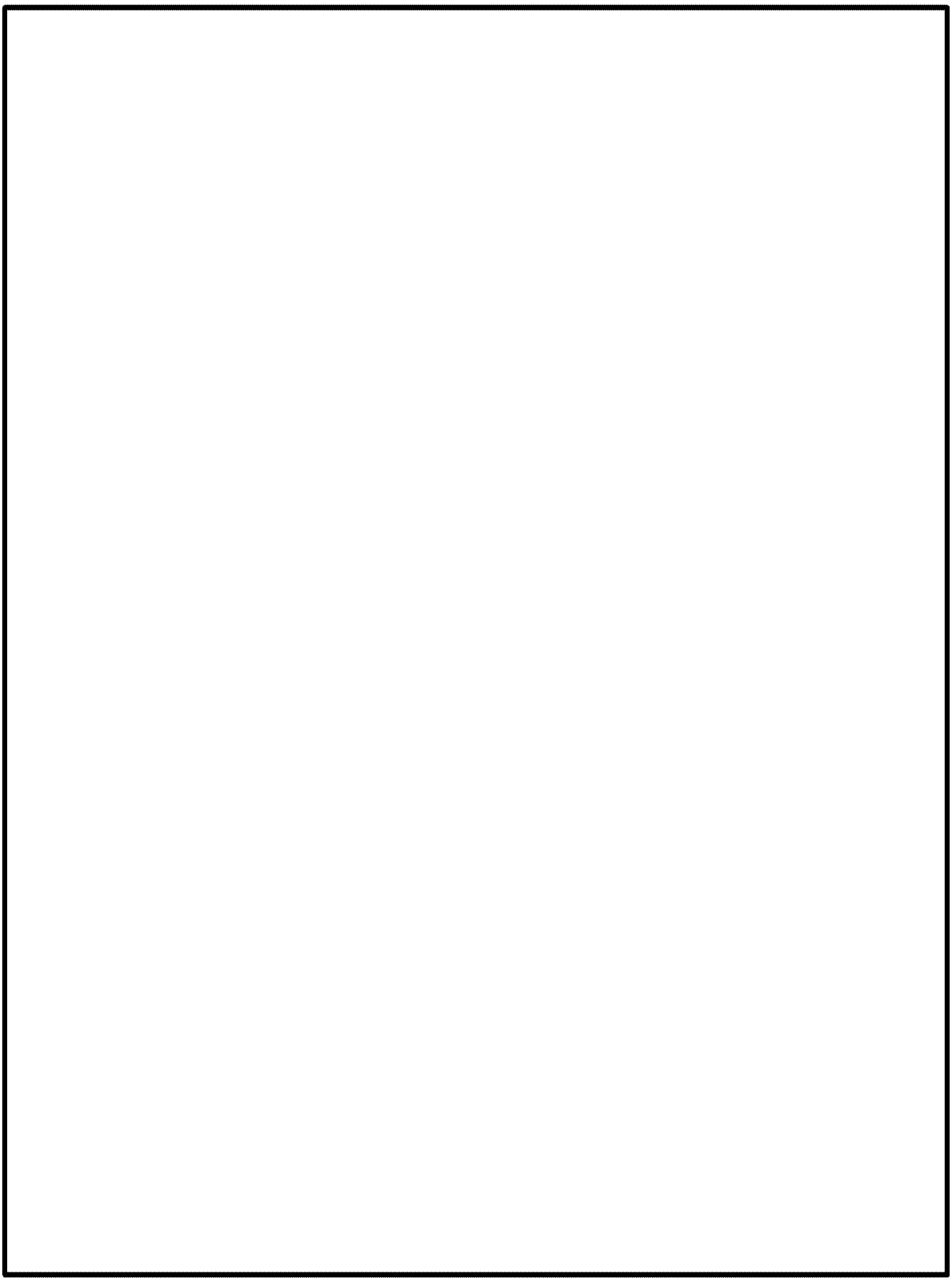

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1.15 Summary of the Regional Center's 5-Year Budget

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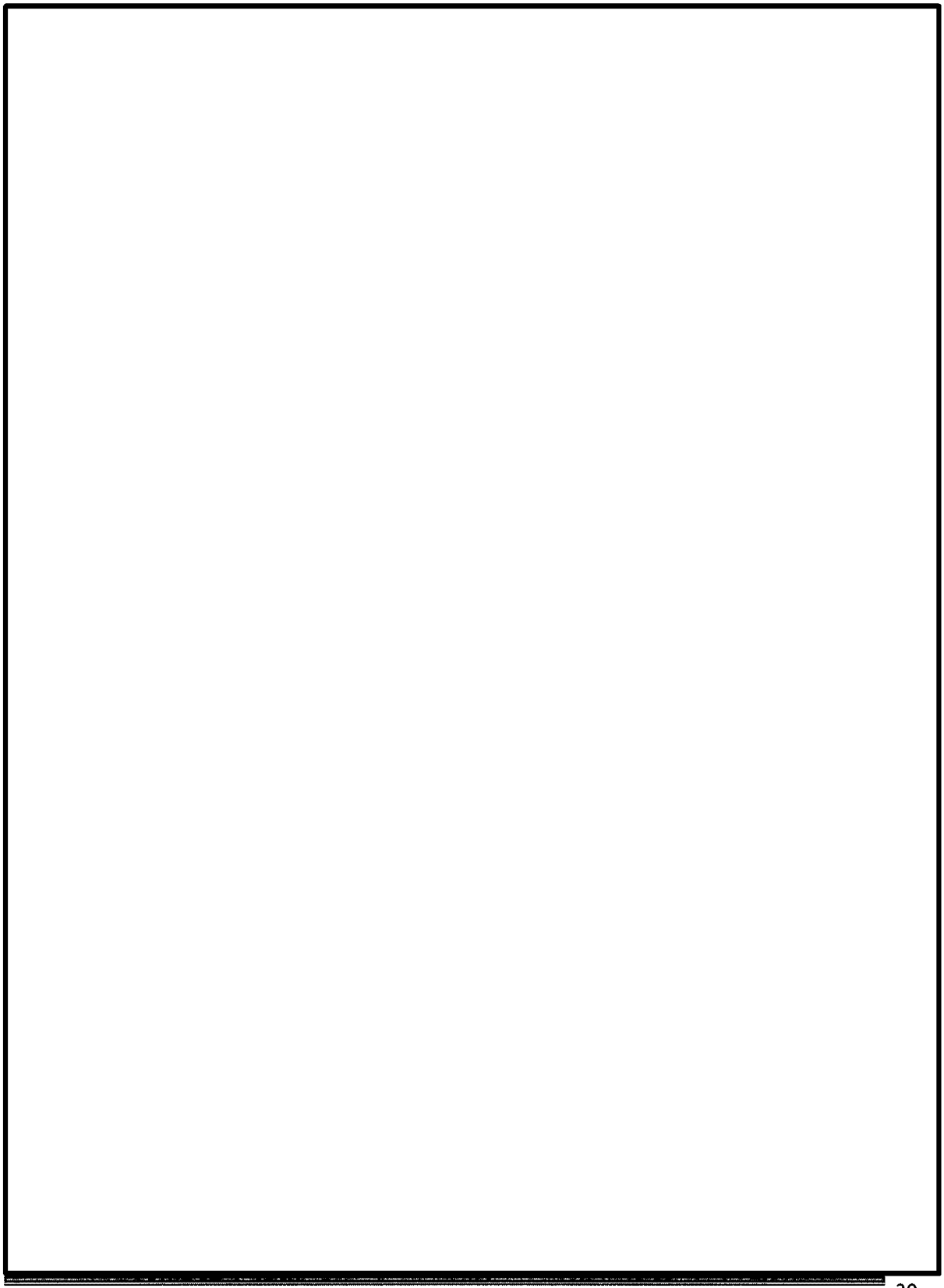

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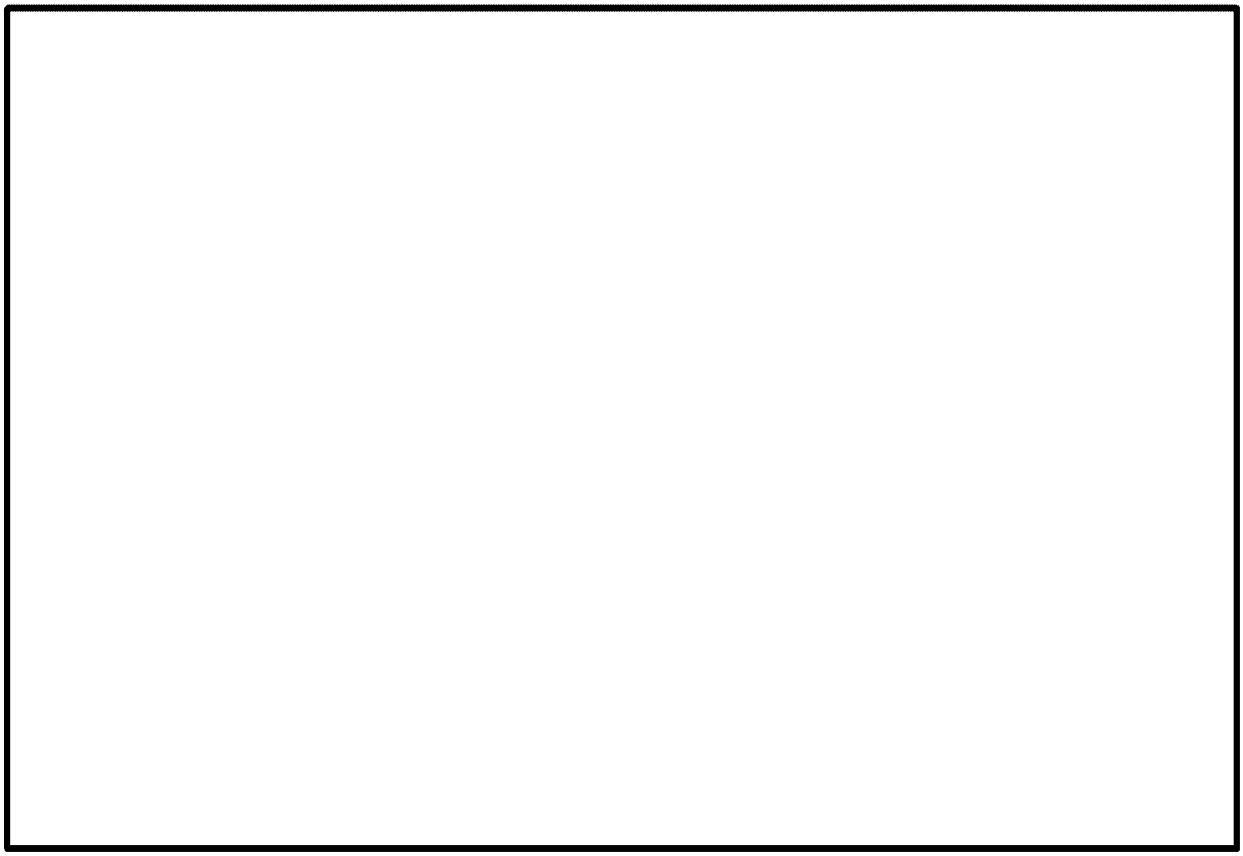


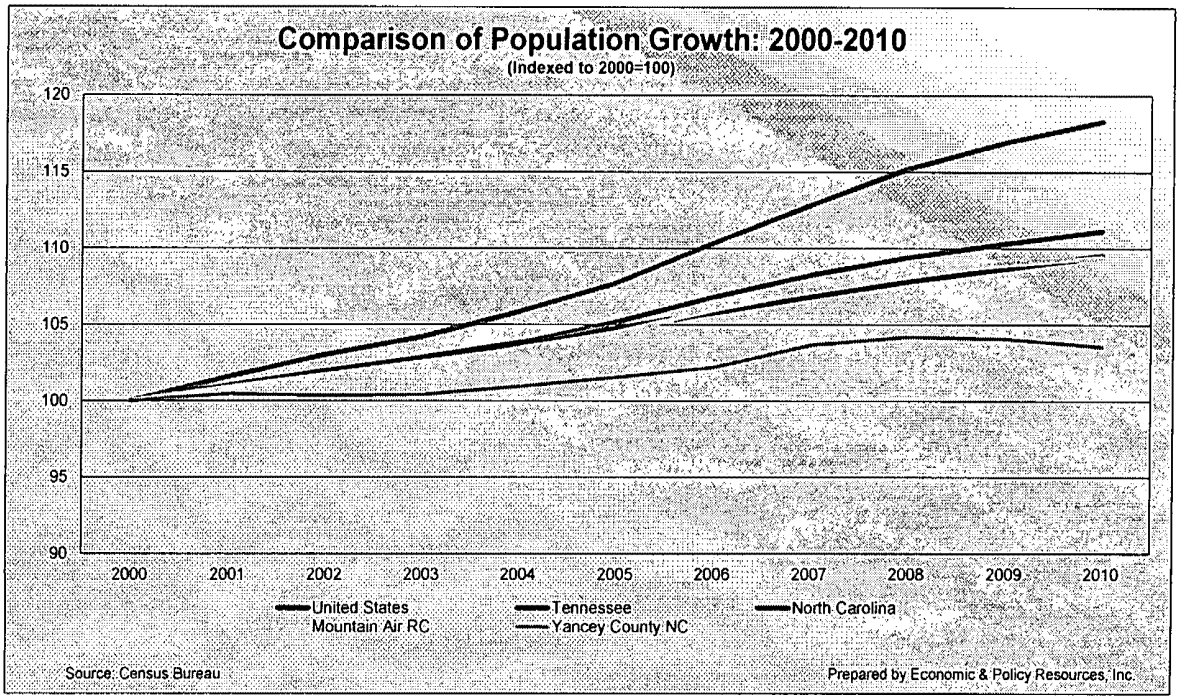
2.1 Overview of the Appalachian EB-5, LLC Regional Center Geography

The proposed project area is comprised of 50 counties in the State of Tennessee and 29 counties in the State of North Carolina. The Regional Center encompasses seven Metropolitan Statistical Areas (MSAs) in their entirety and parts of three others. According to the 2010 estimates from the U.S. Census Bureau, the population of the combined 79 county region is about 4,390,000, which accounts for 31.0% of the total population of the combined two-state area. The total area of the seventy-nine county region is just over 31,000 square miles, which is 34.6% of the total land area of the combined North Carolina/Tennessee region. The regional center has a population density of 141.2 persons per square mile as of the 2010 population estimates.

Appalachian EB-5 Regional Center Counties

North Carolina		Tennessee	
MSA	**Other Counties**	**MSA**	**Other Counties**
Asheville MSA	Alexander	Chattanooga MSA	Bledsoe
Haywood	Alleghany	Hamilton	Campbell
Madison	Ashe	Marion	Cannon
Buncombe	Avery	Sequatchie	Claiborne
Henderson	Burke		Clay
	Caldwell	Cleveland MSA	Cocke
Winston-Salem MSA	Cherokee	Bradley	Coffee
Yadkin	Clay	Polk	Cumberland
Davie	Graham		DeKalb
Forsyth	Jackson	Johnson City MSA	Fentress
Stokes	Macon	Carter	Franklin
	McDowell	Unicoi	Greene
	Mitchell	Washington	Grundy
	Polk		Hancock
	Rutherford	Knoxville MSA	Hawkins
	Surry	Anderson	Jackson
	Swain	Blount	Johnson
	Transylvania	Knox	Macon
	Watauga	Louden	McMinn
	Wilkes	Union	Meigs
	Yancey		Monroe
		Morristown MSA	Morgan
		Grainger	Overton
		Hamblen	Pickett
		Jefferson	Putnam
			Rhea
			Roane
			Scott
			Sevier
			Smith
			Sullivan
			Van Buren
			Warren
			White

Prepared by: Economic & Policy Resources, Inc.



The seventy-nine county region has great variety in its member counties. There are great differences between the cities and population centers and the surrounding rural areas in the regional center. Knox County in Tennessee, which contains the city of Knoxville has the largest population of any of the counties in the regional center, and the second highest population density. Knox County accounts for 10% of the regional center's population. Mirroring Knox County on the North Carolina side of the border is Forsyth County which is part of the Winston-Salem MSA. Forsyth is the second most populous county in the regional center and the most densely populated. Pickett County in Tennessee has the smallest population and area of any county within the regional center. Pickett County is located along the Kentucky border. Swain and Graham Counties in North Carolina along the Tennessee border are the two counties with the lowest population densities.

The Appalachian EB-5, LLC Regional Center is connected to the rest of the U.S. through Interstates I-40, I-75, I-81, I-26, and I-77. I-40 connects the regional center to Los Angeles, CA on the West Coast, and to the eastern seaboard at Wilmington, NC. Interstate 81, connects the regional center to points north on its way to the Canadian Border near Syracuse, NY. Interstate 77 runs south to Columbia, SC and reaches
(b)(4) north to Michigan. I-26 runs south from the regional center to Charleston, SC.

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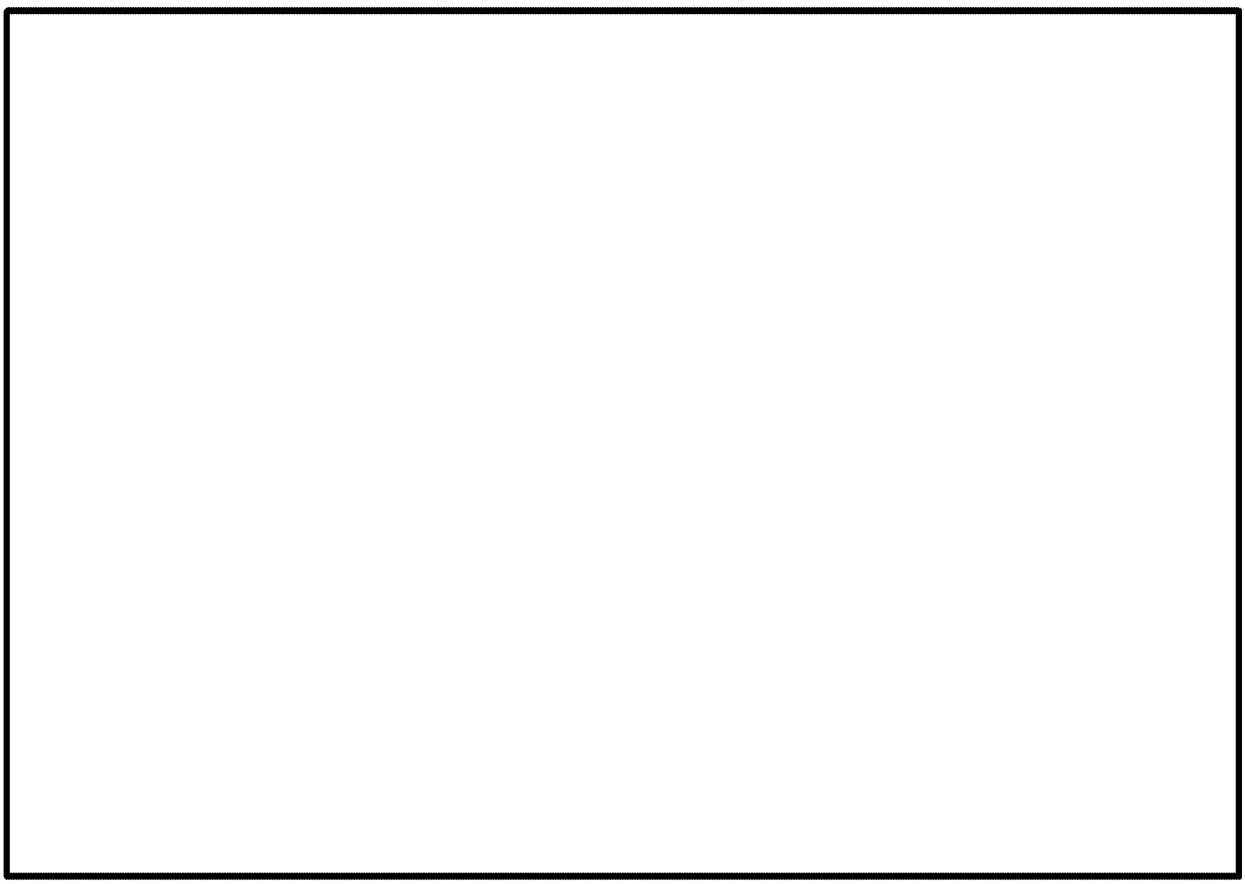

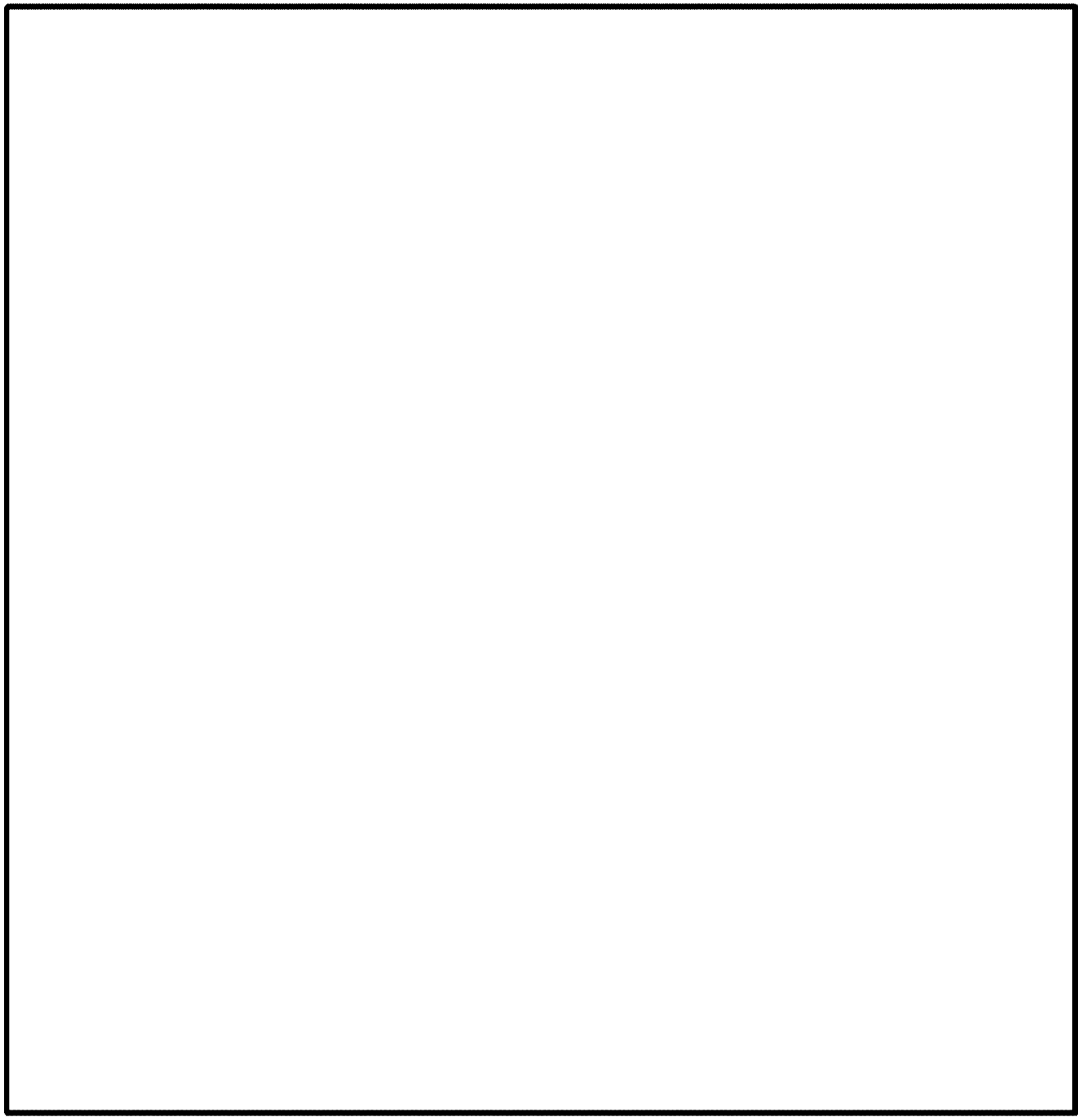

2.2 Overview of the States of North Carolina and Tennessee

(b)(4) The following demographic profile is based on 2010 statistics:

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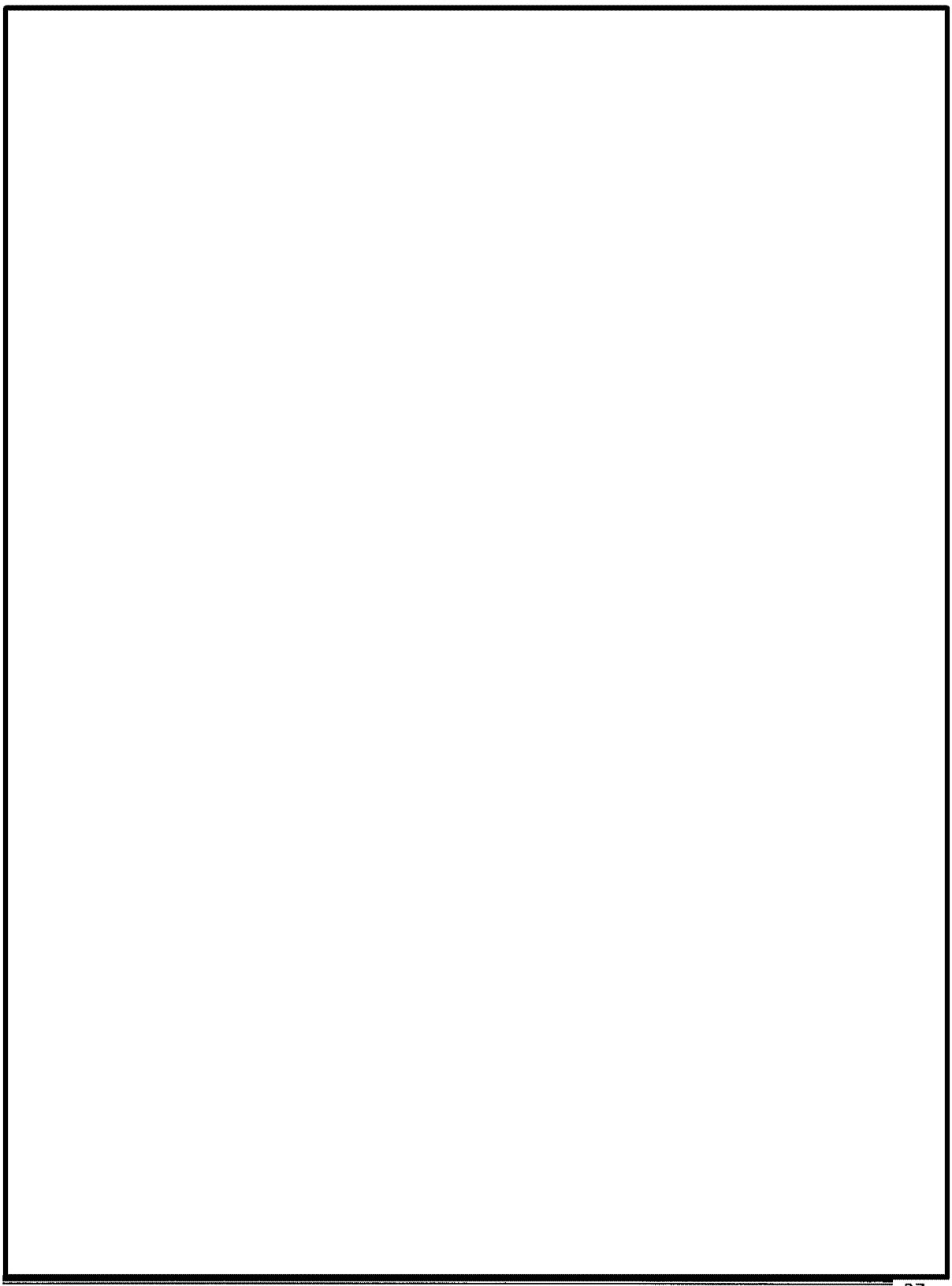

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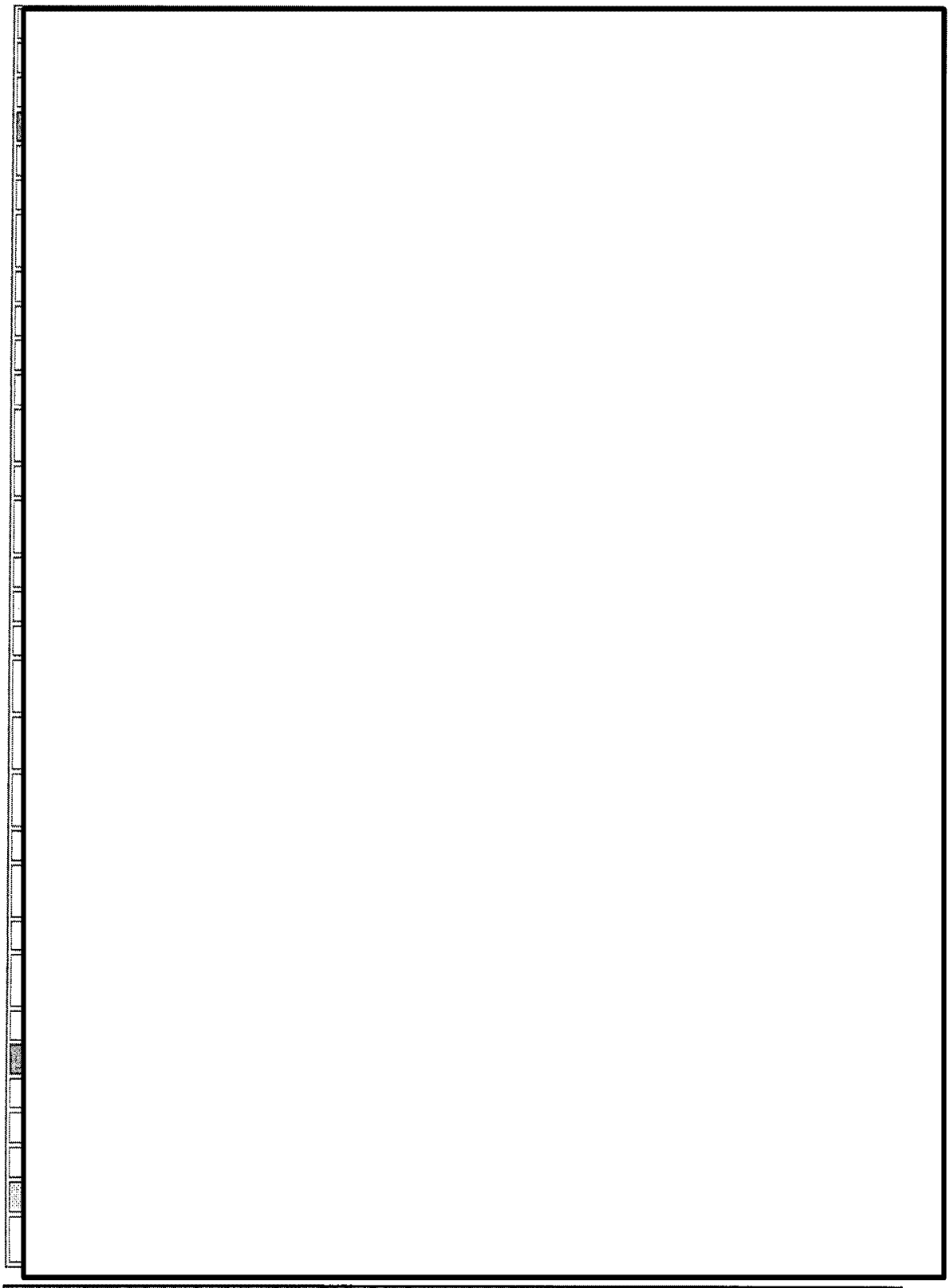

Not Applicable; S: Suppressed, does not meet publication standards; Z: Value greater than zero but less than half unit of measure shown; F: Fewer than 100 firms.
Source: U.S. Census Bureau, QuickFacts

2.3 Summary of Business Incentives in North Carolina

The North Carolina market offers a positive business climate with tax incentives designed to boost growth and provide a gateway to the world markets.

Business Climate

North Carolina has one the most business friendly environments in the Southeastern United States. The government of North Carolina leads the way with its business friendly regulation. Amongst the many advantages of locating within North Carolina is proximity to a highly educated and productive workforce relative to many neighboring states. Also an important factor is the state's location on the eastern seaboard which allows access to markets both in the many nearby cities, but also access to the rest of the world. As North Carolina's economy has moved away from industries such as tobacco, furniture, and textiles that have driven the local economy in the past, there has been expansion in several key industries. Aerospace and Aviation, Automotive, Biotechnology and Pharmaceuticals, Green and Sustainable energy, Financial Services and Software, and information technology are now thriving in the state. The state is home 15 of *Fortune Magazine's* Fortune 500 list of companies including several of note, such as Bank of America (9), and Lowes (50).

Taxes and Incentives:[12]

The State of North Carolina has many tax and other incentives to help encourage business and economic growth in the state. Tax credits and Incentives in North Carolina include the following:

a. Article 3J Tax Credits: Article 3J Tax Credits may be used to offset up to 50% of the taxpayer's state income and/or franchise tax liability, and unused credits may be carried forward for up to five years. Eligible actions that may qualify a person or business for an Article 3J credit include:
   - Creating jobs – Companies who meet a minimum threshold of new fulltime jobs created during the taxable year may claim a credit.
   - Investing in business property – Companies can claim a credit based on a percentage of the cost of capitalized tangible personal property that is placed in service during the taxable year.

[12] All information on tax incentives taken from North Carolina Department of Commerce http://www.thrivenc.com/incentives/financial

- Investment in real property – Companies located in a Tier 1 County (see below) that invest at least $10 million in real property within a three-year period and create at least 200 new jobs within two years are allowed a credit equal to 30% of the eligible investment.

Based on certain factors, projects located in certain areas may qualify to receive enhanced Article 3J credits.

- County Tier Designations
  The Department of Commerce ranks all counties in the state based on economic indicators and divides the counties into 3 tiers. The 40 most distressed counties are designated as Tier 1, the next 40 are Tier 2 and the 20 least distressed are Tier 3. This tier system is incorporated into various state programs, including Article 3J Credits.
- Urban Progress Zones (UPZ) and Agrarian Growth Zones (AGZ)
  Municipalities with a population of at least 10,000 have the ability to define qualifying areas of poverty as Urban Progress Zones. Counties that do not have a municipality with a population of at least 10,000 have the ability to define qualifying areas of poverty as Agrarian Growth Zones.

b. Interactive Digital Media Tax Credit
Companies and Taxpayers located in North Carolina that develop Interactive Digital Media (IDM), can qualify for a tax credit. 15 percent of compensation to full time employees and 20 percent of research expenses paid to North Carolina Universities. Qualifying expenses exceed $50,000 in the development phase, and may not exceed $7.5 million.

c. Renewable Energy Tax Credit

North Carolina's various renewable energy tax credits are unified into a statute that addresses nearly all renewables. The statute provides tax credits eligible for the cost of equipment and associated design, construction costs, and installation costs paid by a taxpayer and placed into service in North Carolina during the taxable year. The credit is subject to various ceilings depending on sector and the type of renewable-energy system. The following credit limits for various technologies and sectors apply:

- A maximum of $3,500 for non-business solar energy equipment for active space heating, combined active space and domestic water-heating systems, and passive space heating;
- A maximum of $1,400 for non-business solar water-heating systems, including solar pool heating systems;
- A maximum of $10,500 for renewable energy systems for non-business use;
- A maximum of $8,400 for geothermal equipment installation;
- A maximum of $2,500,000 for solar, wind, hydro, geothermal and biomass applications on commercial and industrial facilities, including photovoltaic (PV), day lighting, solar water-heating and space-heating technologies.

d. Technology Development Tax Credit

Businesses with qualified North Carolina research expenses are allowed a tax credit equal to a percentage of those expenses. The allowable credits are determined by:

- Small Business status (annual receipts less than $1 million): Qualified businesses on the last day of the taxable year are allowed a credit of 3.25%.
- County Tier: Certain tax programs in North Carolina are indexed to a county ranking system. For expenses for research performed in a Tier 1 county, a business is permitted a credit of 3.25%.
- Other research: For expenses not covered above, qualified research expenses during a taxable year are given the following credits: under $50 million, 1.25% 50-200 million at 2.25% and more than $200 million 3.25%.
  A business with North Carolina university research expenses for the taxable year is allowed a credit equal to 20% of those expenses.

e. Sales and Use Tax Discounts, Exemptions and Refunds

North Carolina offers a variety of reduced rates, exemptions and refunds to companies investing in various eligible accessories, parts, and construction supplies in qualifying industries and manufacturing processes. For example, industrial machinery is exempt from sales tax, though it is taxed by excise taxes at a rate of 1%. Also, sales of electricity to manufacturers and farmers are tax exempt.[13]

f. Community Development Block Grant Program

The Community Development Block Grant program (CDBG) assists local governments, in nonurban areas of the state, with projects such as the revitalization of neighborhoods, community infrastructure, public facilities, and job creation/retention. The financial assistance provided is funded through the U.S. Department of Housing and Urban Development, but the state maintains the CDBG program, which administers the funds. This tool is a program that is available in all of the states across the country through HUD.

Business Incubators:

Business incubators are programs designed to accelerate the development of startup companies. The services given to the startups through business incubator programs range from: managerial services and networking to improved access to affordable capital. Startups that successfully implement and use business incubators programs tend to do better in the long run, due to the strong business foundation established during the incubation period. In North Carolina, there are a growing number of private and public sector business incubator programs many of which provide office space and an advisor/mentor program to help new firms work their way through legal, financial, and personnel issues.

[13] Full list available at http://www.thrivenc.com/incentives/financial/sales-and-use-tax-discounts

The main incubator programs are members of the North Carolina Business Incubation Association (NCBIA). Many major research universities have their own incubators that allow research and business ideas and knowledge on campus to create new businesses. North Carolina is the home of many great universities in clusters across the state. Wake Forest University has its own incubator the Babcock Demon Incubator (BDI). BDI has office and lab space attached to a premier Research University. Another example is the Business Accelerator for Sustainable Entrepreneurship (BASE), which is run by the UNC-Chapel Hill business school. The BASE incubator focuses on entrepreneurship in green and social science fields. The Triangle South Enterprise Center is located in Dunn, North Carolina which is at the center of research triangle of big universities.

2.4 Introduction to NAICS Activity Sectors

The following section describes the background data for the two requested NAICS code activities in the Appalachian EB-5, LLC Regional Center regional center designation application. These data are provided for background purposes in support of the application and to give a detailed outline of NAICS sectors for which the regional center is applying.

2.5 Focus Industry: NAICS 22 Utilities [14]

Nature of the Industry

The Utilities sector comprises establishments that provide utility services. These include: electric power, natural gas, steam supply, water supply and sewage removal. Depending on the type of services and products provided different portions of the industry are included in this sector. For instance, electric power includes the generation, transmission and distribution of electrical power. In contrast, natural gas only includes distribution. Excluded from the sector are companies that work in waste management services, which are classified as NAICS 562. The sector is divided into three subsectors, Electrical Power Generation, Transmission and Distribution; Natural Gas Distribution, Water, Sewage, and Other Systems.

Industry Organization

The Electrical Power Generation, Transmission, and Distribution subsector includes companies engaged in one of three activities: companies that produce electric energy; own and operate transmission systems that move power from generation facilities to distribution systems; and companies that run distribution systems that bring power to the end user.

[14] The paragraphs in this section are adapted from the US Census Bureau's definitions of North American Industry Classification System (NAICS) based industries: http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2002

Natural Gas Distribution involves all companies involved in getting natural gas from the well to consumers. This includes companies that operate and maintain gas distribution systems (pipes, meters); establishments that purchase gas from wells and sell it into the distribution system; establishments known as gas brokers or that arrange sail of gas over other companies' distributions systems; and establishments that distribute gas to final users.

Water Sewage and Other Systems includes Water Supply and Irrigation Systems, This industry comprises establishments that engage primarily in the treating of water in treatment plants and/or the distribution of water through water supply systems. The water may be used for drinking, irrigation or other uses.

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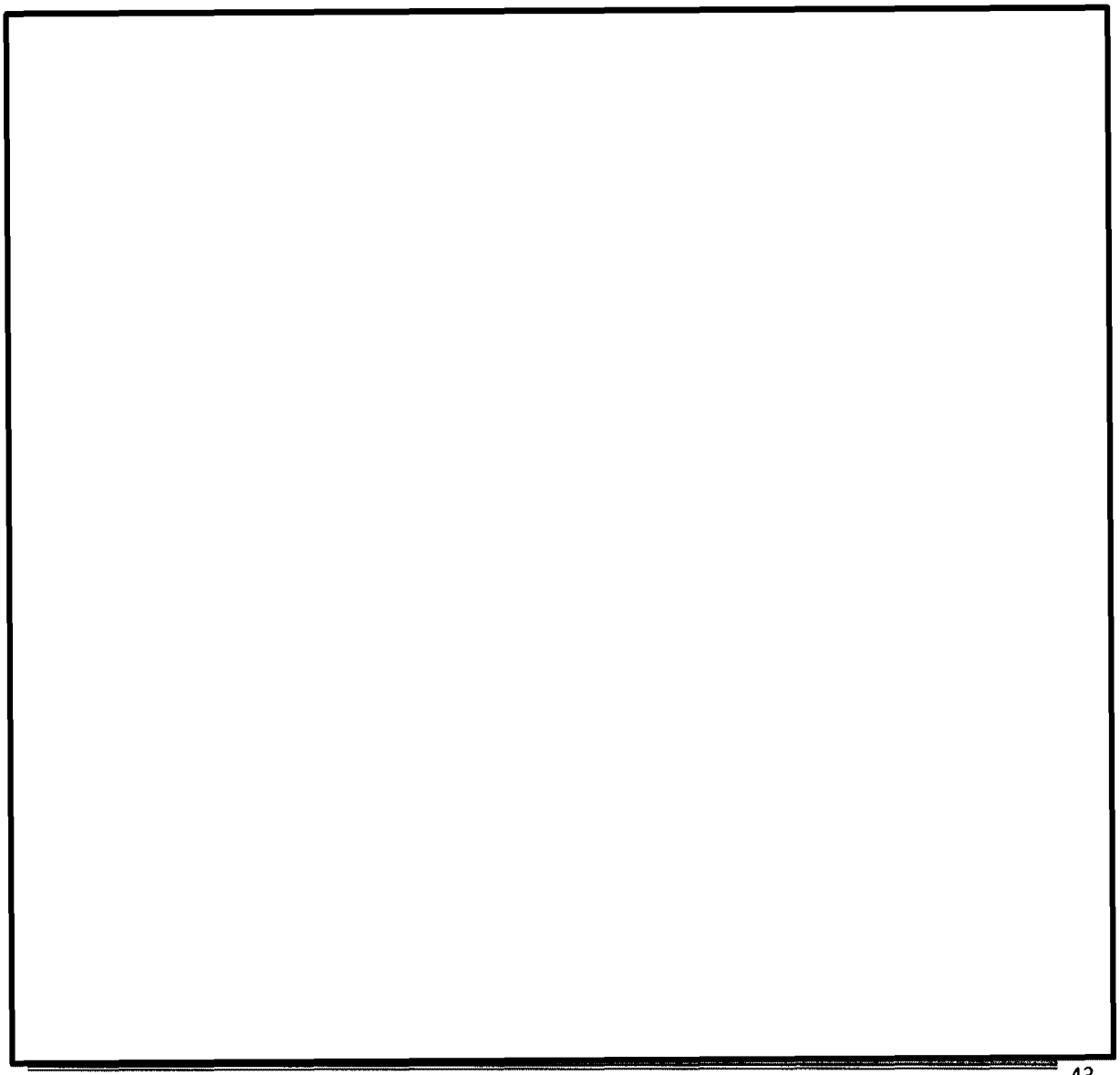
Composition of Industry



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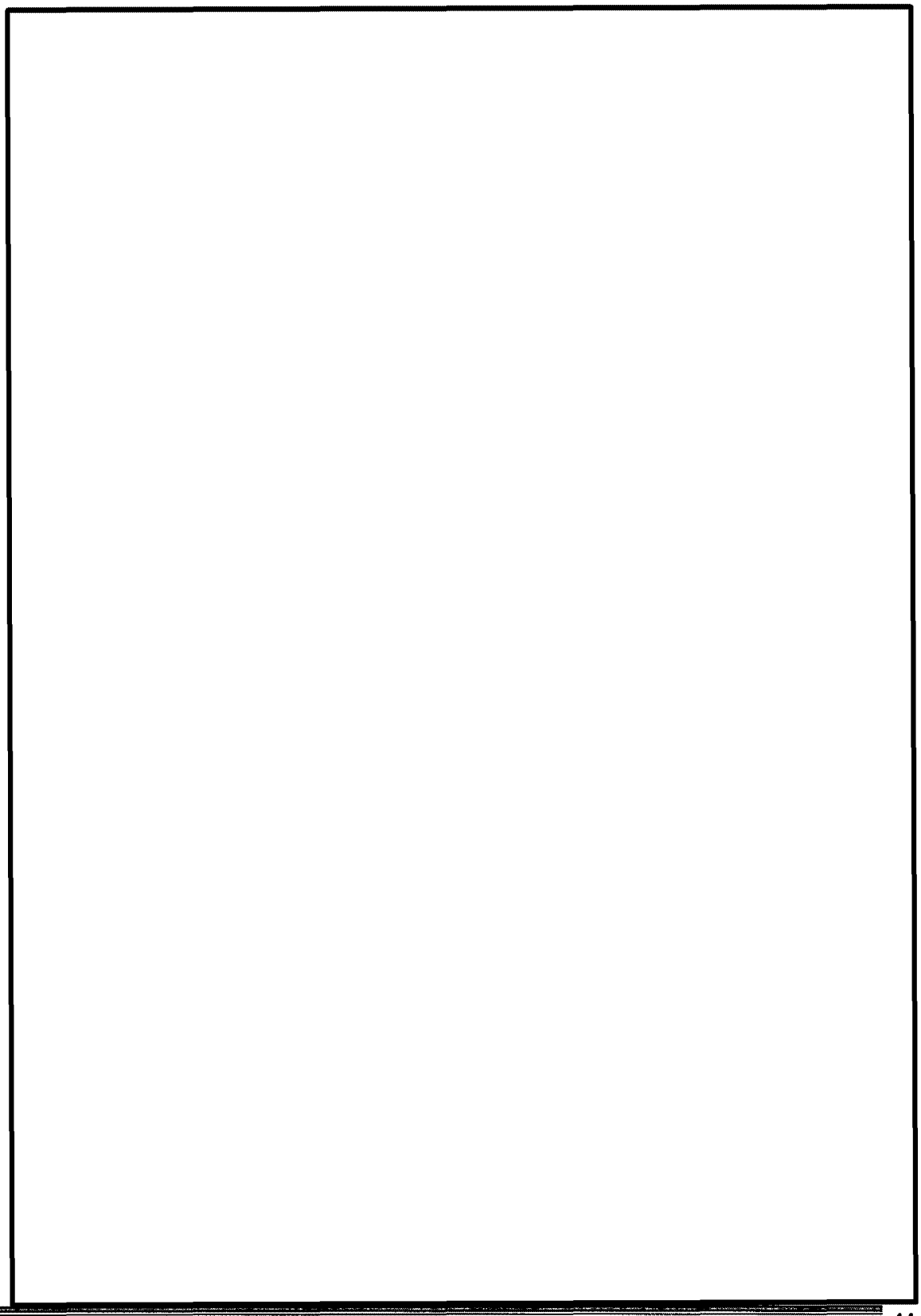

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Utilities Employment Trends

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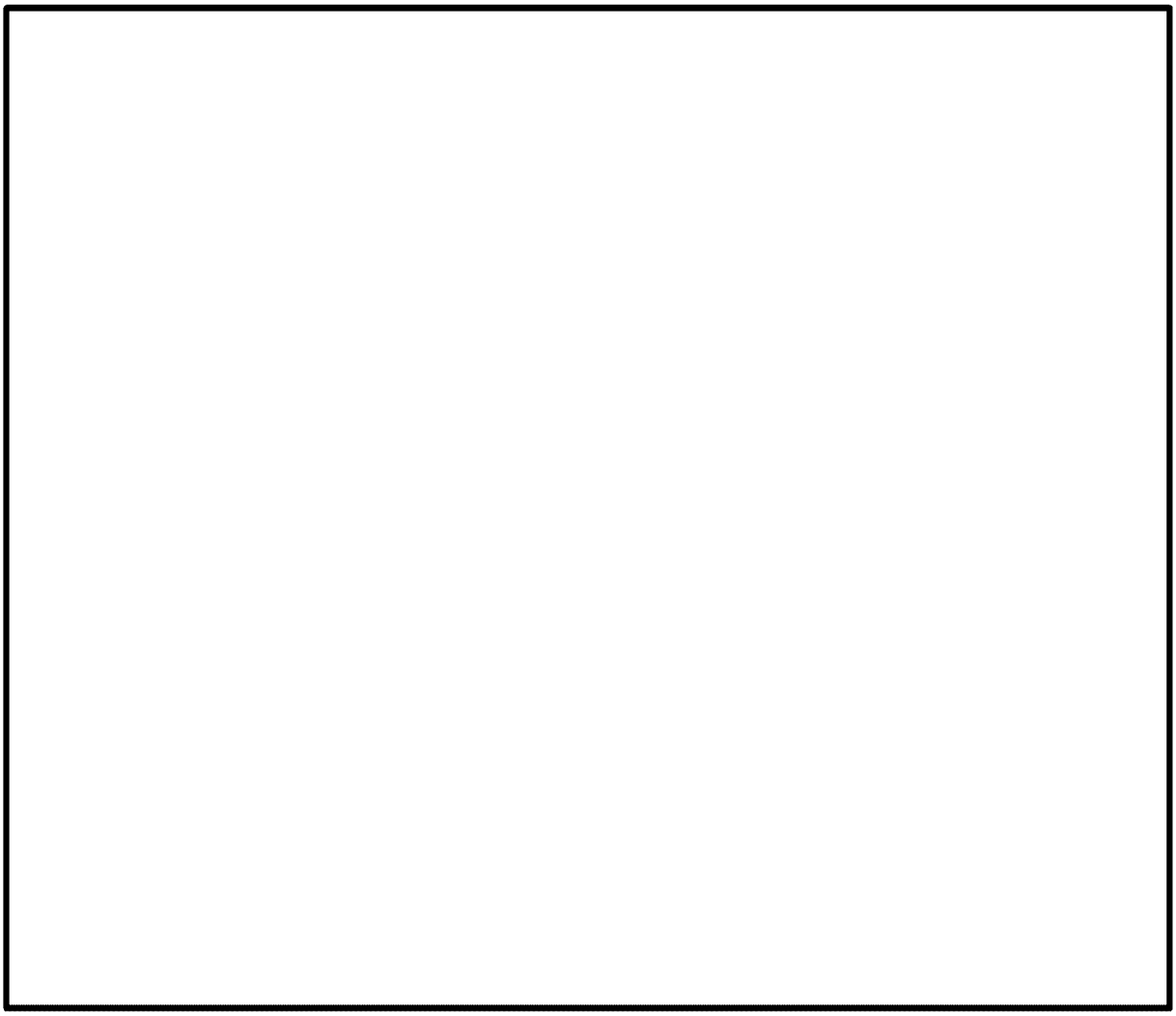

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2.6 Focus Industry: NAICS 23 - Construction[18]

Nature of the Industry

The Construction sector is comprised of establishments primarily taking part in the construction of buildings, engineering projects, preparation of new construction sites, and the subdivision of land for sale as building lots. Construction work includes a variety of activities, ranging from new construction work to renovations and maintenance and repairs of existing buildings. Thus, there are significant differences in the various types of equipment, skill sets, materials, and other inputs required by the many establishments that make up the diverse Construction sector.

Industry Organization

Within the regional center geography, the Construction industry is divided into three subsectors. The Construction of Buildings segment includes contractors, usually called general contractors, who build residential, industrial, commercial, and other buildings. Heavy and Civil Engineering Construction contractors build sewers, roads, highways, bridges, tunnels, and other projects and are classified in their own subsector. Specialty Trade Contractors belong to the third subsector and perform specialized activities related to construction such as carpentry, painting, plumbing, and electrical work. Construction is usually completed or coordinated by general contractors, who specialize in one type of construction such as residential or commercial building. They take full responsibility for the complete job, except for specified portions of the work that may be omitted from the general contract. Although general contractors may do a portion of the work with their own crews, they often subcontract most of the work to heavy construction or specialty trade contractors.

Specialty Trade Contractors usually do the work of only one trade, such as painting, carpentry, or electrical work, or of two or more closely related trades, such as plumbing and heating. Beyond fitting their work to that of the other trades, specialty trade contractors have no responsibility for the structure as a whole. They obtain orders for their work from general contractors, architects, or property owners. Repair work is almost always done on direct order from owners, occupants, architects, or rental agents.

Composition of Industry

[18] The paragraphs in this section are adapted from the US Census Bureau's definitions of North American Industry Classification System (NAICS) based industries: http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2002

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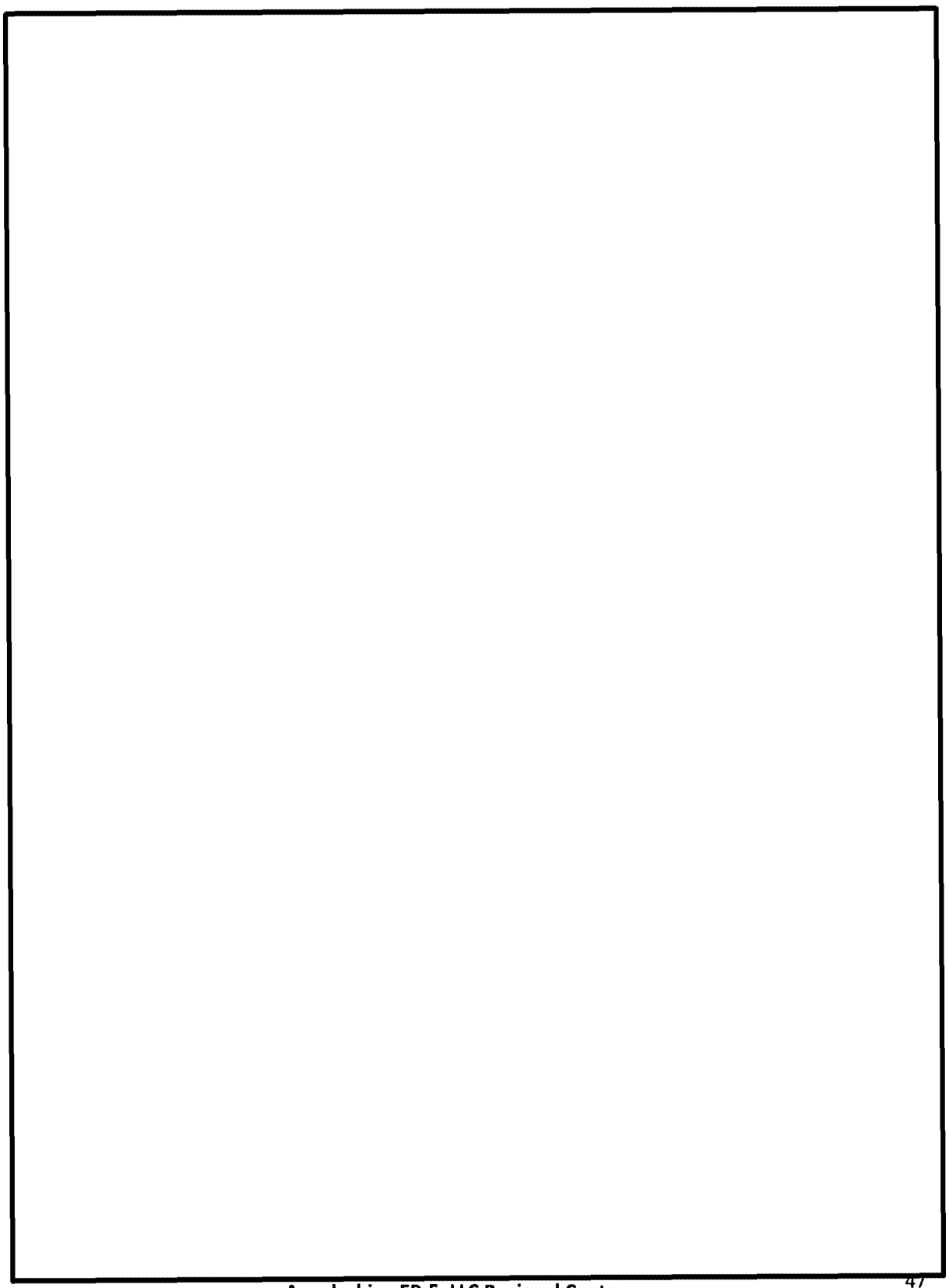

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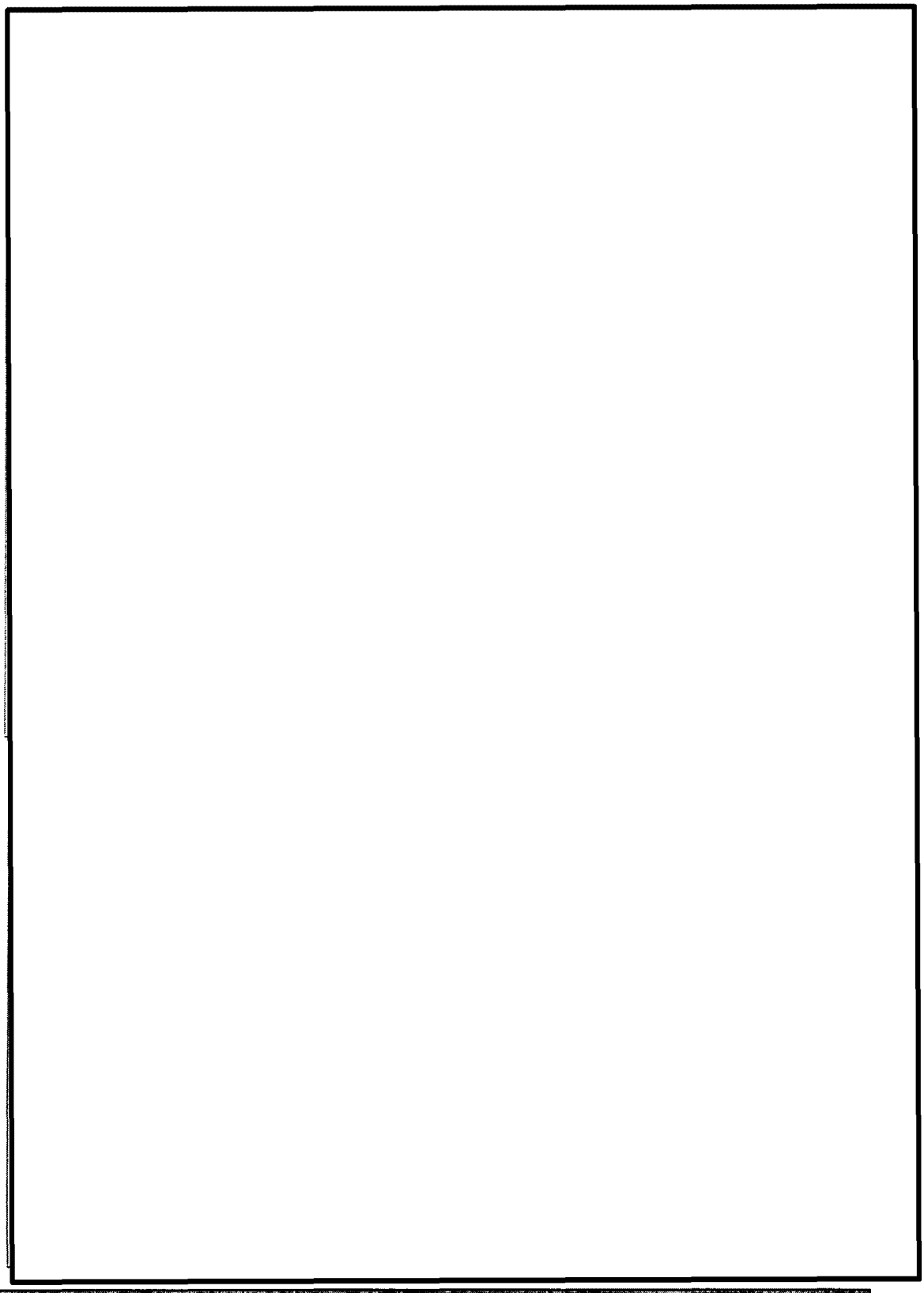

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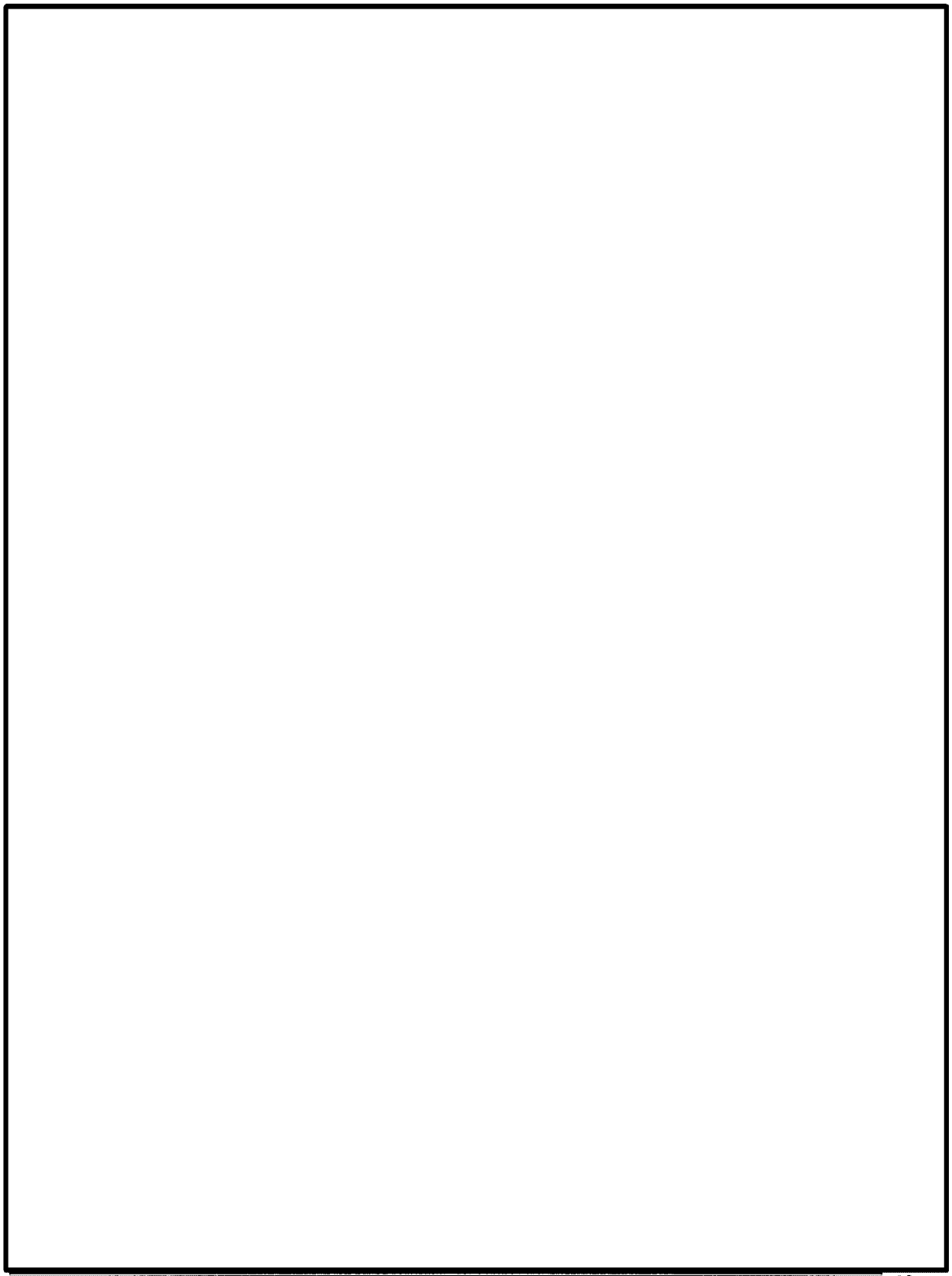

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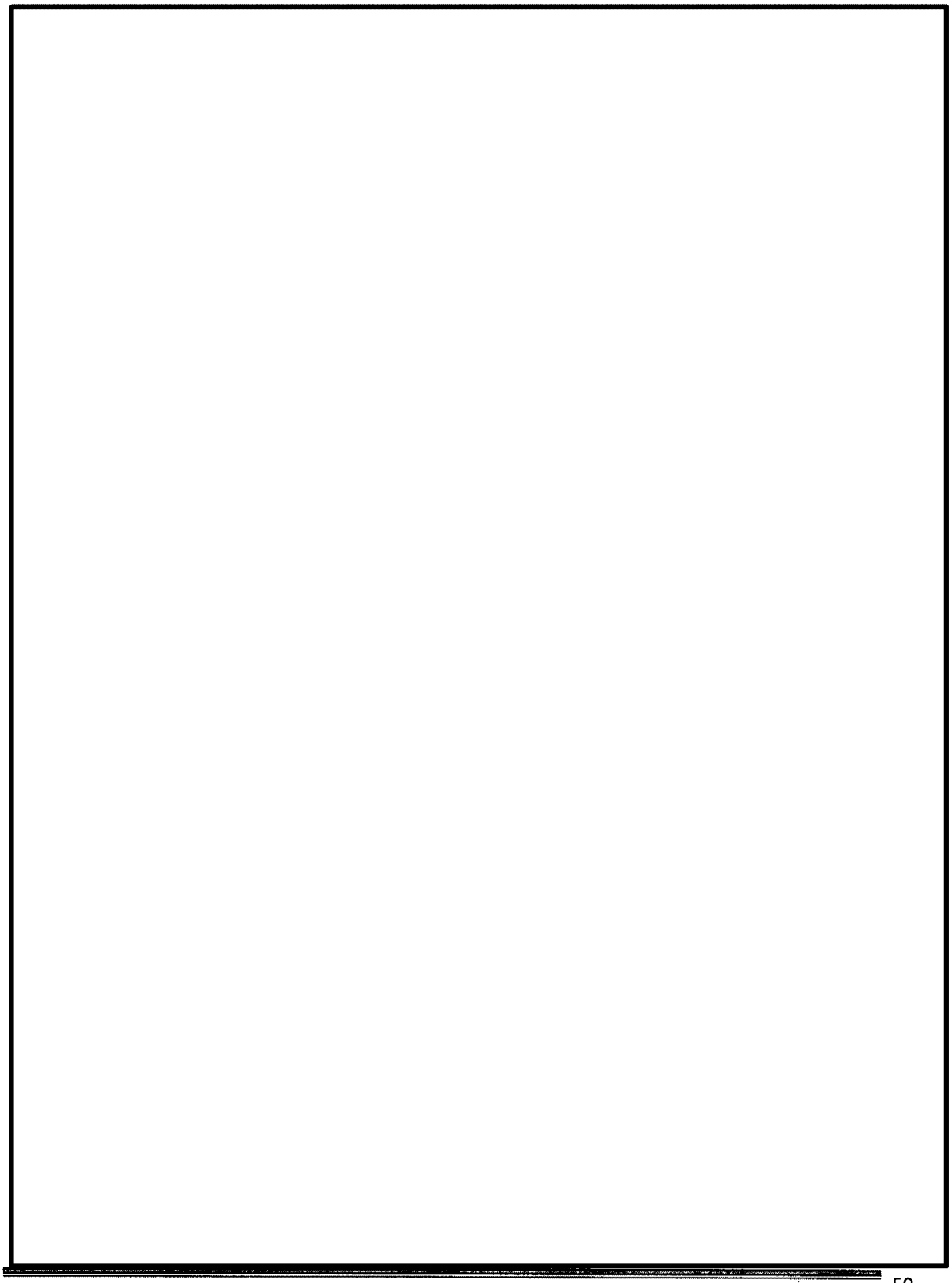

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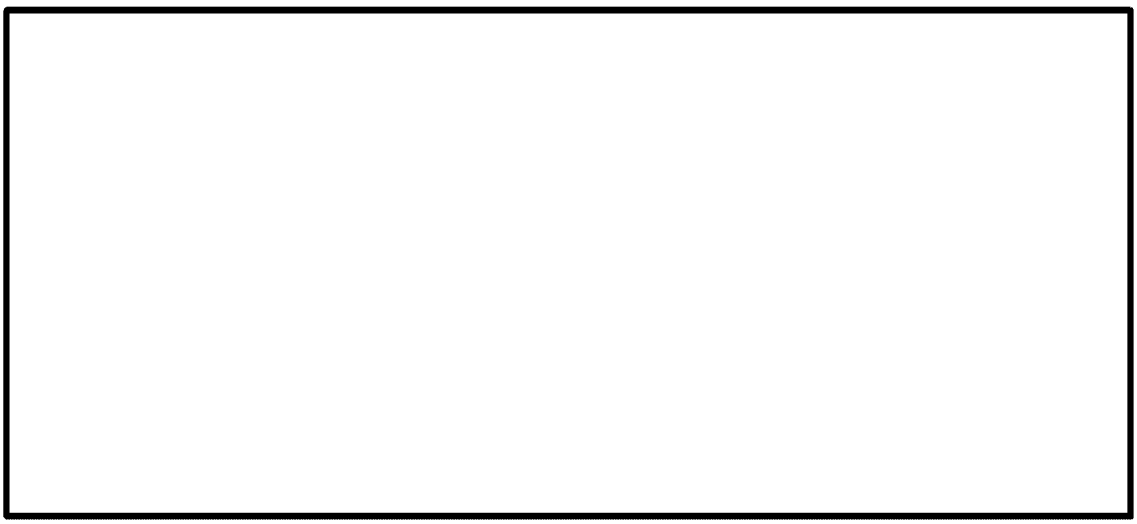

Construction Employment Trends

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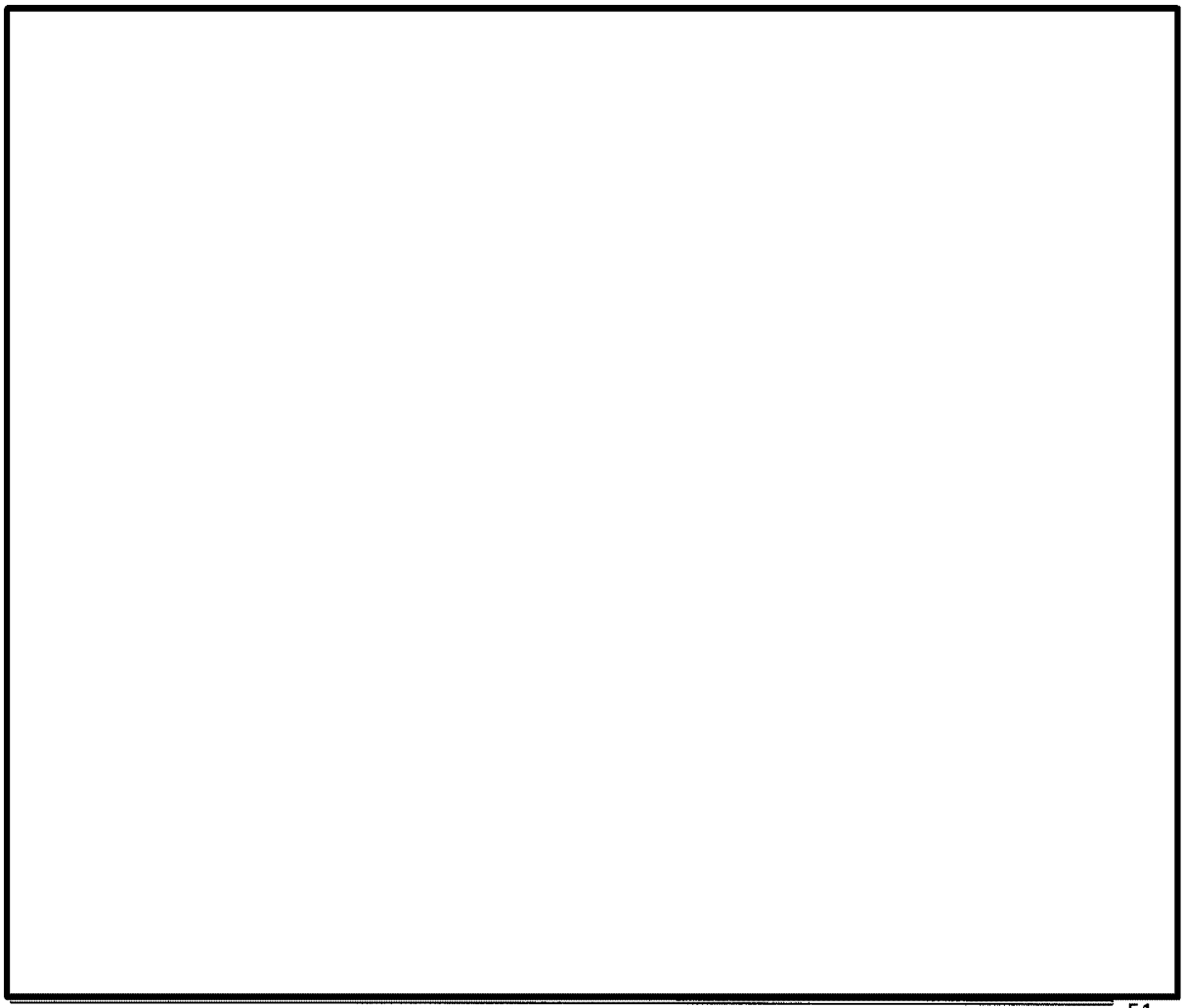

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2.7 Focus Industry: NAICS 54 Professional, Scientific and Technical Services[21]

Nature of the Industry

The Professional, Scientific, and Technical Services sector is comprised of establishments that perform professional, scientific, and/or technical services for others. The activities covered in this sector require high degrees of training and expertise and are performed for a variety of clients including large corporations, small businesses, households, and on a personal level. Some of the services covered in this sector are legal advice and representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting services; research services; advertising services; photographic services; translation and interpretation services; veterinary services; and other professional, scientific, and technical services.

Industry Organization

Within the regional center geography, the Retail Trade sector is comprised of one subsector, Professional, Scientific, and Technical Services (NAICS 541).

The Professional, Scientific, and Technical Services subsector is divided into 9 industries: Legal Services (NAICS 5411), Accounting and Bookkeeping Services (NAICS 5412), Architectural and Engineering Services (NAICS 5413), Specialized Design Services (NAICS 5414), Computer Systems Design and Related Services (NAICS 5415), Management and Technical Consulting Services (NAICS 5416), Scientific Research and Development Services (NAICS 5417), Advertising, PR, and Related Services (NAICS 5418), and Other Professional and Technical Services (NAICS 5419). It is comprised of establishments that engage in processes that are completely dependent on human capital and rely on the knowledge and skills of their employees as the basis for the services being performed. In most of these industries, equipment and materials are not of major importance, unlike health care, for example, where "high tech" machines and

[21] The paragraphs in this section are adapted from the US Census Bureau's definitions of North American Industry Classification System (NAICS) based industries: http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2002.

materials are important collaborating inputs to labor skills in the production of health care. Thus, the establishments classified in this subsector sell expertise. Much of the expertise requires degrees, though not in every case.

Composition of Industry

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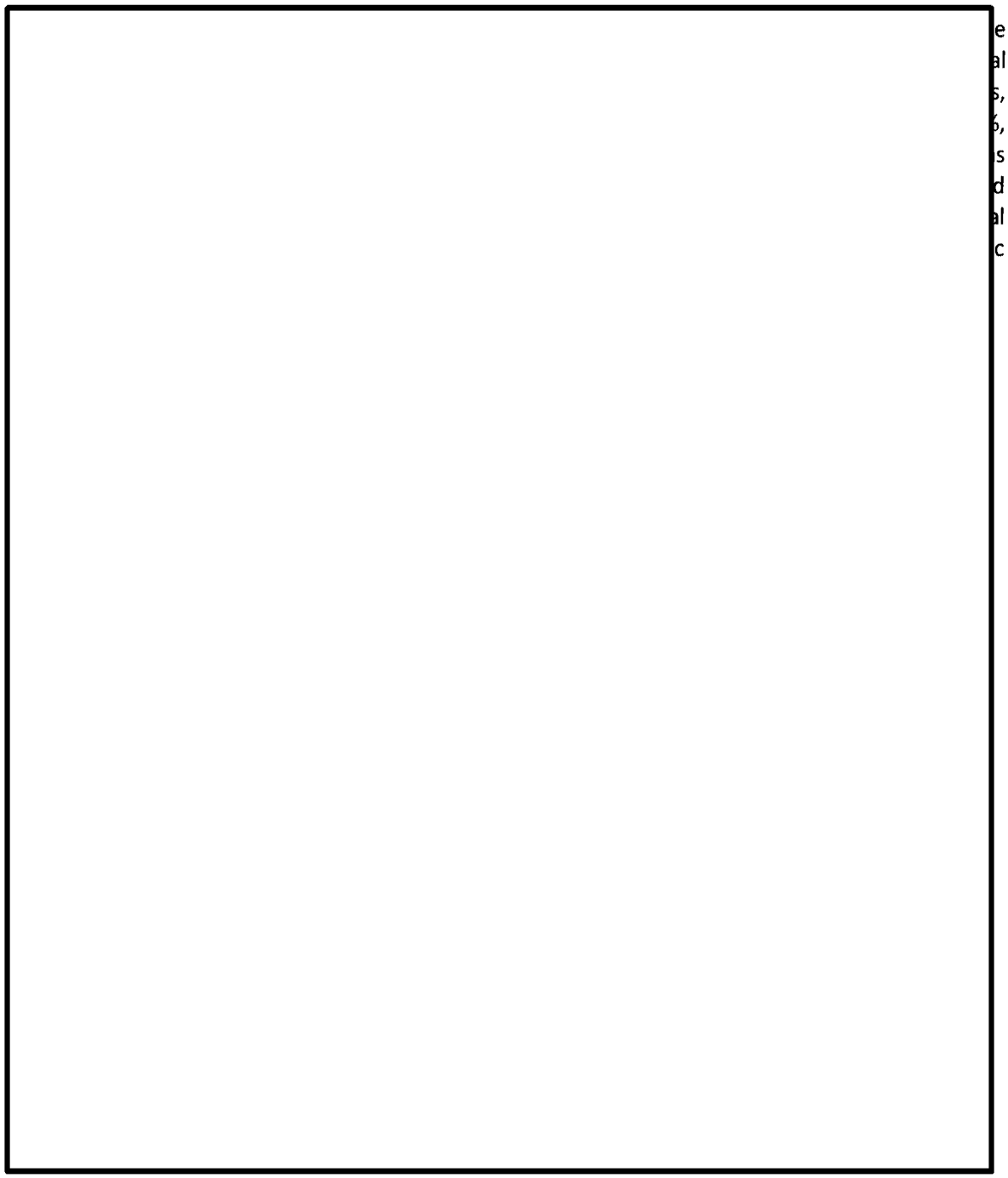

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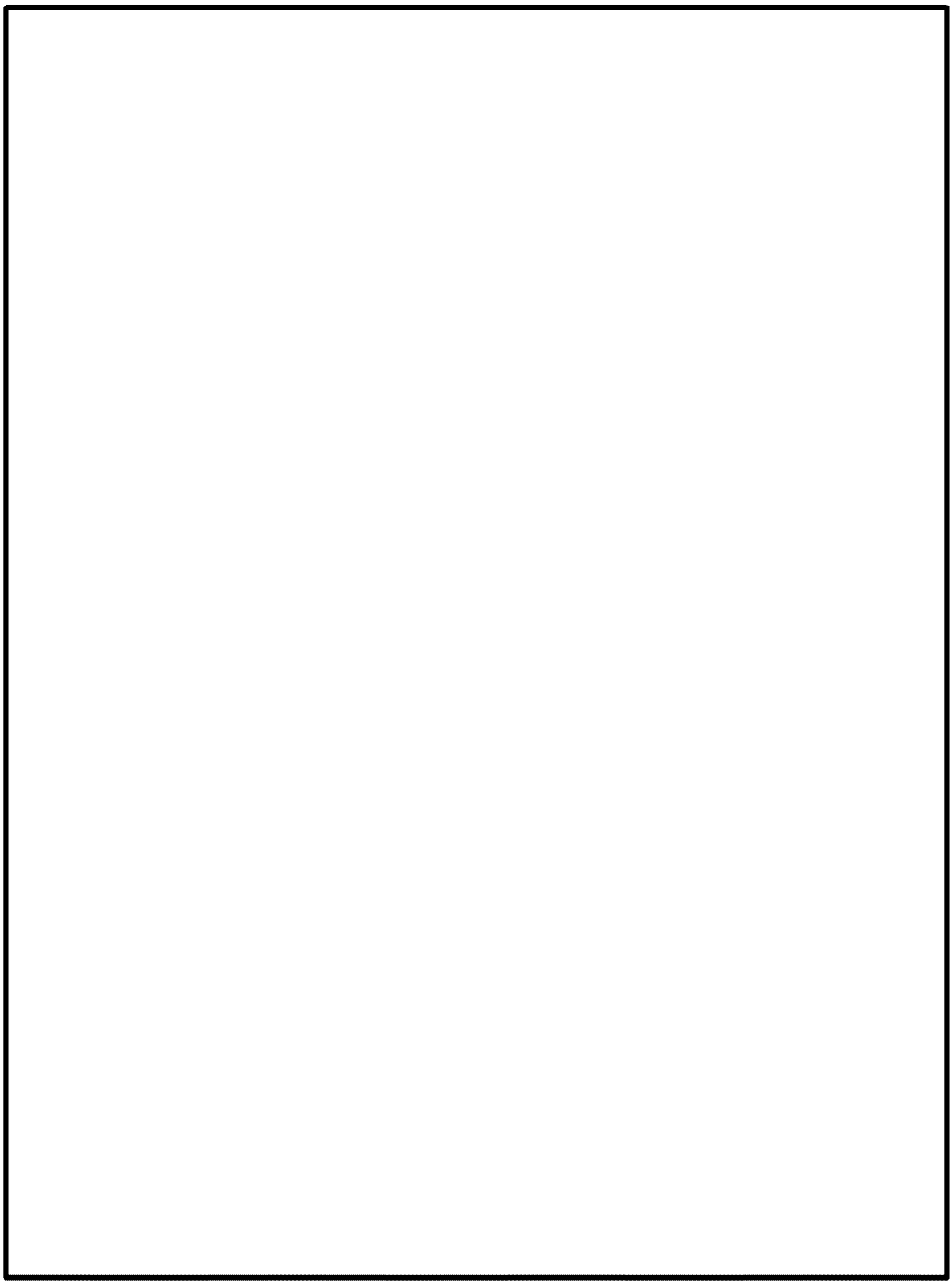

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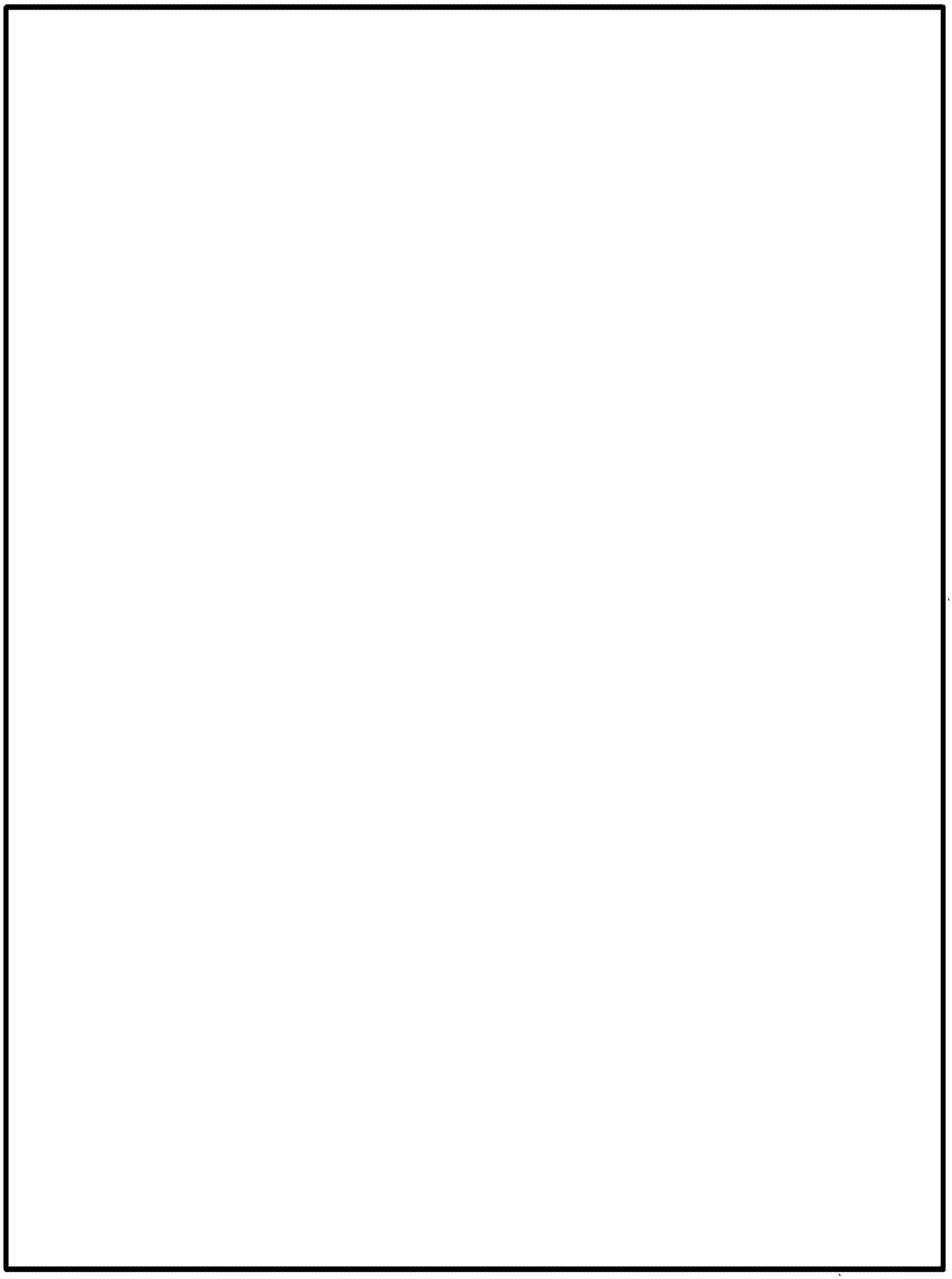

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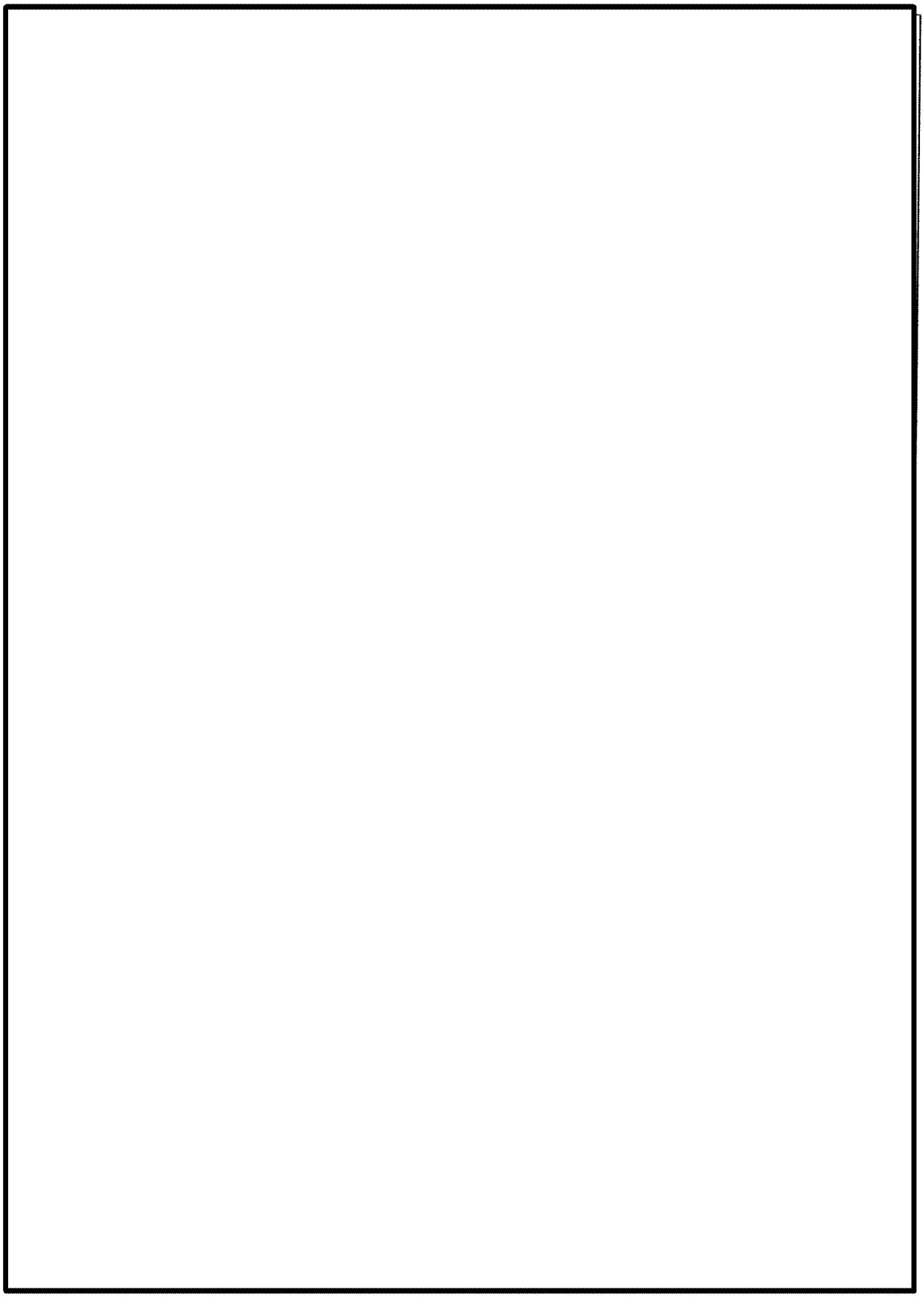

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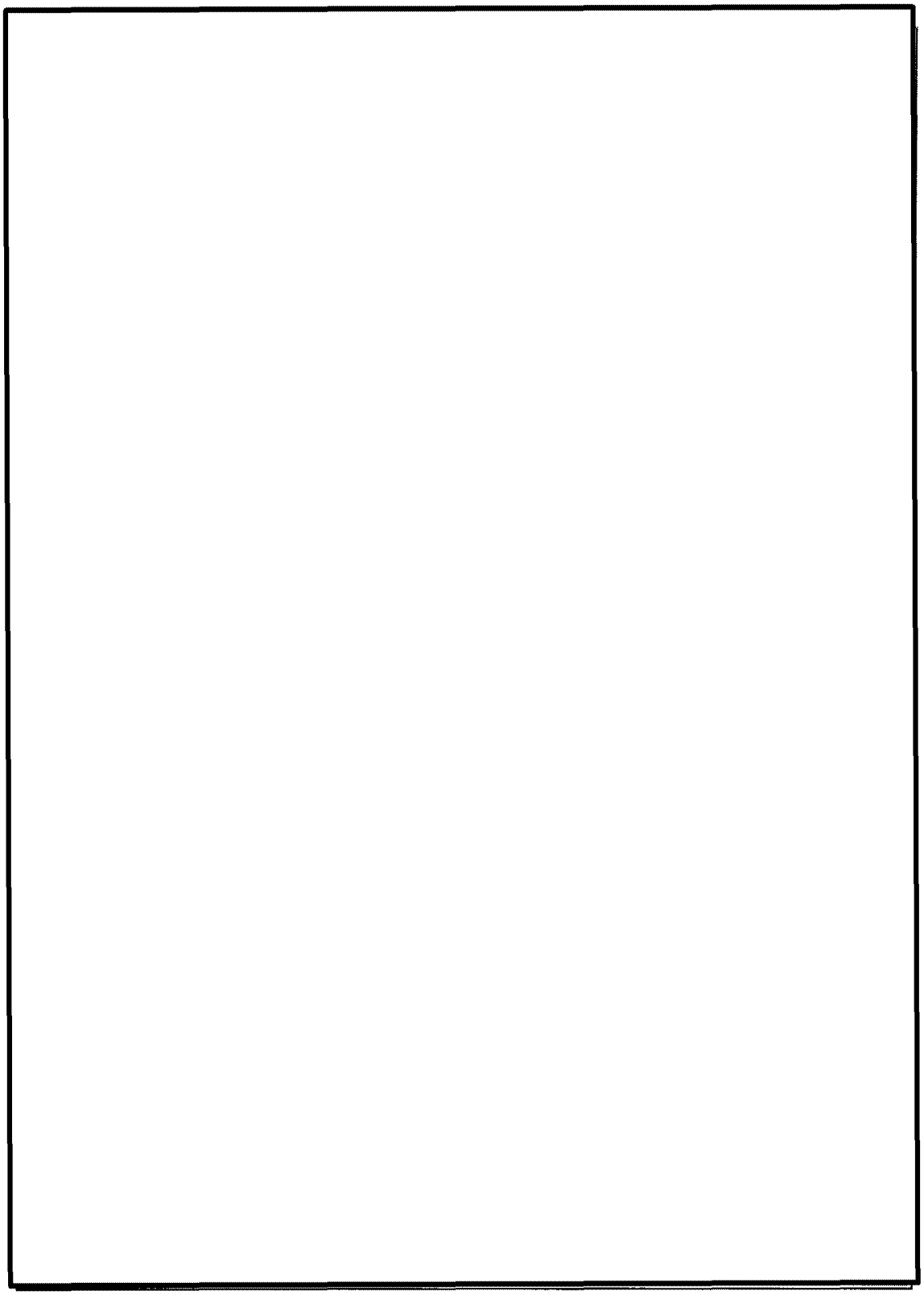

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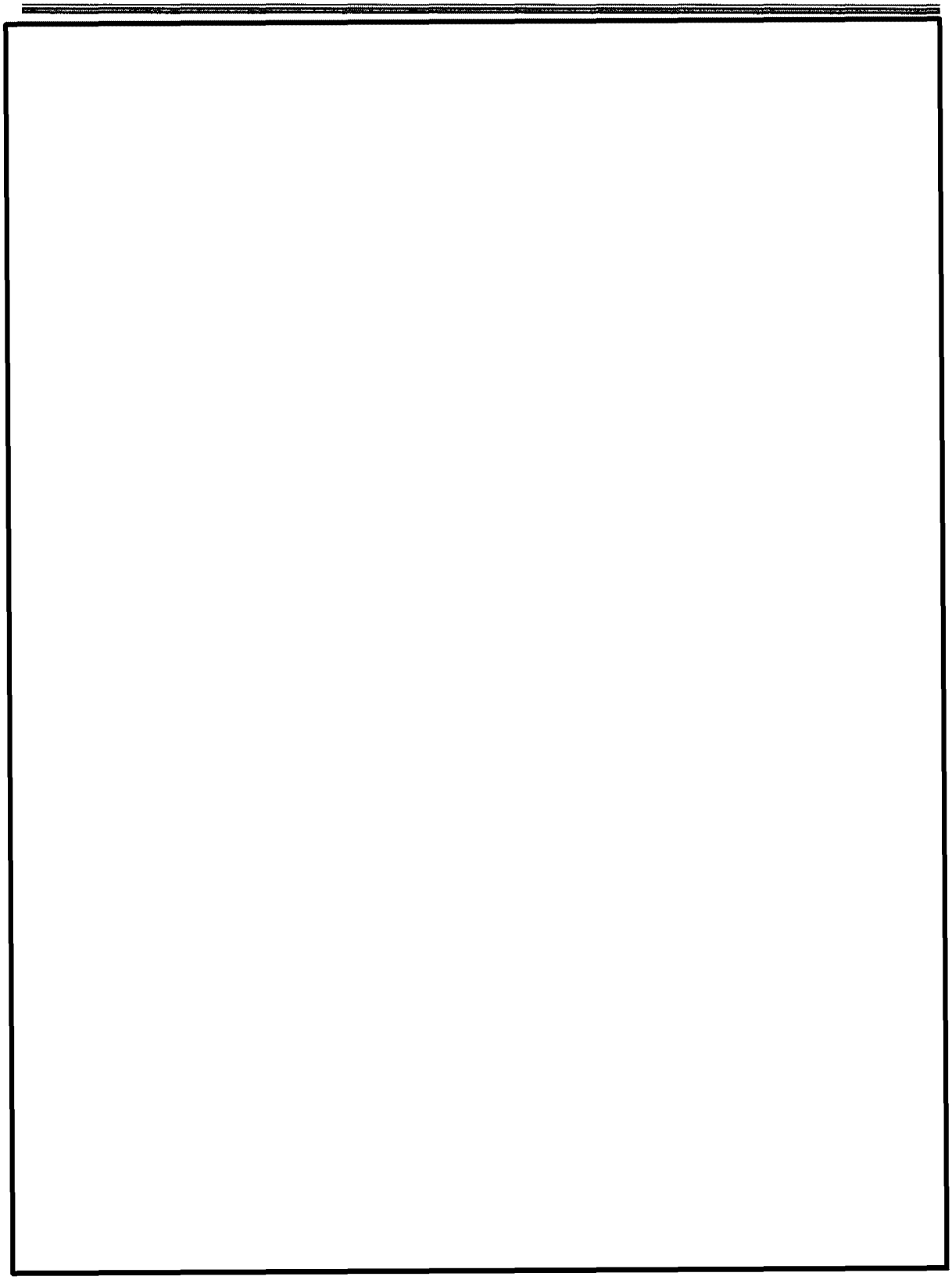

Professional, Scientific and Technical Services Employment Trends

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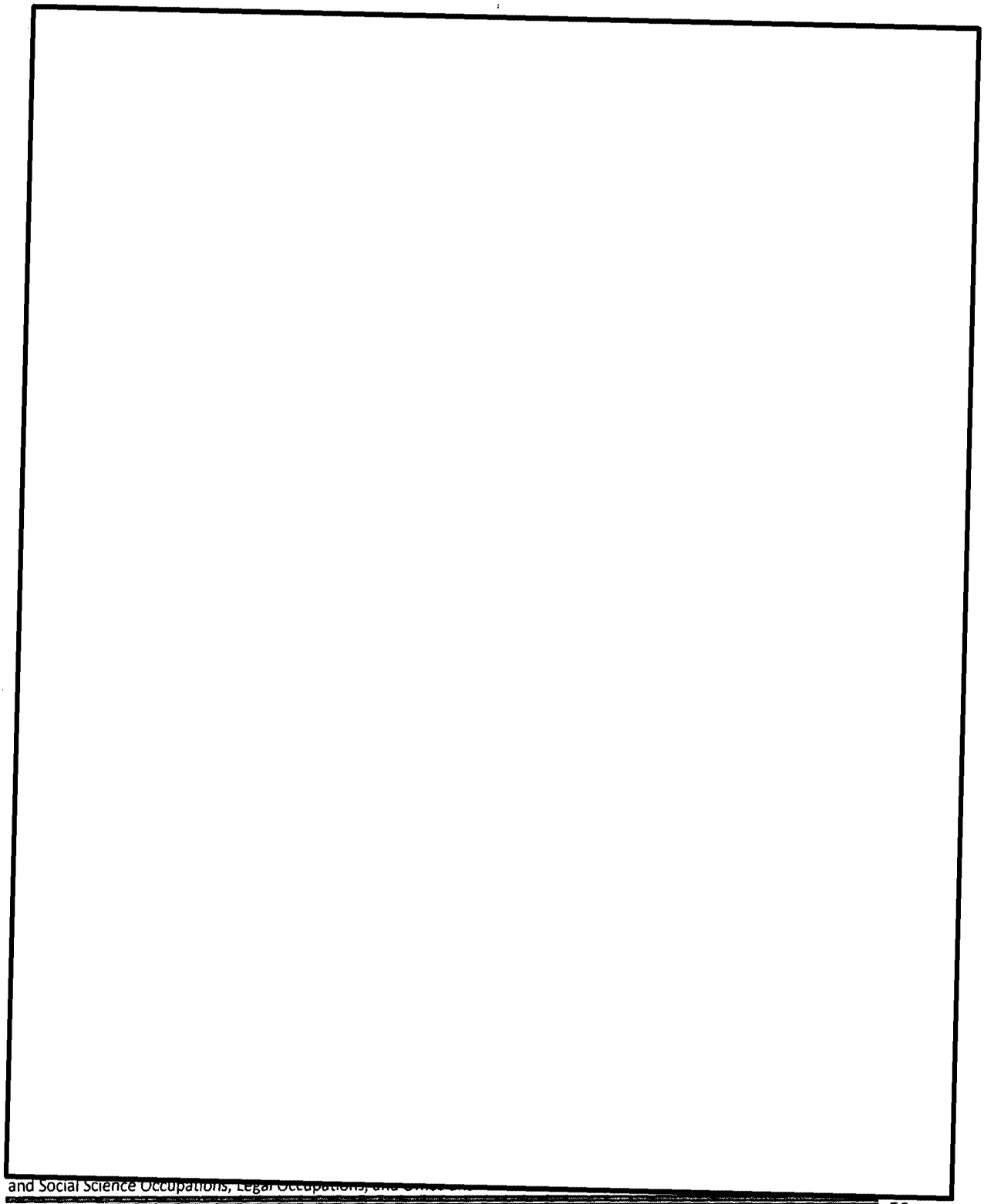

and Social Science Occupations, Legal Occupations, and

2.8 Focus Industry: NAICS 53 Real Estate and Rental and Leasing

Nature of the Industry

The Real Estate and Rental and Leasing sector is comprised of establishments that are involved in renting, leasing, or otherwise allowing the use of tangible or intangible assets and the related services. The majority of establishments in this sector are those that rent, lease, or otherwise transfer the use of their own assets to others; assets may be tangible, as in equipment or real estate, or intangible, as in patents and trademarks. The majority of entities in this sector are in the real estate lessors industries, equipment lessors industries, and the lessors of nonfinancial intangible assets (except copyrighted works).

Industry Organization

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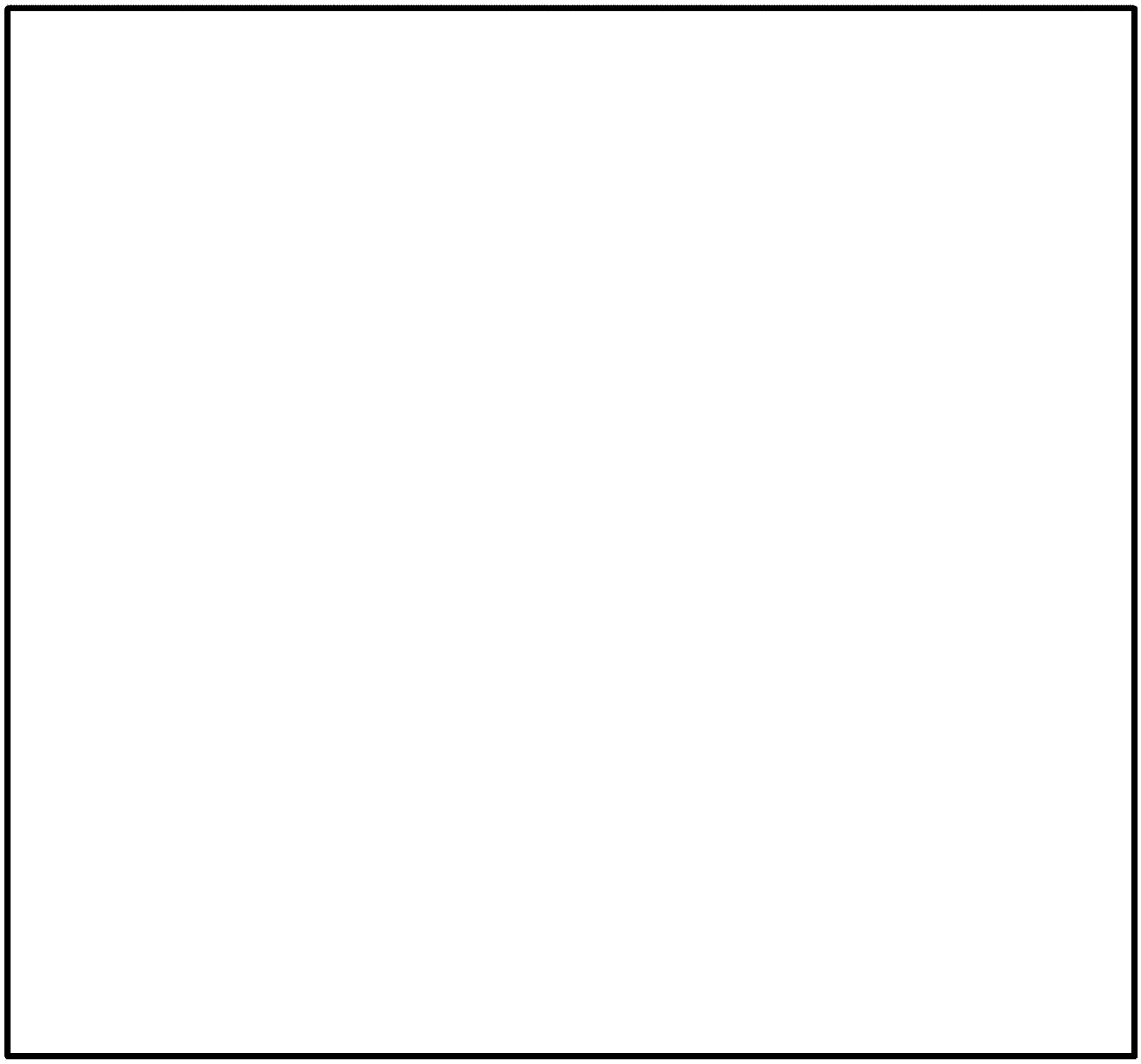

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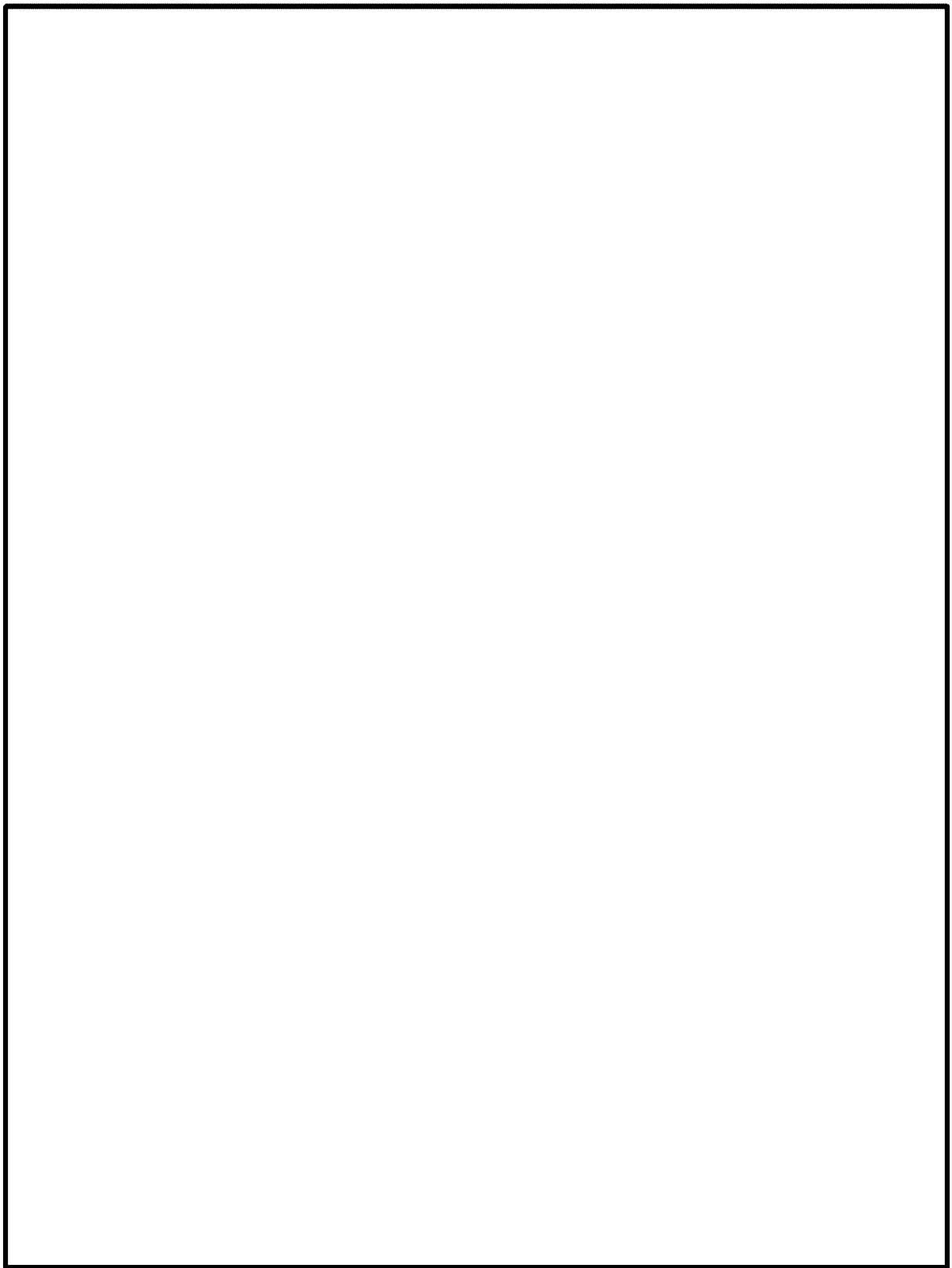

the employment composition of all subsectors.

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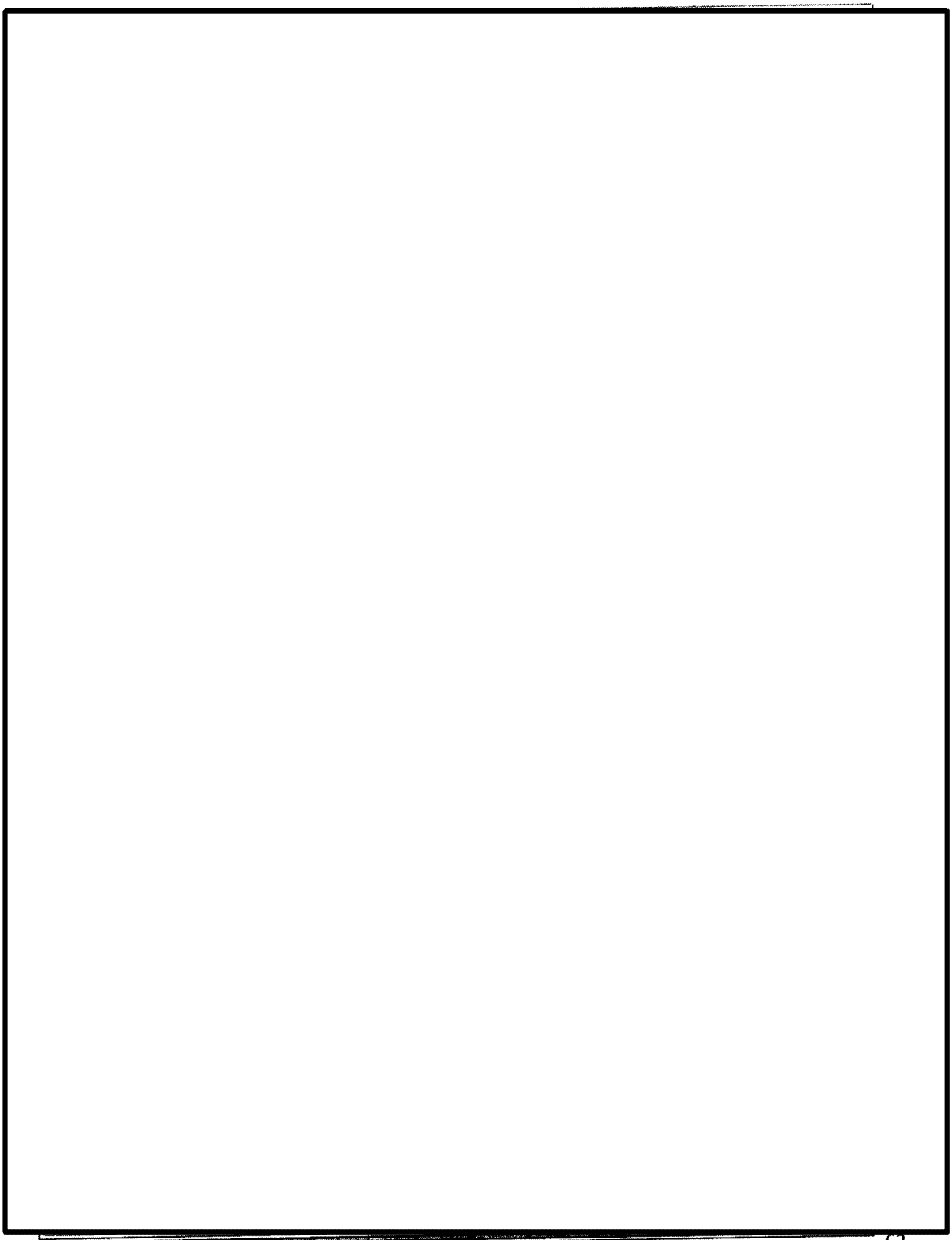

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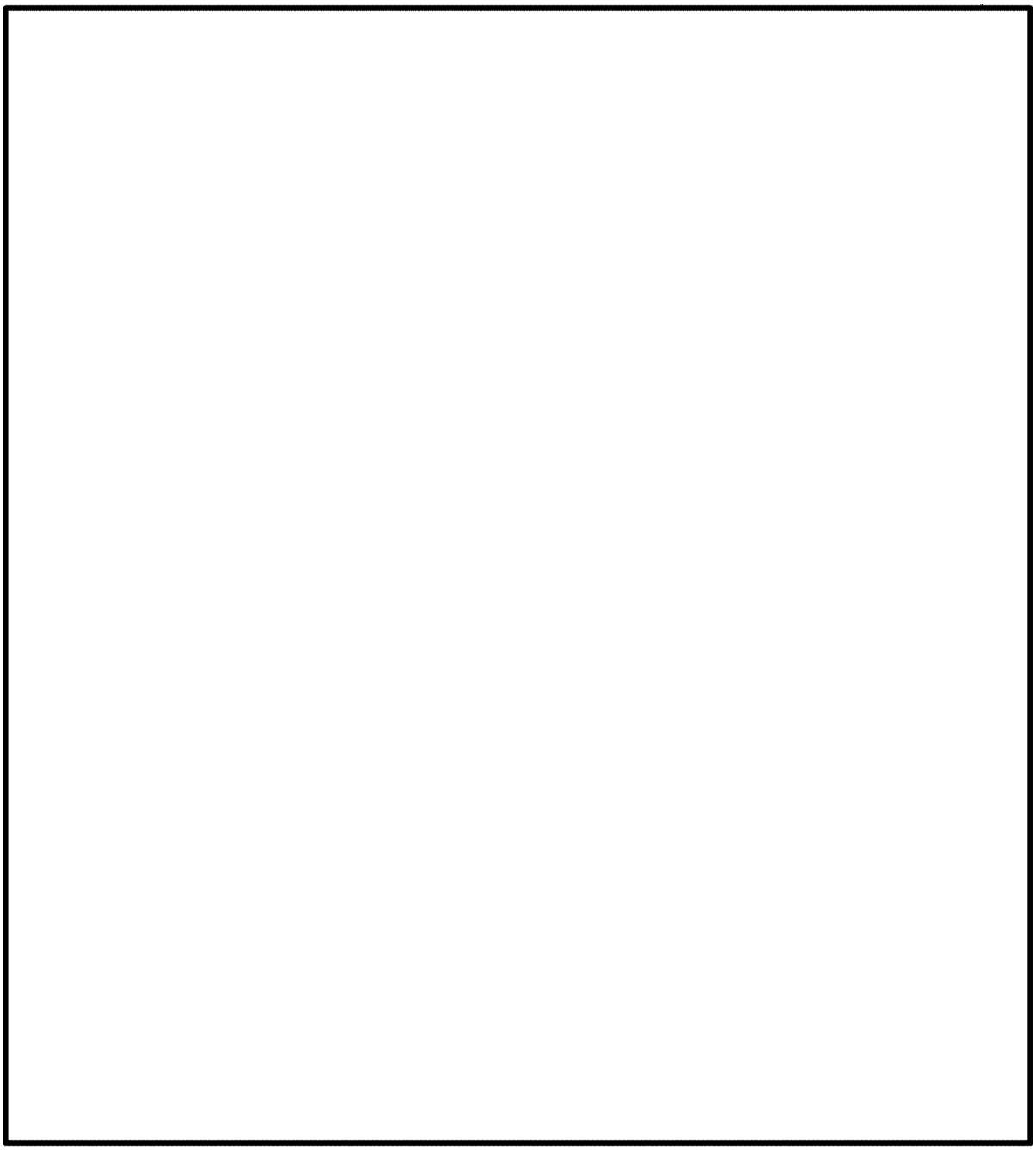

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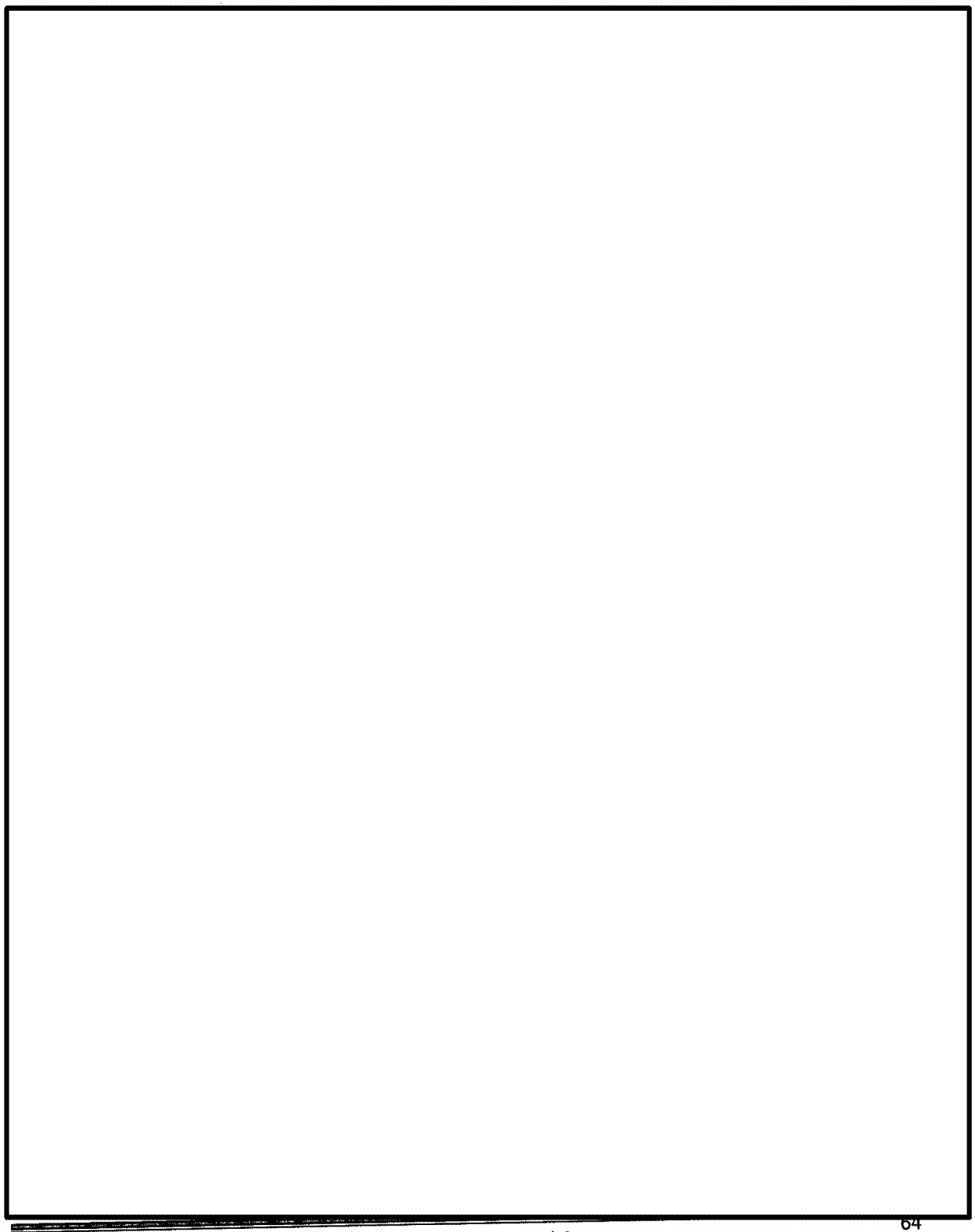
Real Estate and Rental and Leasing Employment Trends



2.9 Focus Industry: NAICS 811 Repairs and Maintenance[26]

Nature of Industry

Companies in this sector are primarily engaged in performing routine maintenance that keep machines and equipment in working order. The structure for this category is based on the kind of machines being maintained, or the kind of skills and equipment needed for the repair. Unlike many other industries, the organization of this subsector does delineate firms based on the end user of the equipment, because it is common for companies in this sector to serve both corporations and individuals.

Many companies that do a lot of repair work are not included in this subsector. For instance, companies with a primary activity of manufacturing do a lot of repair on equipment but these are included in NAICS 31-33 Manufacturing. Another example is the repair of transportation equipment that takes place at a transportation network site such as seaport or airport is included in the transportation and warehousing subsector. One area of particular note that is excluded from the repair and maintenance sector is the repair and maintenance of buildings, which is included in the Construction sector.

Industry Organization

The Repair and Maintenance Sector is divided into three subsectors, (NAICS 8111) Automotive Repair and Maintenance, (NAICS 8112) Electronic and Precision Equipment Repair and Maintenance, (NAICS 8113) Commercial Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance, and (NAICS 8114) Personal and Household Goods Repair and Maintenance.

The first subsector of the Repair and Maintenance sector is Automotive Repair and Maintenance. Establishments in this sector work in repairing automotive vehicles such as passenger cars, trucks, vans and trailers. These companies employ technicians with specialized skills in the diagnosis and repair of this class of machinery.

The Electronics and Precision Equipment Repair and Maintenance subsector includes companies that repair computers, other electronic devices and precision instruments of a complex nature.
The Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance subsector repair commercial and industrial machinery and equipment. Establishments in this industry sharpen industrial machinery blades or provide welding services; repair agricultural equipment or other heavy industrial machinery such as forklifts.

The Personal and Household Goods Repair and Maintenance subsector includes establishments that engage in the repair of home appliances and equipment while not also engaging in the retailing of these products. These companies repair lawnmowers, washing machines, clothes dryers and refrigerators.

[26] The paragraphs in this section are adapted from the US Census Bureau's definitions of North American Industry Classification System (NAICS) based industries: http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2002

Composition of Industry

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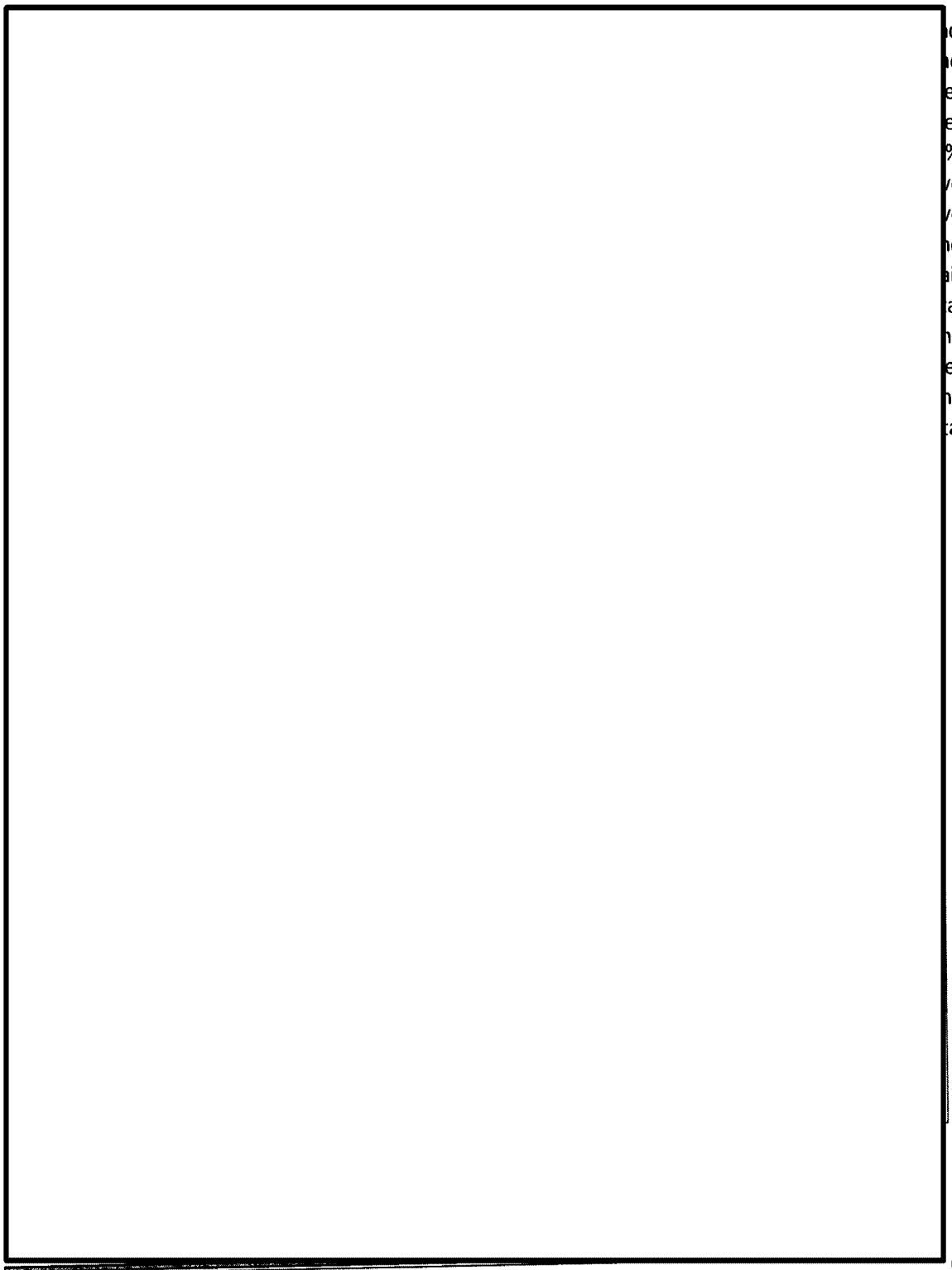

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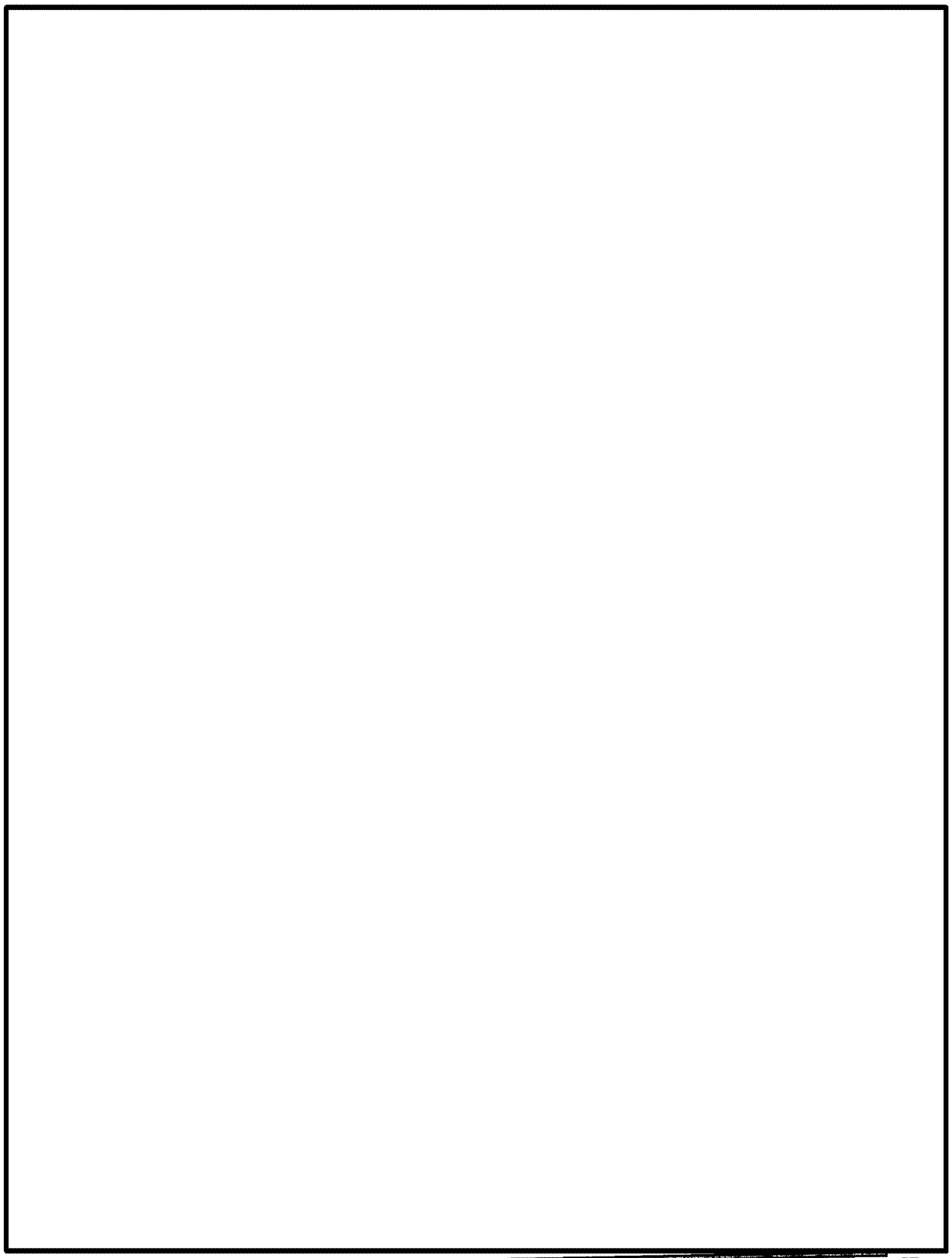

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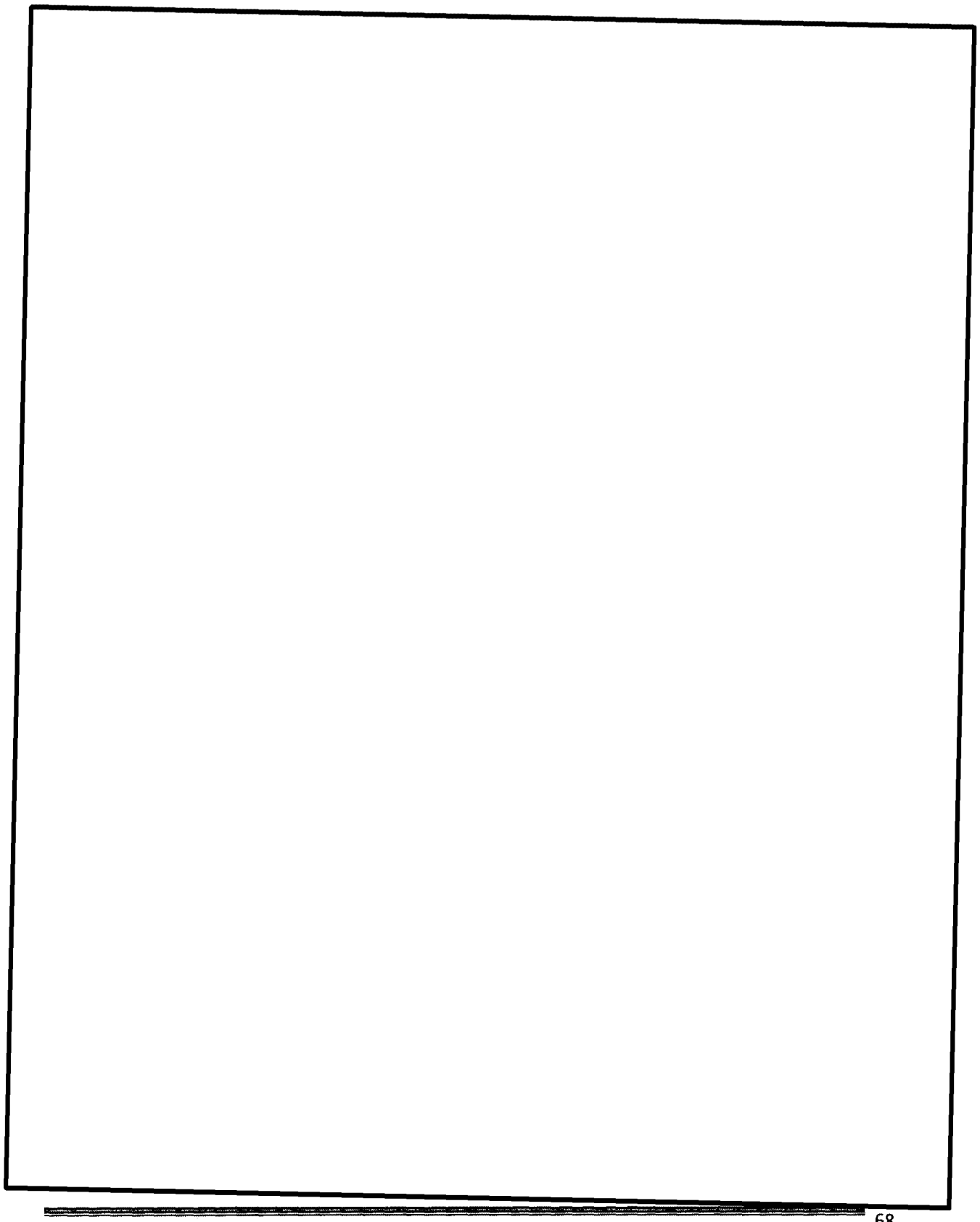

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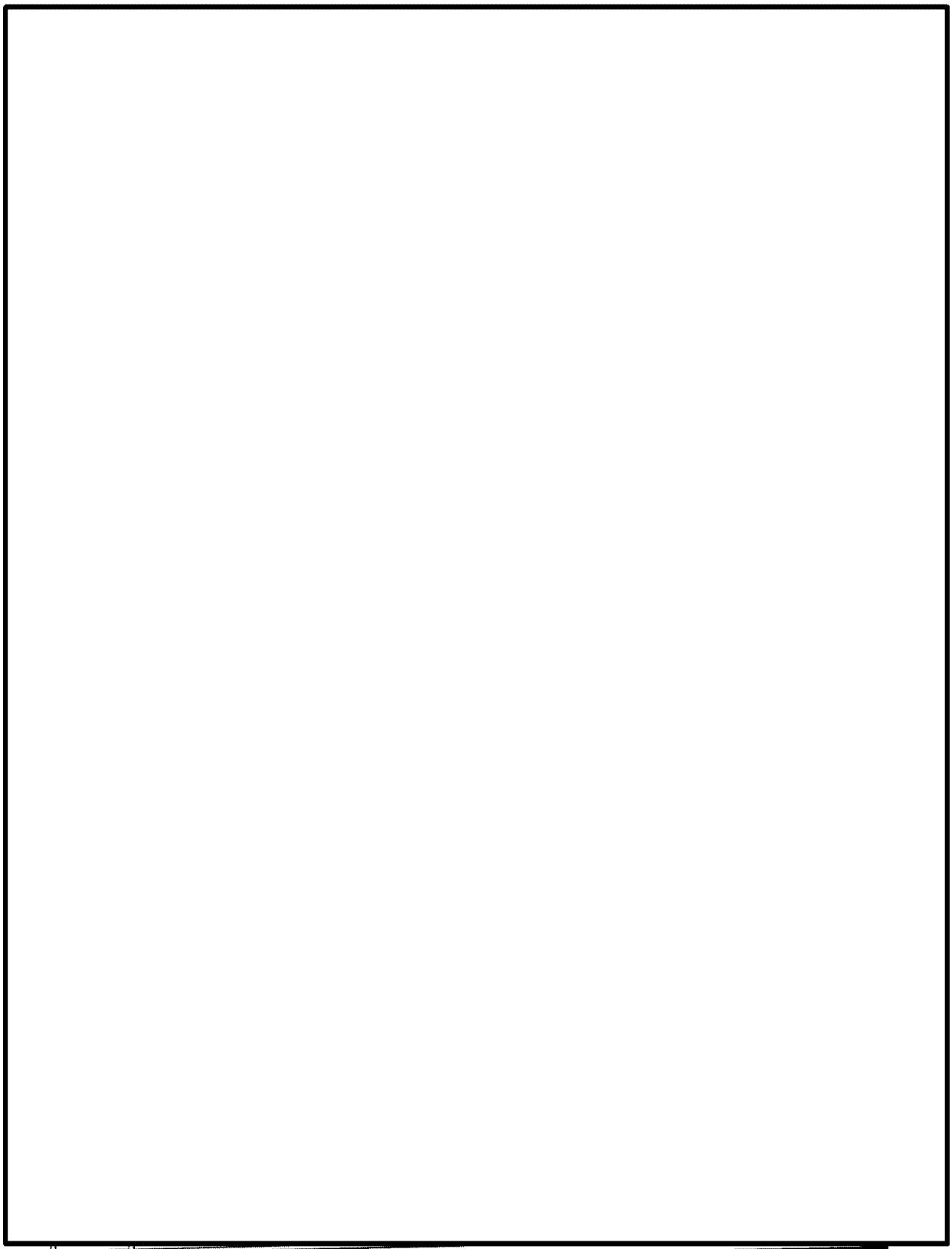

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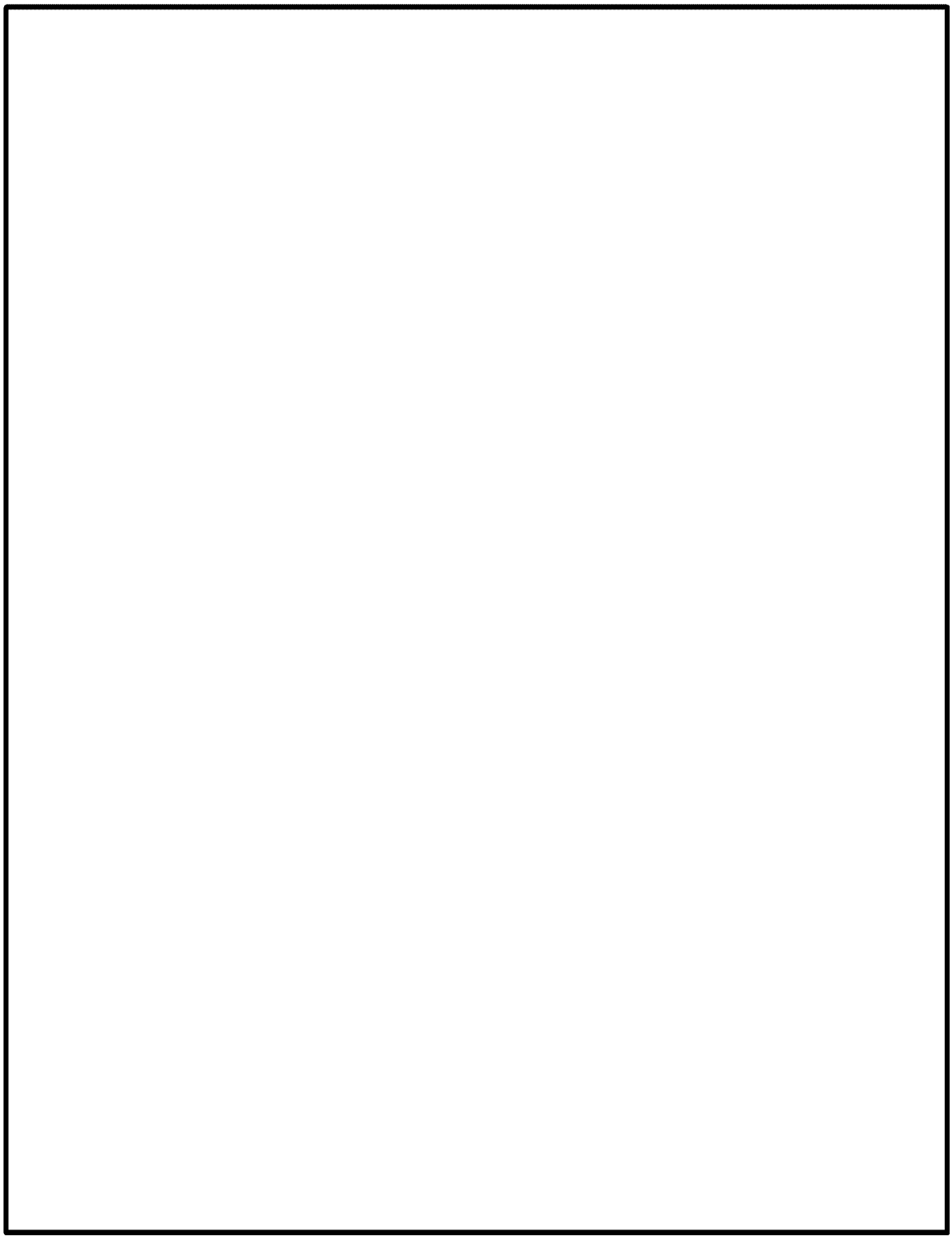

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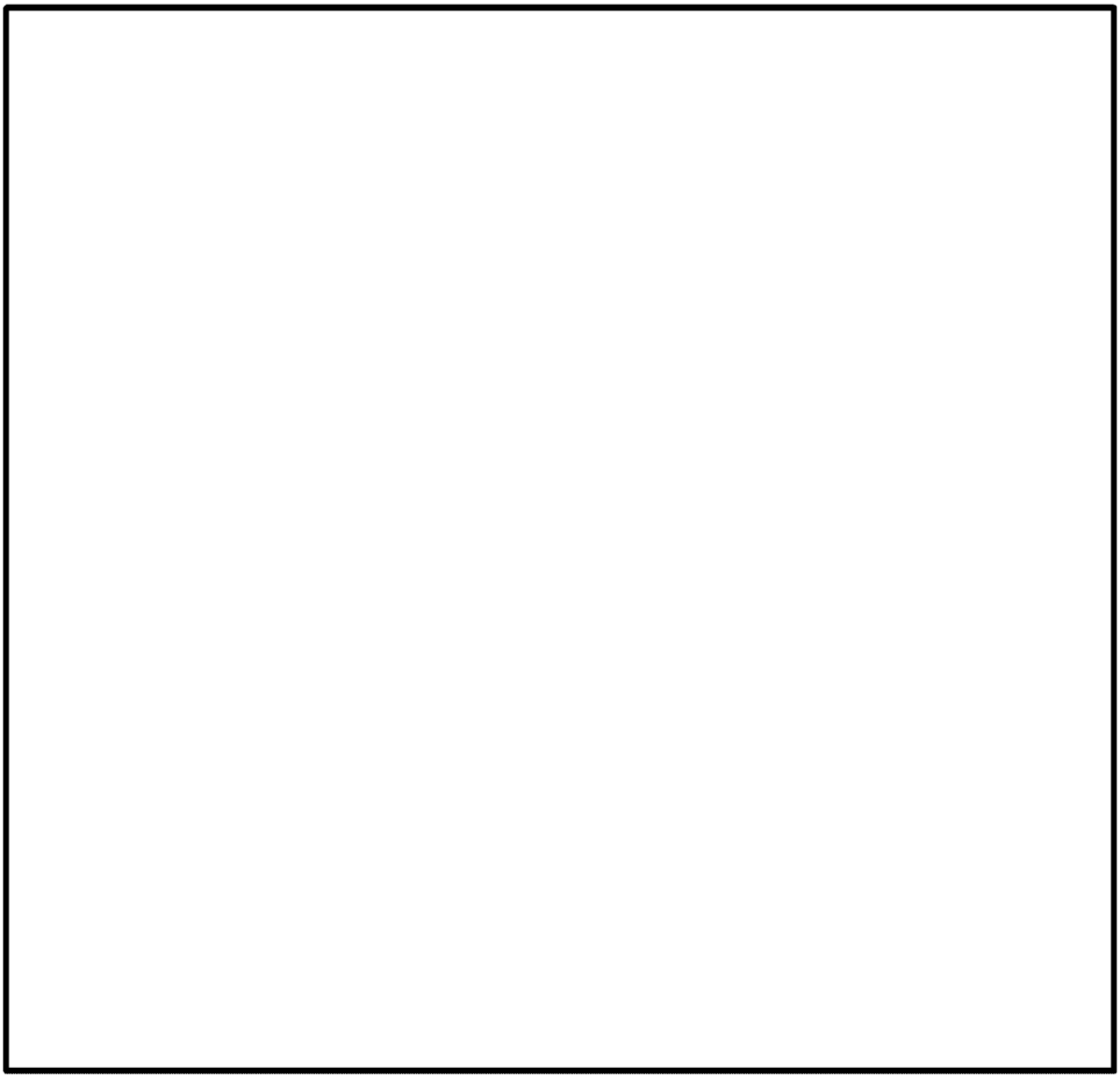

2.10 Trends in Foreign Direct Investment

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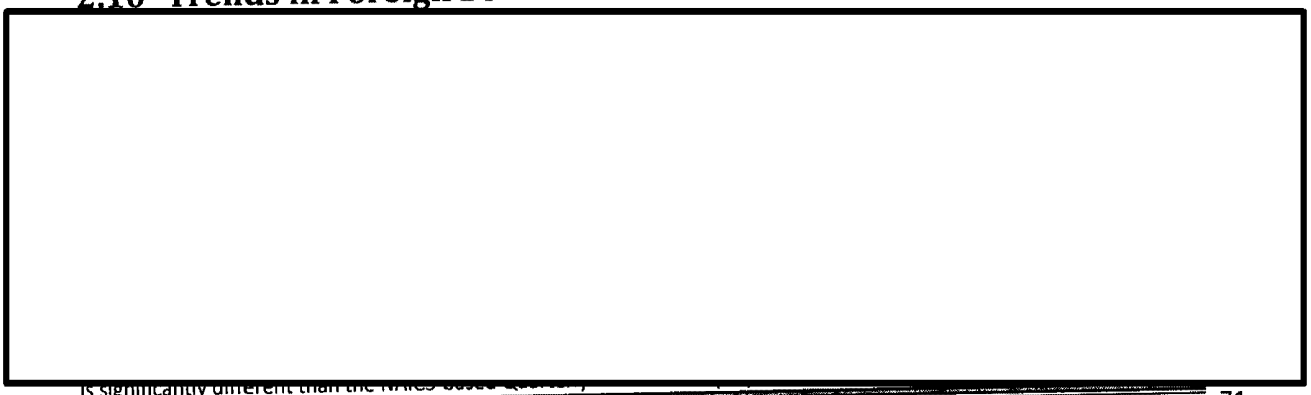

is significantly different than the NAICS

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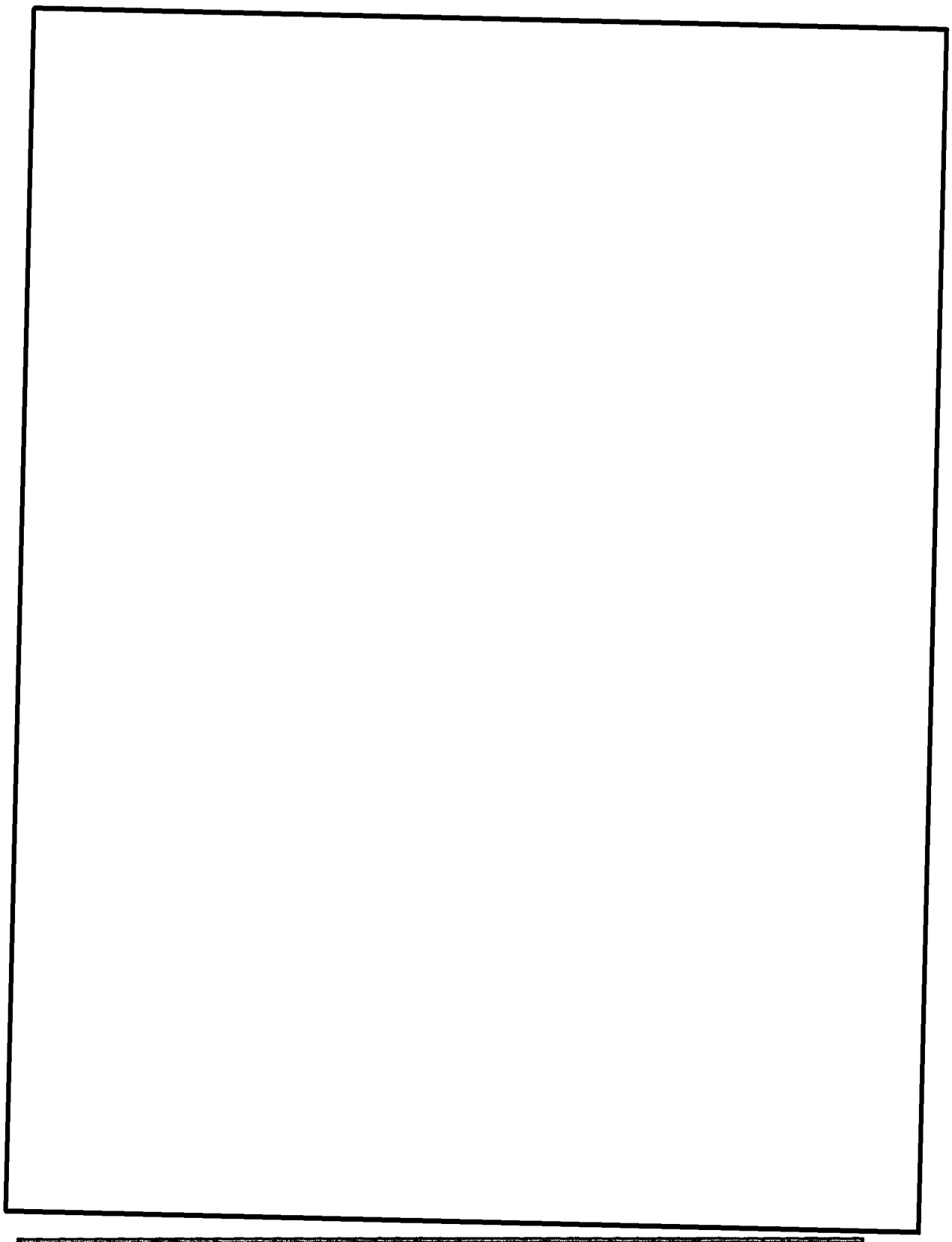

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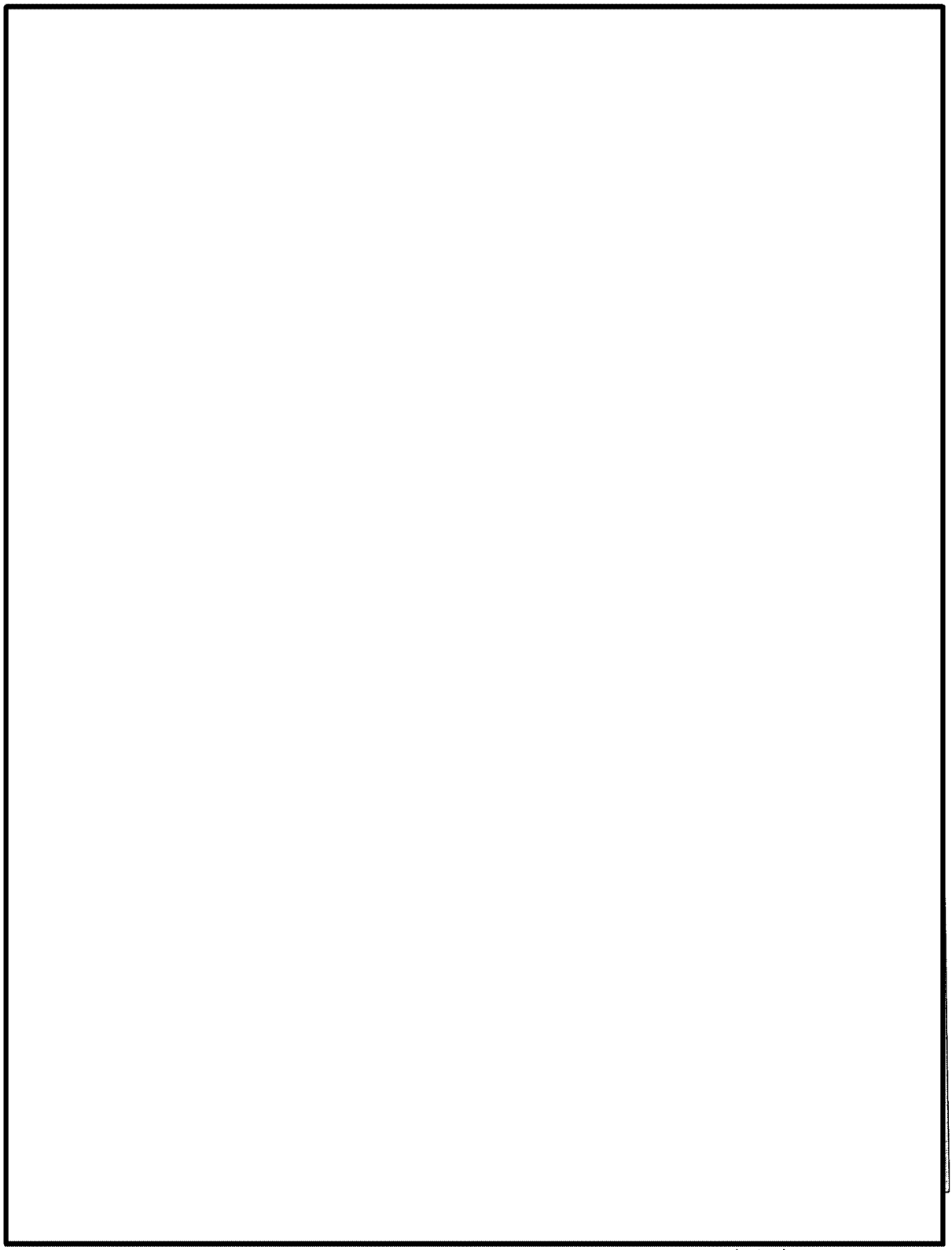

[31] Data in this section is from the Bureau of Economic Analysis: http://www.bea.gov/international/index.htm

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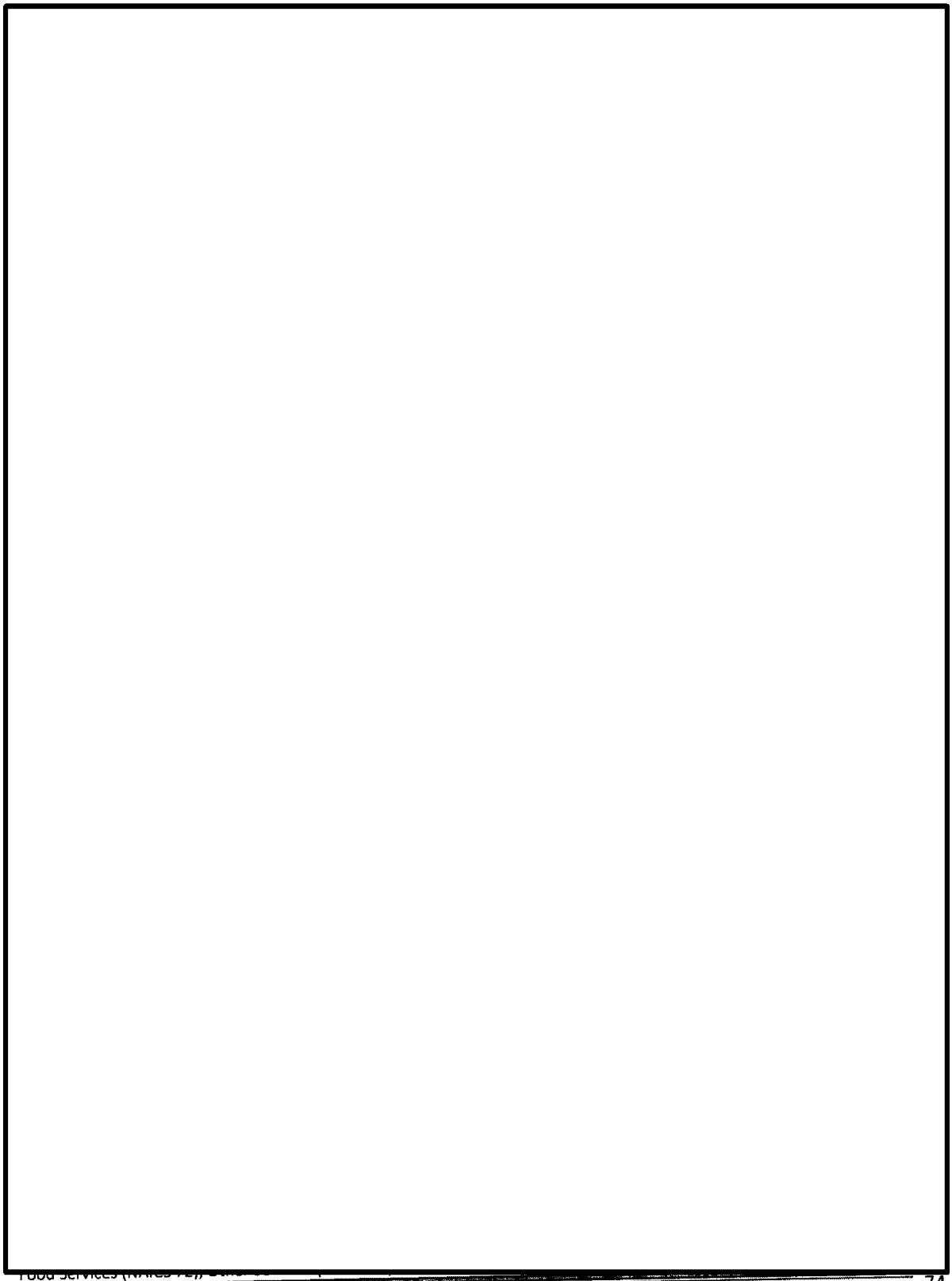

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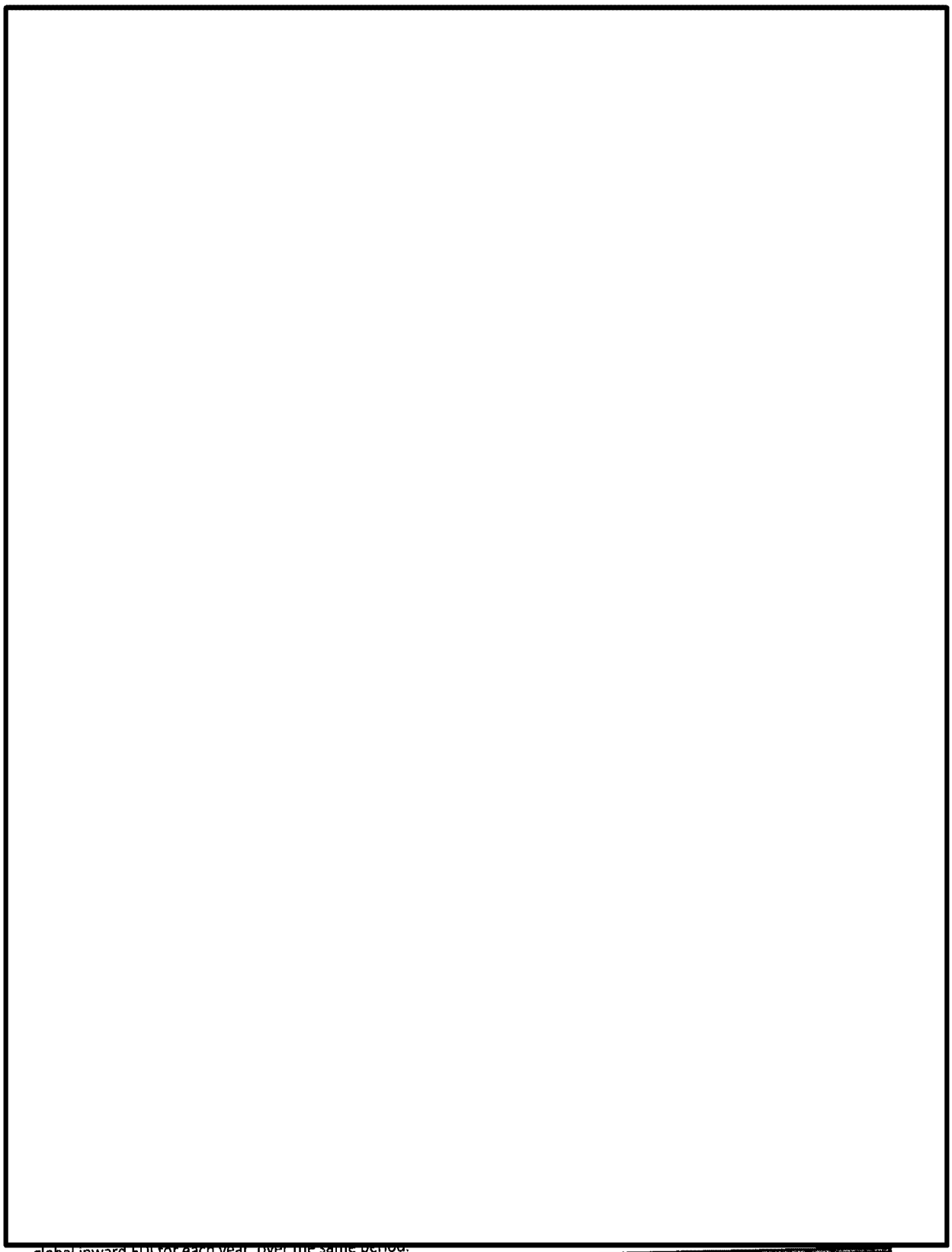

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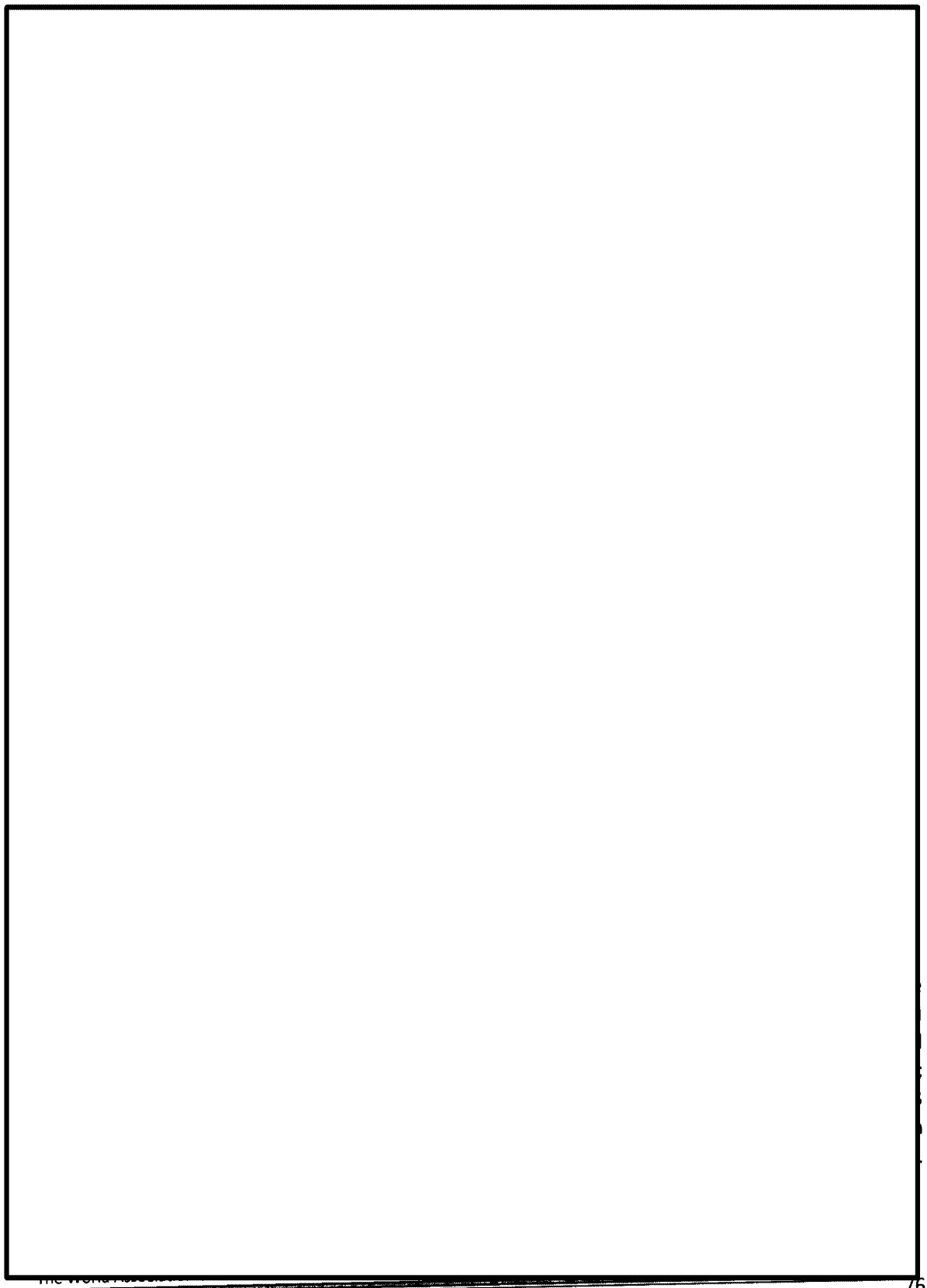

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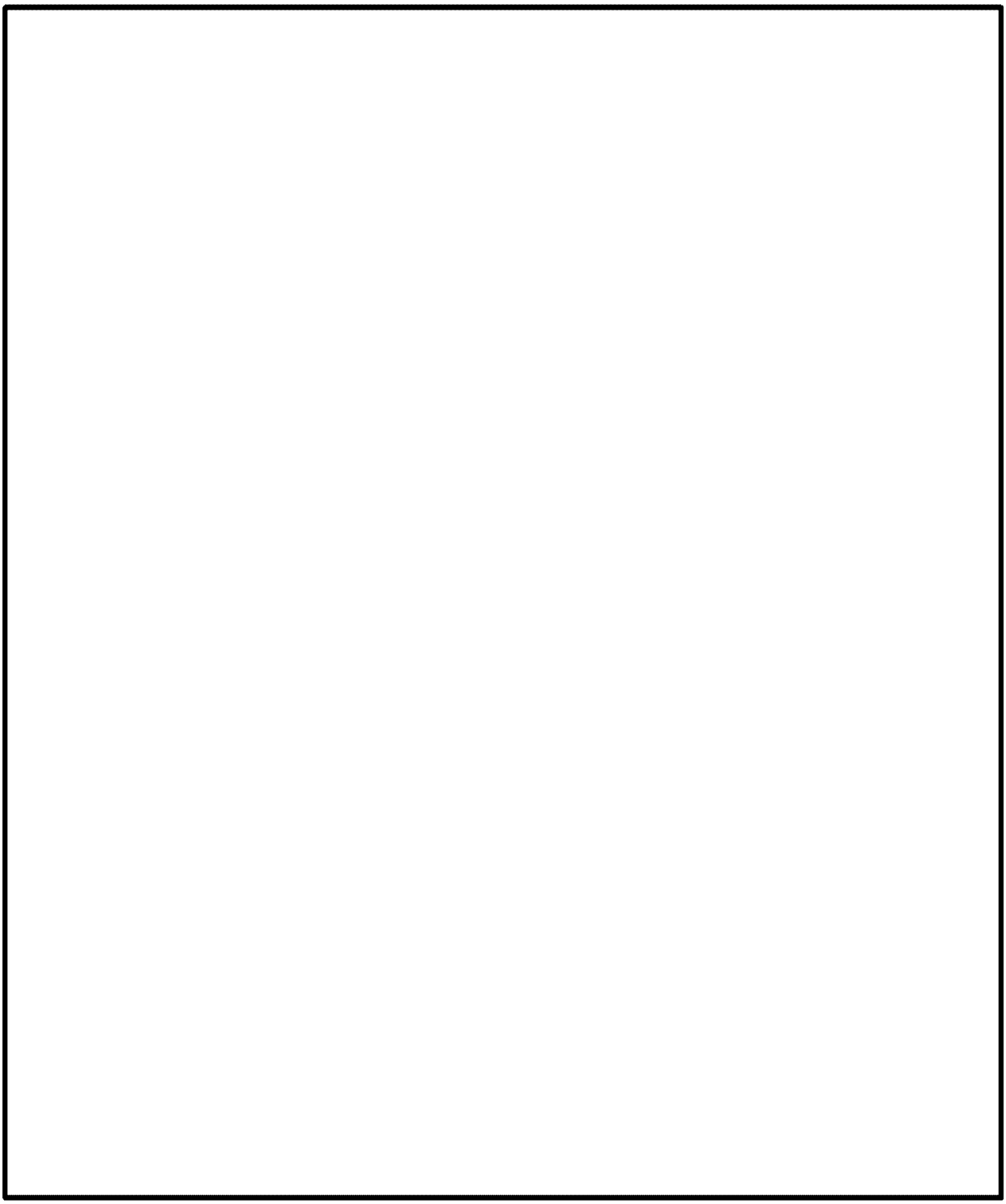

2.11 Economic-Job Impact Analysis Highlights and Findings

The EB-5 project involves the development of the Mountain Air EB-5 project located in Yancey

County, North Carolina. The economic and job impacts associated with this EB-5 project were determined through input-output analysis using the REDYN dynamic input-output model for the seventy-nine county region comprising the proposed Appalachian EB-5, LLC Regional Center. Dynamic input-output models like REDYN simulate the economic relationships between sectors of an economy on several levels of geographic detail. These models allow analysts to see how changes in individual or multiple sectors in a state or regional economy ripple throughout the system. Incremental demand created by investment expenditures in one sector of a regional economy increases employment not only in that sector, but also in other related sectors and regions. Linkages exist with other sectors and regions that provide commodities or other inputs, and impacts of the original investment are felt in these other sectors and regions through increased output, employment and income.

The REDYN economic model employed for the economic and job creation impact study estimates the impact a specific catalyst will generate throughout a determined area—in this case the prospective Appalachian EB-5, LLC Regional Center's regional economy. The input/output model uses a dynamic (or a longitudinal) approach that models not only the relationship between sectors in an economy (e.g. for a county or state), but also the interconnectivity of regions. The dynamic element of the model has a well-developed impedance database that is able to account for temporal effects due to competitive differences between either geographic regions and/or different sectors of the economy. Over time, these competitive pressures emerge and then tend to bring the regional economy back to equilibrium. The process, in that way, depicts the so called "ripple effect" impacts economic changes have on a region.

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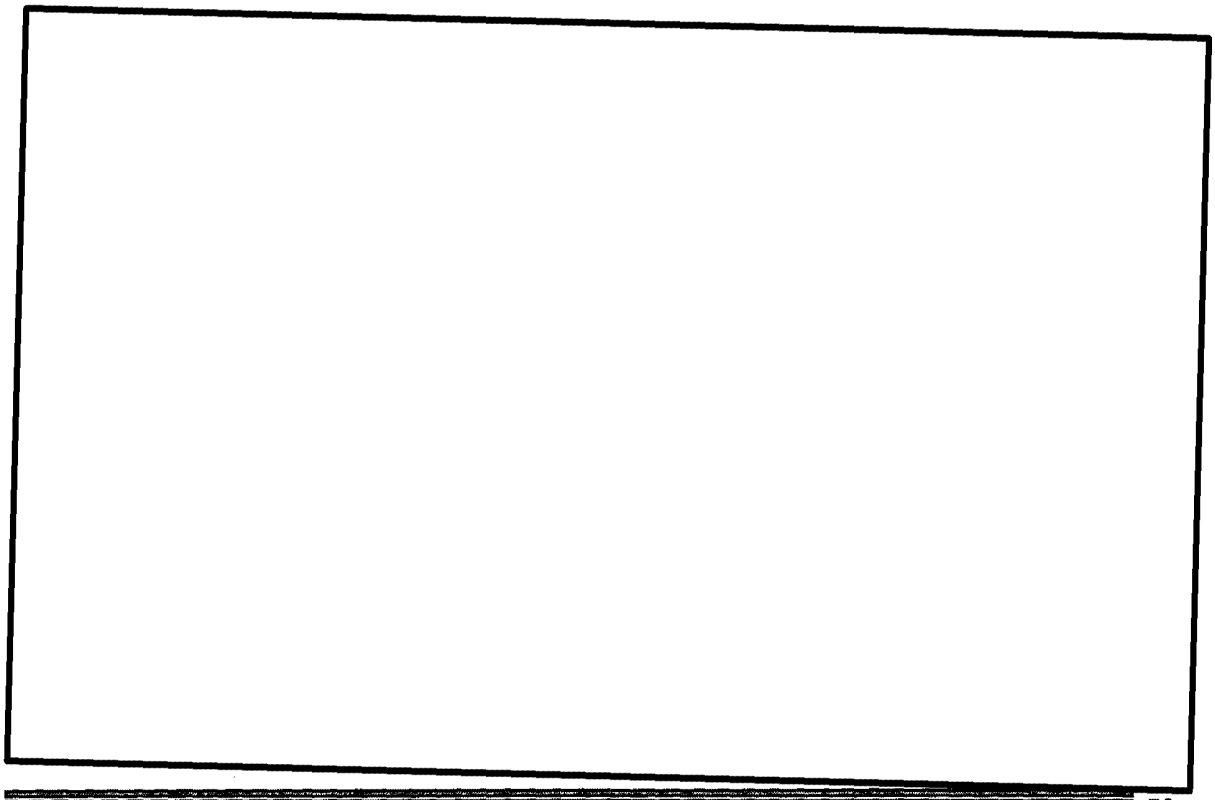

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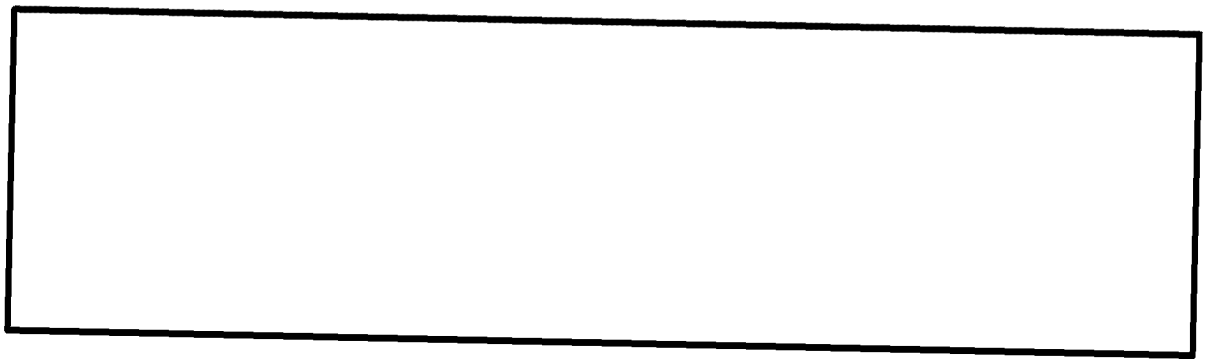


2.12 Job Creation Methodology

Economic and job creation impact modeling was performed using the Regional Dynamics Economic Analysis Model (hereafter "REDYN") to determine the economic and employment impacts associated with the development of the proposed EB-5 project and subsequent operations. This is the newest and most sophisticated of the advanced input/output models available today. The REDYN[36] Model has been used to assess the net job and other economic benefits associated with economic development projects, new businesses, certain types of policy changes and utility power projects in various states.

The internet based REDYN Model was developed by Regional Dynamics, Inc. currently of Scottsdale, Arizona, through its principal creator, the late Thomas Tanner, Ph.D., a former model manager at Regional Economic Models Inc. (known as REMI) of Amherst, Massachusetts. Dr. Tanner was a former member of the faculty at University of Georgia, and was most recently employed at the Strom Thurmond Institute of Government and Public Affairs at Clemson University at the time of his death in May of 2009. Dr. Tanner's work experience at REMI gave him the expertise to create an alternative to the REMI model. The result is an integrated input/output model of the counties and cities of the U.S. which has significant advantages over the existing menu of retail input/output models: REMI (which is prohibitively expensive) , IMPLAN (as maintained by the Minnesota IMPLAN Group, Inc. which was originally developed for the U.S. Forest Service which is a static input-output tool), and RIMS II final demand and/or employment multiplier tables (which is maintained by the U.S. Department of Commerce which is also a static tool).

The REDYN Model employs a concept know as New Economic Geography, a theory first developed by Nobel Laureate Dr. Paul Krugman while he was at the Massachusetts Institute of Technology. This philosophy employs "fully general equilibrium" models that "derive aggregate behavior from individual maximization." This competitive framework is translated into a model that makes the assumption that "commodities produced by an industry are truly joint in the production process, as prescribed by a uniform production function for all firms in each industry based on competitive pressures to diffuse advantages quickly across all firms in an industry."

[36] See REDYN.com for a full description of the REDYN model and to review other descriptive materials and technical documentation materials regarding the REDYN model.

New Economic Geography also focuses on agglomeration economies and the relationships between them in different levels of geographic space. To illustrate this, consider a tight group of commercial establishments configured as a mall. This is the smallest level of an agglomeration economy. It is related to the regional commercial market which is part of the national market and the world market. It is the linkages between these levels of economic agglomeration that New Economic Geography seeks to explain and illustrate.

The REDYN Model uses a variety of data provided by U.S. Government entities. The basis for the model is the North American Industry Classification System (NAICS) to the five digit level. This allows the model to provide detail for 703 industries and over 180 commodities for the geographic region specified in the model. This classification system and level of detail makes REDYN's output more compatible for comparison to government reported statistics as this is the system used for publishing economic data by the U.S. Department of Labor's Bureau of Labor Statistics (BLS), the U.S. Department of Commerce's Bureau of Economic Analysis (BEA) and the U.S. Census Bureau. These government bureaus provide the original data that is accumulated and transformed into the REDYN Model's input/output (e.g. multipliers) and other specified relationships.

The U.S. Census Bureau's County Business Patterns data is the source for wage bill payroll data and employment data used in the model. The model's developers preferred this approach since it is an annual series that is more complete in its coverage of the workforce than the Quarterly Census of Employment and Wages (hereafter "QCEW") series, as it includes self-employed persons, employees of private households, agricultural production workers, and railroad workers. These workers are not "covered" by most state unemployment insurance systems and are therefore not reported in the QCEW series.

County Business Patterns also is preferred because it provides detail about employment and wages down to the zip code level where concentration of industry is high enough to provide reportable data. The suppression of data due to confidentiality issues is a common problem of all types of wage and employment data used in specifying input/output models. REYDN has developed a way to fill in the blanks called method row and column sum (RAS).

After performing the RAS analytics on the County Business Patterns data it is reconciled with Regional Economic Information System (REIS) data from the Bureau of Economic Analysis of the U.S. Department of Commerce to confirm consistency. The REIS data is especially helpful for providing data in the agriculture and governmental sectors. The REIS data is also used to allocate national consumption to the roughly 3,100 counties in the United States that is provided on the aggregate level by the National Income and Product Accounts (NIPA). The levels of consumption of industries and households are a key building block in the creation of input/output models.

The input-output tables themselves are created using BEA Input/Output (IO) make and use tables. The data in these tables are augmented by the biennial ten-year IO forecast tables from the Bureau of Labor Statistics. A major difference between the REDYN model and other input/output models is

its use of a new distance impedance database supplied by the Oak Ridge National Laboratory. This allows the REDYN Model to add elements of trade flow and gravity theory based on distance impedance specific to road, rail, water, air and proxy transport. The combination of these data sources gives the REDYN model the power to predict with greater accuracy than ever before the economic impacts of a wide range of economic changes. The REDYN model has been employed and has been approved in more than four dozen EB-5 project and regional center designation applications before the USCIS. The model also has been employed in a wide variety of other analytical settings ranging from utility "certificate of public good" proceedings, to state and local development review, and industry contribution studies.

Like all input-output models, the REDYN model calculates the effects of a new final demand stimulus into three general categories. Category 1 includes the direct effects—which in economic theory measure the changes in the industries where the final demand change was effected. Category 2 effects include indirect effects—which in economic theory are those changes in inter-industry purchases as they respond to the new final demand change in the directly affected sectors or industries. Category 3 effects include those which are due to changes in spending from affected workers and their households as labor income either increases or decreases due to the change in final demand, known as induced effects. The REDYN input-output model software calculates all three of these effects just like any other input-output tool except for the fact that, as a dynamic input-output model (like the dynamic REMI model), REDYN has the capability through its structure to analyze the impacts over time of the entire EB-5 project and its components as part of a single integrated development scenario. Using this approach, the estimated economic and job impacts were measured against a baseline for the 10-county regional economy that did not include the proposed EB-5 project. The difference between the two scenarios represented the net economic and job impacts attributable to the proposed EB-5 project.

Even though the economic and job impacts of the proposed EB-5 development project were analyzed as a single integrated development project, the impact calculations were made in separate and distinct sectors embedded within the REDYN model software. These calculations, again although separate for each sector, were done simultaneously according to the regionalized matrix of multipliers embedded within the model which have up to a five digit level of specificity for each NAICS sector category.

Summary of the Methodology for Calculating Indirect Jobs: In contrast to proving the direct job count of an EB-5 project through the provision of payroll records to a USCIS reviewer, the calculation of indirect jobs cannot be measured and verified directly through records. Instead, indirect jobs under the EB-5 program must be verified through the use of estimating methodologies that are deemed to be "reasonable" under the requirements of the EB-5 program. The EB-5 applicant has some latitude under the "reasonable methodologies" requirement. The most common estimation techniques involve the utilization of input-output tools that involve a range from simple mathematical calculations on a spreadsheet (e.g. under RIMS II) to integrated EB-5 project simulations using sophisticated input-output models. Even though these approaches vary in sophistication and structure, the general approach to this estimating process is essentially the same for all of the USCIS-

approved input-output tools in that they all use calculated coefficients based on detailed federal data. Compilation of these data, which are updated each year to varying degrees, involves assembling and updating data regarding how much input is used for producing a given amount of output.

In its simplest form, the estimation process is comprised of two fundamental steps: (1) calculations to determine what are commonly referred to as national coefficients which are based on production functions, and (2) determinations as to what proportion of those goods and services are purchased within the region. The first calculations estimate how much input is used in any given year to produce a given amount of output in any given year. The second group of calculations referred to above involves calculations of what are referred to as regional purchase coefficients (RPCs). These regional purchase coefficients essentially estimate what proportion of those goods and services are purchased within the region in question.

The REDYN model, like other input-output models such as IMPLAN and REMI, handles all those calculations within the model software based on the geography and type of stimulus specified by the analyst. The REDYN model is geographically specified so that regional purchase coefficients are calculated for all involved sectors based on purchases of goods and services from "within the region" firms. The matrix can be, and usually is, large and complex. RPCs tend to be higher for service providing industry categories and lower for goods producing industry categories. In either case, indirect jobs under the REDYN input-output model are calculated through the input-output simulation process based on these quantified national relationships and regional purchase coefficients as calculated within the software algorithms embedded in the REDYN model.

(b)(4)

2.13 Economic Study Findings

[redacted]

[38] All these impacts are reported in constant 2011 dollars.

(b)(4)

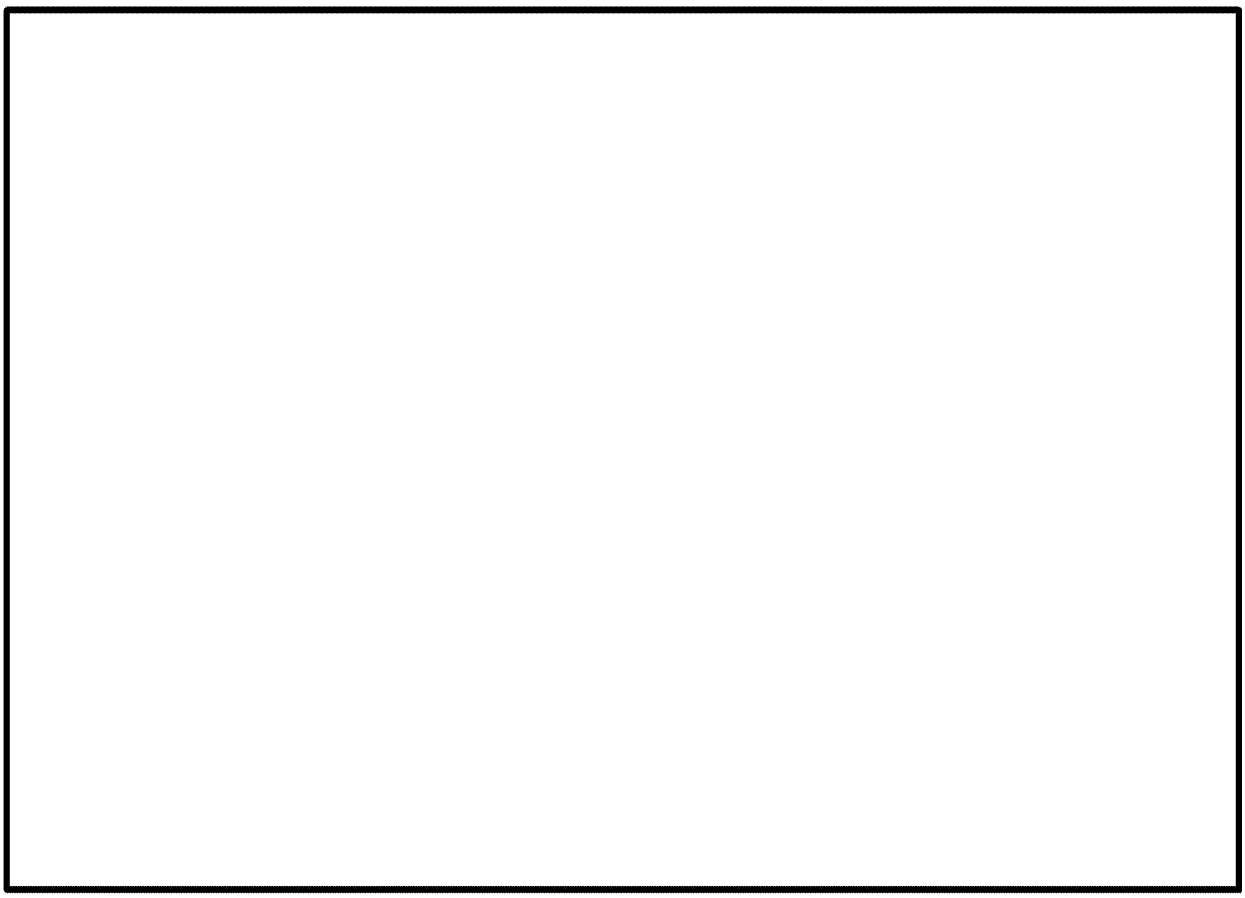
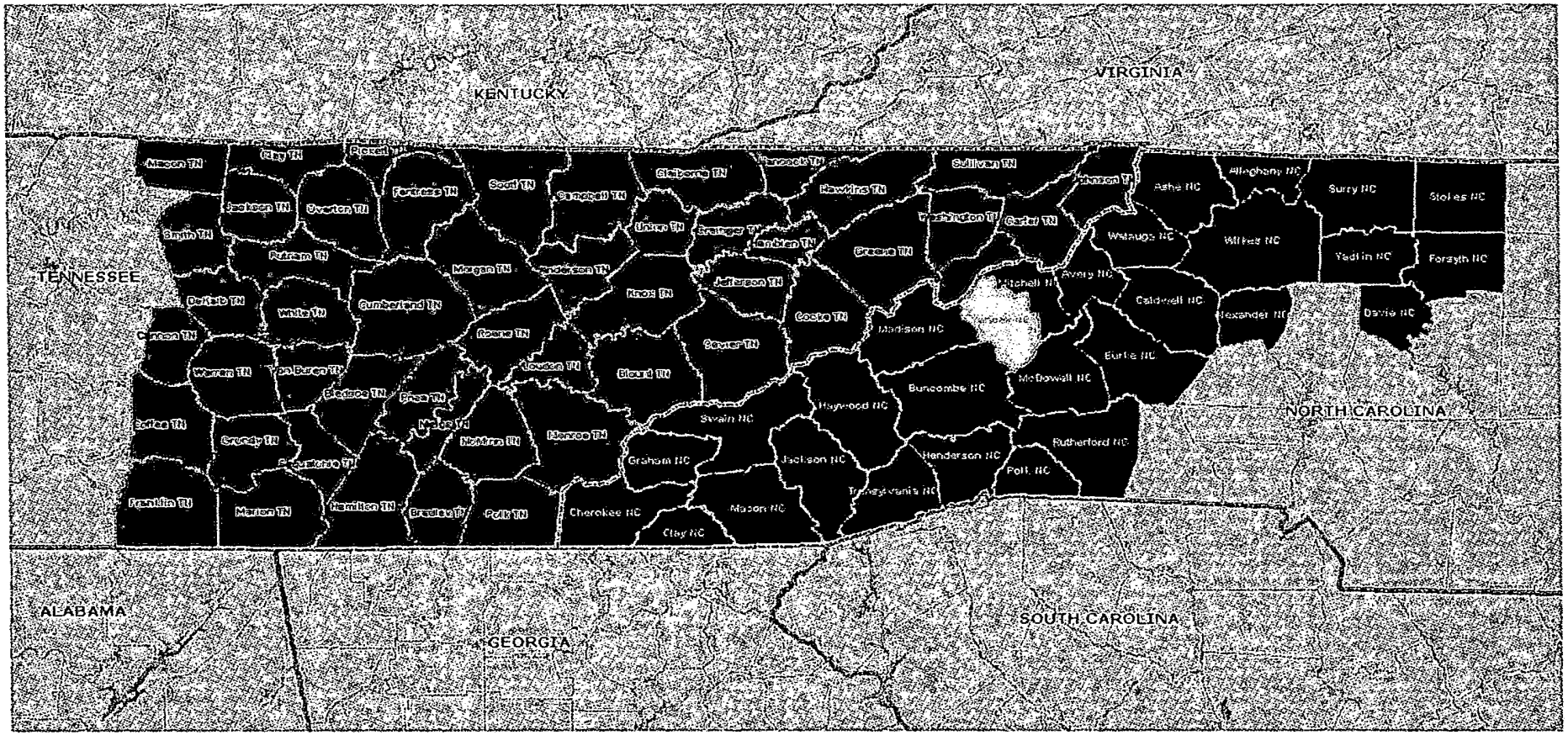


Exhibit 4

Map of Geographic Territory



Appalachian EB-5, LLC Regional Center Territory Map

Exhibit 5

Certificate of Formation for Mountain Air Lenders, LLC (New Commercial Enterprise), on 10/11/2011 in the State of Delaware

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "MOUNTAIN AIR LENDERS, LLC", FILED IN THIS OFFICE ON THE ELEVENTH DAY OF OCTOBER, A.D. 2011, AT 1:32 O'CLOCK P.M.

Jeffrey W. Bullock, Secretary of State

5050494 8100

AUTHENTICATION: 9085859

111089901

DATE: 10-11-11

You may verify this certificate online at corp.delaware.gov/authver.shtml

State of Delaware
Secretary of State
Division of Corporations
Delivered 01:32 PM 10/11/2011
FILED 01:32 PM 10/11/2011
SRV 111089901 - 5050494 FILE

CERTIFICATE OF FORMATION
OF
MOUNTAIN AIR LENDERS, LLC

The undersigned being an authorized person for purposes of executing this Certificate of Formation on behalf of MOUNTAIN AIR LENDERS, LLC a Delaware limited liability company (the "LLC"), desiring to comply with the requirements of 6 Del. C. § 18-201 and the other provisions of the Delaware Limited Liability Company Act, 6 Del. C. § 18-101, et seq. (the "Act"), hereby certifies as follows:

1. Name of the LLC. The name of the LLC is MOUNTAIN AIR LENDERS, LLC.

2. Registered Office and Registered Agent of the LLC. The name of the registered agent for service of process on the LLC in the State of Delaware is The First State Registered Agent Company. The address of the registered agent of the LLC and the address of the registered office of the LLC in the State of Delaware is 1925 Lovering Avenue, City of Wilmington, County of New Castle, Delaware 19806.

IN WITNESS WHEREOF, the undersigned hereby executes this Certificate of Formation in accordance with the provision of 6 Del. C. § 18-201 this 11th day of October, 2011.

Ronald R. Fieldstone,
Authorized Representative

9794500.1

Exhibit 6

Confidential Private Placement Memorandum
for Mountain Air Lenders, LLC

(Loan Program)

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

MOUNTAIN AIR LENDERS, LLC
(a Delaware limited liability company)

Mountain Air Country Club is located on approximately 1,300 acres with an additional 1,800 acres adjacent to the property (known as Mountain Spirit) for a total of 3,100 acres. Mountain Air includes an 18 (soon to be 27) hole golf course, clubhouse, members guest lodge with 7 luxury suites, pro-shop, two dining facilities, an activity and fitness center, swimming pool, two tennis courts, movie theatre, mountain market, post office, private air plane runway, eight miles of hiking trails, six neighborhood parks, 17 miles of paved roads with underground central utilities, including central water, sewer, electric, cable television and high speed broadband internet (the "**Project**"). The Developer intends to take advantage of the extensive experience of Odlum Capital and its advisors and consultants, Mountain Air Development Corporation, Celebration Associates, Wicky & Associates and Benchmark Advisors, who have collectively developed and managed in excess of $1 Billion Dollars in real estate projects.

The Company will be administered by a Manager that is affiliated with the Regional Center.

NO PARTIES EXCEPT THE REGIONAL CENTER AND THE COMPANY ARE RESPONSIBLE FOR THE CONTENTS OF THE OFFERING MEMORANDUM, AND NO OTHER PARTY EXCEPT AUTHORIZED SALES AGENTS WILL BE INVOLVED IN THE OFFERING OF UNITS UNDER THE OFFERING MEMORANDUM OR THE ACCEPTANCE OF SUBSCRIPTIONS FROM SUBSCRIBERS.

APPALACHIAN EB-5, LLC, a North Carolina limited liability company, is in the process of obtaining approval to participate as a regional center (the "**Regional Center**") under the EB-5 program with the United States Citizenship and Immigration Service ("**USCIS**") (the "**EB-5 Program**") in counties in North Carolina and Tennessee (the "**Territory**"), for purposes of authorizing foreign investors in the Company to include both direct and indirect job creation from investment in participating developers toward qualification for the EB-5 Program, and it will be granting the Project the rights to utilize the EB-5 Program to raise capital for the development of the Project.

This is an offering (the "**Offering**") of up to [redacted] Units (the "**Units**") with each Unit consisting of a Membership Interest in the Company. (b)(4)

Offering Price:*	$500,000 per Unit	(b)(4)
Minimum Offering:	[redacted]	
Maximum Offering:**		
Minimum Purchase:*	$500,000 (1 Unit)	

The Offering Price of each Unit is payable [redacted] in cash upon subscription (unless other terms are agreed to be the Regional Center). (b)(4)

The Company is offering for purchase (the "**Offering**") to a limited number of individual investors who are not "U.S. persons," as such term is defined in Rule 902(k) of the Securities Act of 1933, as amended (the "**Securities Act**"), on a limited and private basis, a maximum of (b)(4) [redacted] ("**Maximum Offering Amount**") and a minimum of [redacted] (the "**Minimum Offering Amount**") of Member Interests in the Company (the "**Member Interests**"). Such Member Interests shall be described in the Operating Agreement of the Company (the "**Operating Agreement**") to be entered into by and among the Company and each of the subscribers for Member Interests ("**Subscribers**") whose subscriptions are accepted by the Company pursuant to the Subscription Agreement between each Subscriber and the Company (the "**Subscription Agreement**").

The Offering of the Member Interests is limited to only individual persons (not any legal entities) who are "Accredited Investors," as such term is defined in Rule 501(a) under the Securities Act. See "Overview," "Summary of Terms of the Offering," "Summary of Principal Documents—Subscription Agreement" and the form of the Subscription Agreement attached hereto as **Exhibit A.** Subscribers for Member Interests must subscribe for Five Hundred Thousand Dollars ($500,000) per Unit of Member Interests, plus the [redacted] per Investor Cost Allocation Amount to cover Offering costs, migration expenses and certain immigration legal fees. Subscribers for Member Interests, in the aggregate, will own one hundred percent (100%) of the Investing Member Interests in the Company, and each Subscriber shall be issued a Member Interest that represents a percentage ownership equal to the Capital Contribution to the Company made by the Subscriber in proportion to the Capital Contributions made by all the Subscribers, as more fully described in the Operating Agreement. (b)(4)

(b)(4) [redacted]

A detailed description of the Project and the Compiled Projection for the Project are contained in Exhibit F.

APPALACHIAN EB-5, LLC, a North Carolina limited liability company, is being formed to provide financing in connection with the development of the Project. The terms and conditions of the financing are set forth in this Offering.

The Offering has been structured so that each Subscriber, by becoming a Member in the Company, will have made an investment that qualifies as the investment component required for an EB-5 Visa entitling the Subscriber, assuming the Subscriber otherwise satisfies the non-investment criteria for an EB-5 Visa, to seek permanent United States residency and, ultimately, to apply for U.S. citizenship. The Project has been submitted for approval for an EB-5 investment by USCIS. See "Immigration Matters" and "Immigration Risk Factors." The Company has arranged for an immigration attorney to file an I-526 Immigrant Petition by Alien Entrepreneur ("**EB-5 Petition**" or "**I-526**") on behalf of each Subscriber, which will be done promptly following acceptance of the subscription and admission of the Subscriber. It is anticipated that USCIS will act on each EB-5 Petition within eight (8) months after the completed EB-5 Petition is filed. If the EB-5 Petition is granted, the Subscriber will become a regular Member of the Company. If the EB-5 Petition is denied, without appeal or after denial of any appeal, the Company will cancel such subscribing Member's Interest by returning to the Member all but [redacted] (for Offering costs and immigration fees and costs to file the EB-5 Petition) of th[redacted] (b)(4) subscription price. However, once the I-526 Petition has been filed for an Investing Member, then the $500,000 Capital Contribution, less a [redacted] Holdback amount, as described below, will be utilized to fund the Loan even before the I-526 Petition has been received. Once the I-526 Petition has been approved, then the [redacted] Holdback amount shall be funded to the Company and used as part of the Loan. The Offering will end on December 31, 2012, unless extended by the Company until not later than June 30, 2013.

(b)(4) [redacted]

The Units will be offered by the Company and the Regional Center and its principals. The Company or the Investing Member may pay fees to registered broker-dealers and authorized finders. The Units will be sold on a private placement basis only to "**accredited investors**," as such term is defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "**Securities Act**") and pursuant to Regulation S of the Act.

These Units have not been registered under the Securities Act applicable state securities laws. These Units are being sold in reliance on exemptions from such registration requirements and may not be transferred or resold except as permitted under such laws.

Neither the Securities and Exchange Commission nor any state securities regulatory authority has approved or disapproved the offer and sale of these Units or determined if this confidential private placement memorandum (the "Memorandum") is accurate or complete. Any representation to the contrary is a criminal offense.

These Units involve **a high degree of risk and substantial restrictions on transferability**. Investing Members should not invest in the Units unless such Investing Members can bear the complete loss of investment. See "**Risk Factors**"

February 15, 2012

NOTICES TO INVESTORS

THIS MEMORANDUM IS BEING PROVIDED TO EACH PROSPECTIVE INVESTOR ("**PROSPECTIVE INVESTOR**") IN CONNECTION WITH SUCH PROSPECTIVE INVESTOR'S INTEREST IN PURCHASING ONE OR MORE UNITS. THE PURPOSE OF THIS MEMORANDUM IS TO FURNISH PROSPECTIVE INVESTORS WITH CERTAIN INFORMATION REGARDING A PROSPECTIVE INVESTMENT IN THE UNITS AND THE COMPANY AND CERTAIN OF THE RISKS ATTENDANT THERETO. ALL OF THE INFORMATION CONTAINED IN THIS MEMORANDUM IS BASED ON THE CURRENT, GOOD FAITH INTENTIONS OF THE COMPANY AND THE REGIONAL CENTER. INFORMATION REGARDING THE COMPANY CONTAINED IN THIS MEMORANDUM IS BASED ON INFORMATION AVAILABLE TO THE COMPANY AND THE REGIONAL CENTER AS OF THE DATE HEREOF AND BELIEVED BY THE COMPANY AND THE REGIONAL CENTER TO BE ACCURATE. CAPITALIZED TERMS USED IN THIS MEMORANDUM BUT NOT DEFINED HEREIN SHALL HAVE THE MEANINGS SET FORTH IN THE COMPANY'S OPERATING AGREEMENT OR THE SUBSCRIPTION AGREEMENT ATTACHED HERETO AS EXHIBITS C AND A, RESPECTIVELY.

THE UNITS OFFERED HEREBY ARE SPECULATIVE AND AN INVESTMENT IN THE UNITS INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE INFORMATION SET FORTH HEREIN UNDER "**RISK FACTORS**." PROSPECTIVE INVESTORS MUST BE PREPARED TO BEAR THE ECONOMIC RISK OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD AND BE ABLE TO WITHSTAND A TOTAL LOSS OF THEIR INVESTMENT.

THE UNITS ARE RESTRICTED SECURITIES UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE INTERESTS MAY NOT BE SOLD, TRANSFERRED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED. ADDITIONALLY, THE TRANSFER OF UNITS WILL BE RESTRICTED UNDER THE OPERATING AGREEMENT. ACCORDINGLY, INVESTORS WILL BE REQUIRED TO HOLD THE UNITS INDEFINITELY.

NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAVE BEEN NO CHANGES IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE OF THIS MEMORANDUM. THIS MEMORANDUM SUPERSEDES AND REPLACES ANY AND ALL INFORMATION DELIVERED OR MADE AVAILABLE BY OR ON BEHALF OF THE COMPANY TO THE RECIPIENTS OF THIS MEMORANDUM PRIOR TO THE DATE HEREOF.

WITH RESPECT TO THE UNITS OR THIS MEMORANDUM, ONLY THE REGIONAL CENTER AND THE COMPANY HAVE BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS OR GIVE ANY INFORMATION OTHER THAN THOSE CONTAINED HEREIN; AND, IF GIVEN BY THEM, SUCH REPRESENTATIONS AND INFORMATION ARE NOT TO BE RELIED UPON UNLESS GIVEN IN A WRITTEN MEMORANDUM FURNISHED BY THE REGIONAL CENTER AND/OR THE COMPANY. NO OFFERING LITERATURE OR ADVERTISING IN ANY FORM SHOULD BE RELIED UPON IN CONNECTION WITH THIS OFFERING EXCEPT FOR THIS MEMORANDUM, AND ANY OTHER INFORMATION FURNISHED BY THE REGIONAL CENTER IN RESPONSE TO A PROSPECTIVE INVESTOR'S REQUEST. NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION (WHETHER ORAL OR WRITTEN) NOT CONTAINED IN THIS MEMORANDUM (WHETHER ORAL OR WRITTEN), AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE REGIONAL CENTER AND/OR THE COMPANY.

THE REGIONAL CENTER AND/OR THE COMPANY UPON WRITTEN REQUEST WILL MAKE AVAILABLE TO A PROSPECTIVE INVESTOR AND/OR HIS OR HER ADVISORS ALL DOCUMENTS RELATING TO THIS OFFERING AND ANY ADDITIONAL INFORMATION REGARDING THE COMPANY AND THIS OFFERING TO THE EXTENT THE REGIONAL CENTER OR THE COMPANY POSSESS SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE. REQUESTS FOR SUCH DOCUMENTS OR INFORMATION SHOULD BE MADE IN WRITING TO THE REGIONAL CENTER, C/O ANDREW DOVER, ODLUM TROPAION LLC, 45 MOUNTAIN AIR DRIVE BURNSVILLE, NORTH CAROLINA 28714, E-MAIL, ANDYDOVER@ODLUMCAPITAL.COM.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATION FROM THE COMPANY OR PROFESSIONALS ASSOCIATED WITH THIS OFFERING AS LEGAL OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH HIS OR HER OWN PERSONAL ATTORNEY, ACCOUNTANT AND OTHER ADVISORS, AT HIS OR HER OWN EXPENSE, AS TO THE LEGAL, TAX, ECONOMIC, AND OTHER CONSEQUENCES OF AN INVESTMENT IN THE INTERESTS AND THE INVESTMENT'S SUITABILE FOR HIM OR HER.

THIS MEMORANDUM CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE DOCUMENTS RELATING TO THIS INVESTMENT AND VARIOUS PROVISIONS OF RELEVANT STATUTES AND APPLICABLE REGULATIONS THEREUNDER; HOWEVER, SAID SUMMARIES DO NOT PURPORT TO BE COMPLETE AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE TEXT OF THE ORIGINAL DOCUMENTS, STATUTES AND REGULATIONS.

EACH PROSPECTIVE INVESTOR WHO SUBSCRIBES TO INVEST WILL BE REQUIRED TO REPRESENT AND WARRANT TO THE REGIONAL CENTER AND THE COMPANY IN HIS OR HER SUBSCRIPTION AGREEMENT THAT AMONG OTHER THINGS

HE/SHE: (1) IS BUYING THE UNITS FOR HIS OR HER OWN ACCOUNT AND NOT WITH ANY VIEW TO THEIR DISTRIBUTION OR RESALE IN THE FORESEEABLE FUTURE; (2) POSSESSES SUCH KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS THAT HE/SHE IS CAPABLE OF EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE UNITS; (3) IS ABLE TO BEAR THE ECONOMIC RISKS OF SUCH AN INVESTMENT; (4) COULD AFFORD A COMPLETE LOSS OF SUCH AN INVESTMENT; AND (5) UNDERSTANDS THE TERMS, RIGHTS, DUTIES, OBLIGATIONS, AND RESTRICTIONS CONTAINED IN THIS MEMORANDUM, THE OPERATING AGREEMENT AND THE SUBSCRIPTION AGREEMENT. A SUBSCRIPTION MAY BE VOID, AT THE OPTION OF THE REGIONAL CENTER, IF ANY REPRESENTATIONS MADE BY THE PROSPECTIVE INVESTOR IN HIS OR HER SUBSCRIPTION AGREEMENT OR WHICH ARE DELIVERED TO THE REGIONAL CENTER ARE UNTRUE.

THE REGIONAL CENTER RETAINS THE RIGHT, IN ITS SOLE DISCRETION, TO ACCEPT OR REJECT, IN WHOLE OR IN PART, ANY SUBSCRIPTION AND TO SELL FRACTIONAL UNITS.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO ANY PERSON RESIDING IN A JURISDICTION WHERE SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING THE OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO.

CONFIDENTIALITY AND UNDERTAKINGS

The information contained in this Memorandum is confidential and proprietary to the Company. By accepting delivery of this Memorandum, the Subscriber is deemed to have acknowledged and agreed to the following:

- The information contained in this Memorandum will be used by the Subscriber solely for the purpose of deciding whether to proceed with a further investigation of the Company;

- This Memorandum or information derived from this Memorandum will be kept in strict confidence by the Subscriber and will not, whether in whole or in part, be released or discussed by the Subscriber for any purpose other than an analysis of the merits of an eventual investment in the Company by the Subscriber, nor will recipient make any reproductions of such information; and

- Upon the written request of the Company, this Memorandum, and any other documents or information furnished to the Subscriber and any and all reproductions thereof and notes relating thereto will be promptly returned to the Company.

FORWARD-LOOKING STATEMENTS - IMPORTANT FACTORS AND ASSOCIATED RISKS

This Memorandum contains certain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, and the Developer intends that such forward-looking statements be subject to the safe harbors created thereby. These forward-looking statements include the plans and objectives of management for future operations, including plans and objectives relating to the future economic performance of the Project. The forward-looking statements and associated risks set forth in this Memorandum include or relate to the successful implementation and operation of the Developer's investment strategies and business plan.

The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties. These forward-looking statements are based on various assumptions regarding the Developer and its proposed operations. Such assumptions involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Developer. Although the Developer believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the results contemplated in forward-looking information will be realized. In addition, as disclosed elsewhere and under "**Risk Factors**," the business and operations of the Developer are subject to substantial risks, which increase the uncertainty inherent in such forward-looking statements. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should **not** be regarded as a representation by the Developer, the Regional Center or any other person that the objectives or plans of the Developer will be achieved.

THE WORDS "ESTIMATE," "PLAN," "INTEND," "EXPECT," "PROPOSED," AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS INVOLVE AND ARE SUBJECT TO KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE (FINANCIAL OR OPERATING) OF THE COMPANY OR ACHIEVEMENTS TO DIFFER MATERIALLY FROM THE OUTCOMES, EXPRESSED OR IMPLIED, BY SUCH FORWARD-LOOKING STATEMENTS OR THE PROJECTIONS SET FORTH HEREIN. PROSPECTIVE INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF. THE REGIONAL CENTER AND THE DEVELOPER SPECIFICALLY DISCLAIM ANY OBLIGATION TO RELEASE ANY REVISIONS TO THESE FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OF CIRCUMSTANCES AFTER THE DATE HEREOF OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

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LIST OF EXHIBITS

Exhibit A	-	Subscription Agreement
Exhibit B	-	Form of Escrow Agreement
Exhibit C	-	Operating Agreement
Exhibit D	-	Proposed Loan Agreement
Exhibit E	-	Background of Principals of Developer
Exhibit F	-	Executive Summary, Description of Project (including Financial Projections)

Note:

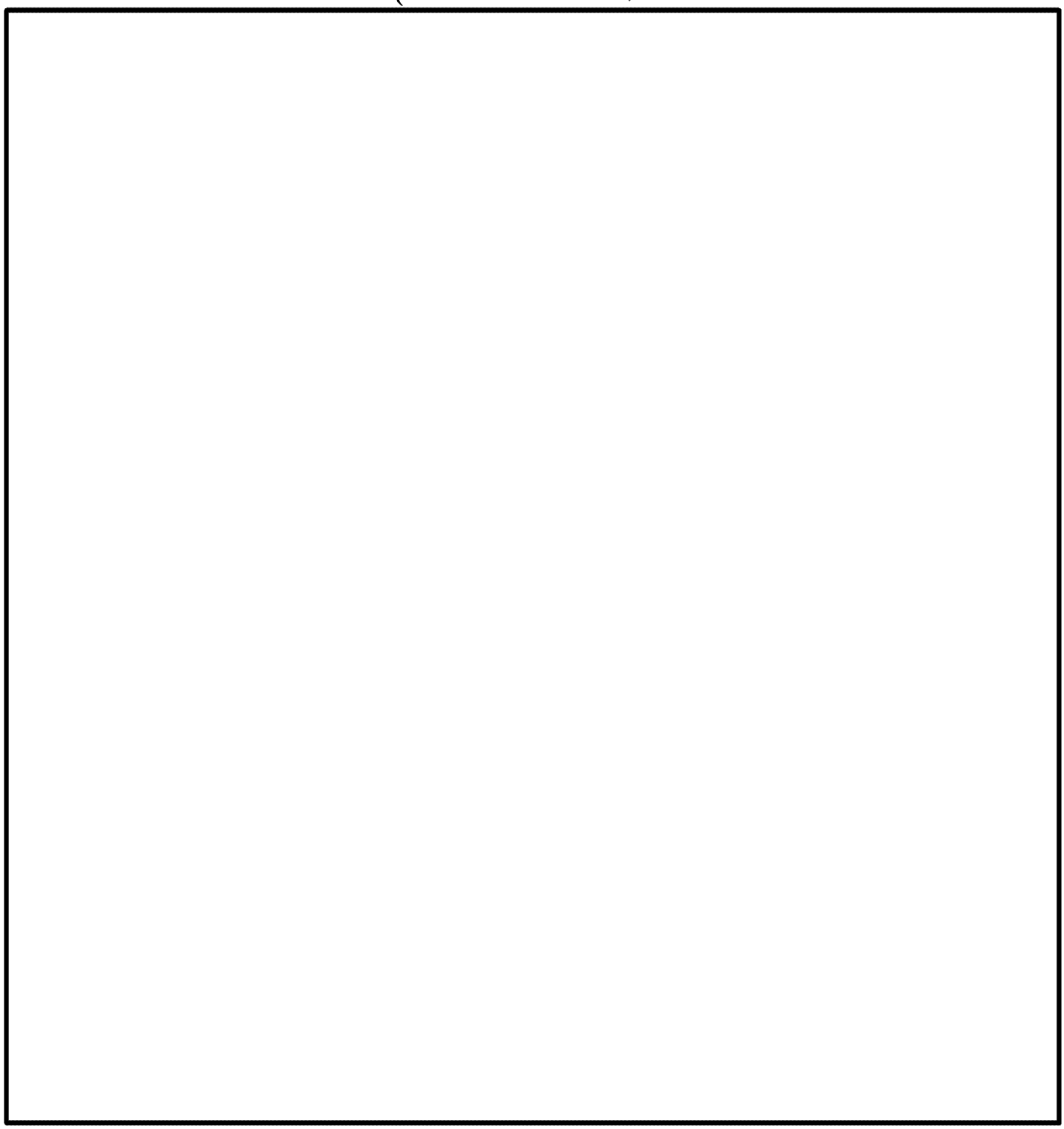
Other documents as listed below will be made available to Prospective Investors upon request (if available).

1. Certificate of Formation for the Company, the Manager, the Developer and the Regional Center
2. Zoning and Site Plan Information
3. Market and Feasibility Studies

OVERVIEW STRUCTURE

(b)(4)

MOUNTAIN AIR LENDERS, LLC
(THE "COMPANY")



(b)(4)

Notes:

1. Excludes [redacted] per Unit for Cost Allocation Amount. The Cost Allocation Amount shall be funded into an expense escrow account ("**Expense Escrow Account**"), and the $500,000 per Unit Project amount shall be funded in a project escrow account ("**Project Escrow Account**") as described herein.

2. Certain parties shall be appointed by the Company to serve as agents of the Company, including a Construction Disbursement Agent.

3. The Regional Center will enter into a Memorandum of Understanding with the Developer to utilize the EB-5 regional center designation to develop the Project. The Regional Center shall provide supervisory services for the benefit of the Project in consideration of receiving a portion of the Interest paid on the Loan. The Regional Center is affiliated with the Developer.

4. The Regional Center that has an Advisory Board that includes Ronald Heifetz, Peter Salovey, Joe Vittoria, Jim Hindman and Tom Wicky.

I. OFFERING SUMMARY

*This Offering Summary should not be considered comprehensive or complete and is qualified by the more detailed information appearing elsewhere in this Memorandum, including the Exhibits hereto. Prospective Investors should carefully read this entire Memorandum, especially the matters discussed under "**Risk Factors**".*

The Company:	**MOUNTAIN AIR LENDERS, LLC**, a Delaware limited liability company.
Investment Objective:	To invest in the Project by providing debt funding pursuant to the maximum or minimum Offering.
The Principals of the Developer:	*See* **Exhibit E** for background information of the Principals of the Developer.
Tax Advisor:	An international or regional independent Certified Public Accounting Firm will serve as the initial tax advisor to the Company.
Advisors and Consultants to the Developer:	Mountain Air Development Corporation, Celebration Associates (Charles Adams), Wicky & Associates (Tom Wicky), Benchmark Advisors (Dick Dickinson), Bucky Issacson and Ramon Garcia.
Construction Disbursement Agent:	Odlum Capital or Odlum Tropaion shall serve as the Construction Disbursement Agent for the Loan.
Maximum Offering: (b)(4)	[redacted] per Unit for Cost Allocation Amount). (Maximum o[redacted] EB-5 Investing Members).
Minimum Offering:	[redacted]
Offering Price:	$500,000 per Unit, pl[redacted] Cost Allocation Amount, payable in cash upon subscription unless other terms are agreed upon by the Regional Center.
Minimum Subscription:	One (1) Unit ($500,000) (plus [redacted] Cost Allocation Amount). (b)(4)
Term of Company:	December 31, 2030.
Leverage and Loan Terms: (b)(4)	The Company will be providing financing in connection with the redevelopment of the Project. The Developer may receive a first mortgage loan on the Project (the "Senior Indebtedness") of up to [redacted] to fund the difference between the capital required for the Project, less the Developer equity, and the EB-5 Loan proceeds provided by the Company. In the event of the foreclosure of the first mortgage collateral, the Company's loan amount due from the Developer will be subordinated to the repayment of the first mortgage Indebtedness. However, the aggregate amount of the total indebtedness shall not exceed approximately [redacted] of the total Project value upon completion (see below). The general loan terms are set forth below

(herein referred to as the "**Loan**").

The Loan terms including the following:

(1)

(2)

(3)

(b)(4)

(4) Loan: the Loan will be secured by a lien on the Project that will be subordinated to any Senior Loan, if applicable.

(5)

(b)(4)

Optional Distribution of Real Estate Assets:

(b)(4)

Bridge Financing:

(b)(4) [redacted]

EB-5 Regional Center Owner: **APPALACHIAN EB-5, LLC**, whose principals are Andrew Dover and William R. Banks. The Regional Center shall receive a fee for services rendered equal to 3% of the Loan amount, calculated on a per annum, non-compounding basis.

Offering Proceeds:

(b)(4) [redacted]

EB-5 Petition: The Offering has been structured with the goal that a Subscriber will have made an investment that qualifies for approval of an EB-5 Petition, entitling such Subscriber, assuming the Subscriber otherwise satisfies the personal criteria for an immigrant visa, to conditional permanent U.S. residency and, ultimately, to unconditional U.S. permanent residency, which itself ultimately gives rise to eligibility for U.S. citizenship. The Project will be located within a Regional Center that will have requested pre-approval by USCIS as a qualifying developer of projects for the EB-5 Program. Accordingly, in the absence of unexpected circumstances, the factors that will lead to grant or denial of conditional permanent U.S. residency will include personal facts and circumstances of each Subscriber. The Company has arranged for immigration attorneys to file the EB-5 Petition on behalf of each Subscriber promptly following acceptance of the subscription and admission of the Subscriber as an Investing Member in the Company. It is anticipated that USCIS will act on each Petition within eight (8) months after the completed Petition is filed, although a longer time period may apply in a particular case. If the Petition is granted, the Subscriber will become a regular Investing Member of the Company.

In order to satisfy the Minimum Condition requirement, until the minimum number of Investing Members have subscribed, no EB-5 Petitions will be filed.

(b)(4)

Subscription Procedure and Reserve Accounts:

A. Pursuant to the Subscription Agreement executed by an Investing Member (the "**Subscriber**") [redacted] Dollars [redacted]) per Unit is due to be paid to the Escrow Agent upon subscription.

All subscription payments will be paid to SunTrust Bank (the "**Escrow Agent**"). All subscription proceeds will be held in escrow by the Escrow Agent pursuant to the Escrow Agreement which establishes the Expense Escrow Account and the Project Escrow Account. The escrow funds will be released to the Company and the Regional Center upon satisfaction of the following conditions:

1. The approval of the Regional Center application (the "I-924");

2. The filing of the I-526 (the "**EB-5 Petition**") for the Investing Member; and

3. Satisfaction of the Initial Condition (meaning that the Minimum Offering of [redacted] has been subscribed to). (b)(4)

B. Upon satisfaction of the above conditions, [redacted] of each Investing Member's total $500,000 Capital Contribution shall be funded to the Company by the Escrow Agent as part of the Company's Loan to the Developer. The remaining [redacted] (the "**Holdback Amount**") will remain in escrow with the Escrow Agent until such Investing Member's EB-5 Petition is approved. If an Investing Member's EB-5 Petition is approved, the Holdback shall be immediately released from escrow and disbursed to the Company as part of the Company's Loan to the Developer. If an Investing Member's EB-5 Petition is denied,

(i) the Company shall refund the Investing Member's Capital Contribution on a first priority basis pursuant to the terms of Section C, below;

(ii) the Company and Regional Center shall refund a portion of the Investing Member's Cost Allocation Amount as provided in Section E, below; and

(iii) the Escrow Agent shall release from the escrow account up to $500,000 in Holdback Amounts of the other Investing Members and disburse such amounts to the Company so that the Company may (1) fund the remainder of certain Investing Members' Capital Contributions prior to I-526 approval; and (2) replace the denied

(b)(4)

Investing Member's [redacted] of capital in the Company.

A balance of $500,000 must be available in the escrow account maintained by the Escrow Agent until the last EB-5 Petition is either approved or denied by USCIS. The Subscriber's funds deposited in escrow for the Cost Allocation Amount shall be disbursed as set forth in Section D, below.

(b)(4)

[redacted]

E. If for any reason the Investing Member fails to obtain approval of the EB-5 Petition, the Five Hundred Thousand Dollar ($500,000)

(b)(4)

Capital Contribution shall be returned to the Investing Member by the Company in accordance with Sections B and C, above. In addition, the Company and Regional Center shall refund the Investing Member's Cost Allocation Amount, less a [redacted] charge to cover Offering costs and certain immigration expenses; provided, however, that if the Investing Member is at fault in providing information related to the EB-5 Petition or misrepresents information on his or her EB-5 Petition, then [redacted] shall be retained by the Regional Center for costs incurred on behalf of an individual Investing Member.

Minimum Condition: If the Minimum Condition (meaning that the minimum number of Investing Members have filed their EB-5 Petition) is not met by the end of the Offering Period, the Escrow Agent will return one hundred percent (100%) of the subscription amount to each Investing Member.

Operating Agreement: The Operating Agreement will be entered into by and among the Company and each of the Investing Members whose subscriptions are accepted by the Company pursuant to the Subscription Agreement. Agents of the Company will have the responsibility of administering the operations of the Company, subject to the provisions described below and in the Operating Agreement. The Company may take certain actions only with the consent of a majority of the Member Percentages applicable to all Member Interests.

Exit Strategies:

(b)(4)

[redacted]

The Migration Brokers: Offshore migration brokers may be engaged to assist in processing exit and entry documentation for the EB-5 immigration process. Such migration brokers will coordinate with U.S. immigration counsel to process all paperwork with respect to Subscribers that will be required for United States immigration purposes.

Use of Project: Each Investing Member, during the term of the Loan, will be offered the opportunity of a complimentary one (1) week use of the Project facilities, per year, including use of the golf course and all amenities.

II. THE OFFERING

A. General

The Company is offering for purchase (the "**Offering**") to a limited number of individual investors who are not "U.S. persons," as such term is defined in Rule 902(k) of the Securities Act of 1933, as amended (the "**Securities Act**"), on a limited and private basis, a maximum of (b)(4) [redacted] ("**Maximum Offering Amount**") of Member Interests in the Company (the "**Member Interests**"), plus the [redacted] per Cost Allocation Amount, Member interests are described in the Operating Agreement of the Company (the "**Operating Agreement**") to be entered into by and among the Company and each of the subscribers for Member Interests ("**Subscribers**" or "**Investing Members**") whose subscriptions are accepted by the Regional Center pursuant to the Subscription Agreement between each Subscriber and the Company (the "**Subscription Agreement**"). See "Summary of the Terms of the Offering." Forms of the Subscription Agreement and Operating Agreement are attached hereto as **Exhibits A and C**, respectively. Any capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed in the Operating Agreement or the Subscription Agreement. The Principals of the Developer are Andrew Dover and William R. Banks, who have collectively had substantial expertise in the acquisition, development and management of real estate projects in the United States and abroad. (***See* Exhibit E for background information on principals of the Developer**).

This Offering of the Member Interests is limited to only individual persons (not any legal entities) who are "Accredited Investors," as such term is defined in Rule 501(a) under the Securities Act. Generally, this Offering will not be made to any U.S. Person, nor will any offer to sell or sale be made in the United States and no buy order will be accepted if it is originated from within the United States. See "Summary of Terms of the Offering," "Summary of Principal Documents — Subscription Agreement" and the form of the Subscription Agreement attached hereto as **Exhibit A**.

Generally, in order to purchase a Member Interest, potential investors must represent to the Company that he or she is not a resident in the United States at the time of the offer of the Member Interest, will not be a resident in the United States at the time of the sale of the Member Interest and is not acquiring the Member Interest for the benefit of a U.S. Person. Any potential investor that lies or misrepresents information on the application will forfeit all of their funds deposited.

The EB-5 Petition

The Offering has been structured so that each Subscriber, by becoming a Member in the Company, will have made an investment that qualifies as the investment component required for an EB-5 Visa entitling the Subscriber, assuming the Subscriber otherwise satisfies the non-investment criteria for an EB-5 Visa, to seek permanent United States residency and, ultimately, to apply for U.S. citizenship. The Project is to be located in a Regional Center designated by USCIS as a qualifying investment for the EB-5 Program. However, Subscribers must be aware

that there are numerous other factors that will lead to the grant or denial of the EB-5 Visa based upon the personal facts and circumstances of each Subscriber. See "Immigration Matters" and "Immigration Risk Factors."

All allocable jobs generated as a result of the EB-5 program will be allocated on a first-come first-serve basis to each subscribing Investing Member, as more fully described in the Job Allocation Agreement attached under Schedule 2 to the Operating Agreement.

B. The Project

The Project is described in more detail in the "Description of Project" contained in **Exhibit F** attached hereto entitled "Executive Summary" as well as in "Section III, Description of Business of the Project" hereafter.

C. The Subscription Procedure

The period for the Offering will end on December 31, 2012 at 5:00 p.m. EST, unless extended until June 30, 2013 (the "**Offering Period**").

In addition to executing the Subscription Agreement and remitting the purchase price amount for subscribed Member interests to the Escrow Agent as described herein, the Investing Member will also need to execute the Company's Operating Agreement, and deliver the executed Operating Agreement to the Company in order to complete its subscription. A form of the Operating Agreement is attached as **Exhibit C**. Attached to the Subscription Agreement is a W-8 Form that must also be filled out by each Subscriber.

D. Closings

Subscribers will be notified of the satisfaction or failure of the Initial Condition and the Minimum Condition and the acceptance or rejection in whole or part of his or her subscription. Promptly after the closing of the required minimum number of Units, the Company will execute and deliver a signature page of the Operating Agreement to each Subscriber whose subscription is accepted.

E. Risk Factors

An investment in the Units involves substantial risks and significant restrictions on transferability. An investment in the Company should be viewed as highly speculative and is designed only for foreign Investors who maintain their investment over a significant period of time and who can afford the loss of their investment. See "**Risk Factors**."

F. Leverage and Loan

(b)(4)

[redacted]

(b)(4)

G. Payment Of Company Expenses and Administration

H. Formation

a. Formation and Purpose.

The Company is a limited liability company organized under the Delaware Limited Liability Company Act.

b. Administrative Office.

The Tax Advisor to the Company will administer the bookkeeping and tax compliance for the Company.

c. Investing Members.

The Investing Members are those investors who purchase one or more Units in the Company in this Offering and those persons who subsequently are admitted as substitute Investing Members in the event of a transfer of Units.

I. Executive Summary

An Executive Summary detailing the business, including a detailed description of the Project, the development budget, the anticipated operating budget, the scheduled timetable and a forecast of projected operations is attached as **Exhibit F** to this Memorandum.

J. Regional Center Responsibilities

The Regional Center shall oversee all administrative matters involving the maintenance and compliance of the Regional Center under USCIS guidelines and shall assist Investing Members in providing information with respect to the processing of the EB-5 Petitions and the issuance of the I-829 approvals that will eventually be required in order for Investing Members to gain permanent residency status. In particular, the Regional Center shall provide necessary information with respect to job creation and confirmation of expenditure of funds and monitoring of revenues in order to support each Investing Member's EB-5 Petition.

K. Suitability Standards And How To Subscribe

Suitability Standards

The purchase of the Units offered hereby is speculative and involves a high degree of risk. In addition to the suitability standards set forth above, an investment in the Company is suitable only for persons of adequate financial means who have no need for liquidity with respect to this investment and can afford a total loss of their investment. Consequently, an investment in the Units offered hereby is not a suitable investment for all potential investors and the sale of the Units hereunder will be made on a selected private basis to a limited number of investors who meet the suitability standards set forth below.

The suitability standards set forth below represent minimum suitability standards for investors. The satisfaction of such suitability standards by an investor does not necessarily mean that an investment in the Interests is suitable for the investor. Investors are encouraged to consult their personal professional advisors to determine whether an investment in the Units is appropriate for them. The Regional Center and/or the Company may reject subscriptions, in whole or in part, in its sole discretion.

There is no established market for the Units. Because there are only a limited number of investors and restrictions on the transferability of the Units, a market in the Interests will likely never develop. The Units cannot be resold unless: (i) they are subsequently registered under the Securities Act and applicable state securities laws, or (ii) an exemption from such registration is available.

Units are being offered and will generally be sold only to "**accredited investors**," as defined in Rule 501 under the Securities Act, as follows: (a) any natural person whose individual net worth, or joint net worth with that person's spouse (excluding residence), exceeds $1,000,000; (b) any natural person whose individual income exceeded $200,000, or whose joint income with that person's spouse exceeded $300,000, in each of the two most recent years and who has a reasonable expectation of reaching that income level in the current year; (c) an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, business trust or partnership having total assets in excess of $5,000,000 which was not formed for the specific purpose of acquiring Interests and, in the case of trusts, the purchases of which are directed by a sophisticated person; (d) a bank, savings and loan association, broker, dealer, insurance company, investment company, business development company, small business investment company or private business development company, or a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, in each case, as defined or described under various federal laws; (e) any executive officer or general partner of the issuer of the Interests, or any executive officer or general partner of a general partner of that issuer; or (f) any entity in which all of the equity owners are accredited investors.

Each Prospective Investor will be required to represent and to establish to the satisfaction of the Company that such investor meets one or more of the criteria for accredited investors. The Regional Center reserves the right to refuse a subscription for Units in its sole discretion for any reason, including concern that the Prospective Investor may not meet the requirements for

accredited investors or that the Units are otherwise an unsuitable investment for the Prospective Investor. Each Prospective Investor must also meet the further suitability criteria and make the representations and warranties set forth in the Subscription Agreement.

L. How to Subscribe

ANY INVESTOR WHO WISHES TO SUBSCRIBE FOR UNITS MUST DELIVER BY CERTIFIED U.S. MAIL OR OTHER NATIONALLY RECOGNIZED TRACKING DELIVERY SERVICES (FEDERAL EXPRESS, UPS, ETC.) THE FOLLOWING ITEMS TO:

Mountain Air Lenders, LLC
c/o Andrew Dover
Odlum Tropaion LLC
45 Mountain Air Drive
Burnsville, North Carolina 28714
Telephone: (740) 704-3256
Facsimile: (305) 400-0679
E-Mail: andydover@odlumcapital.com

(i) TWO EXECUTED COPIES OF THE SUBSCRIPTION AGREEMENT (ATTACHED HERETO AS **EXHIBIT A-1**);

(ii) TWO EXECUTED COPIES OF THE COUNTERPART SIGNATURE PAGE TO THE COMPANY'S OPERATING AGREEMENT (ATTACHED HERETO AS **EXHIBIT C-1**);

(b)(4)

(iii) A CHECK OR WIRE TRANSFER IN AN AMOUNT EQUAL TO [redacted] PAYABLE TO THE ESCROW AGENT;

M. Miscellaneous

1. Reports to Investors. Investing Members will receive annual internally prepared financial statements and will also receive necessary information for tax reporting, together with quarterly financial statements and other regular operating and/or financial reports as determined by the Developer.

2. Certain Regulatory Matters. The Company is not registered and it does not intend to register as an investment company and, therefore, should not be required to adhere to certain investment policies under the Investment Company Act of 1940, as amended.

3. Tax Considerations. The Company intends to operate as a partnership for U.S. Federal income tax purposes and is not a publicly traded partnership taxable as a corporation. Accordingly, the Company should not be subject to U.S. Federal income tax, and each Member will be required to report on his or her own annual tax return such Member's distributive share of the applicable Company's taxable income or loss.

4. Foreign Investors. Foreign investors should consult their tax advisors with respect to the U.S. federal and state and the foreign tax consequences of an investment in the Company, including the requirements with respect to withholding relative to amounts distributed to such Members.

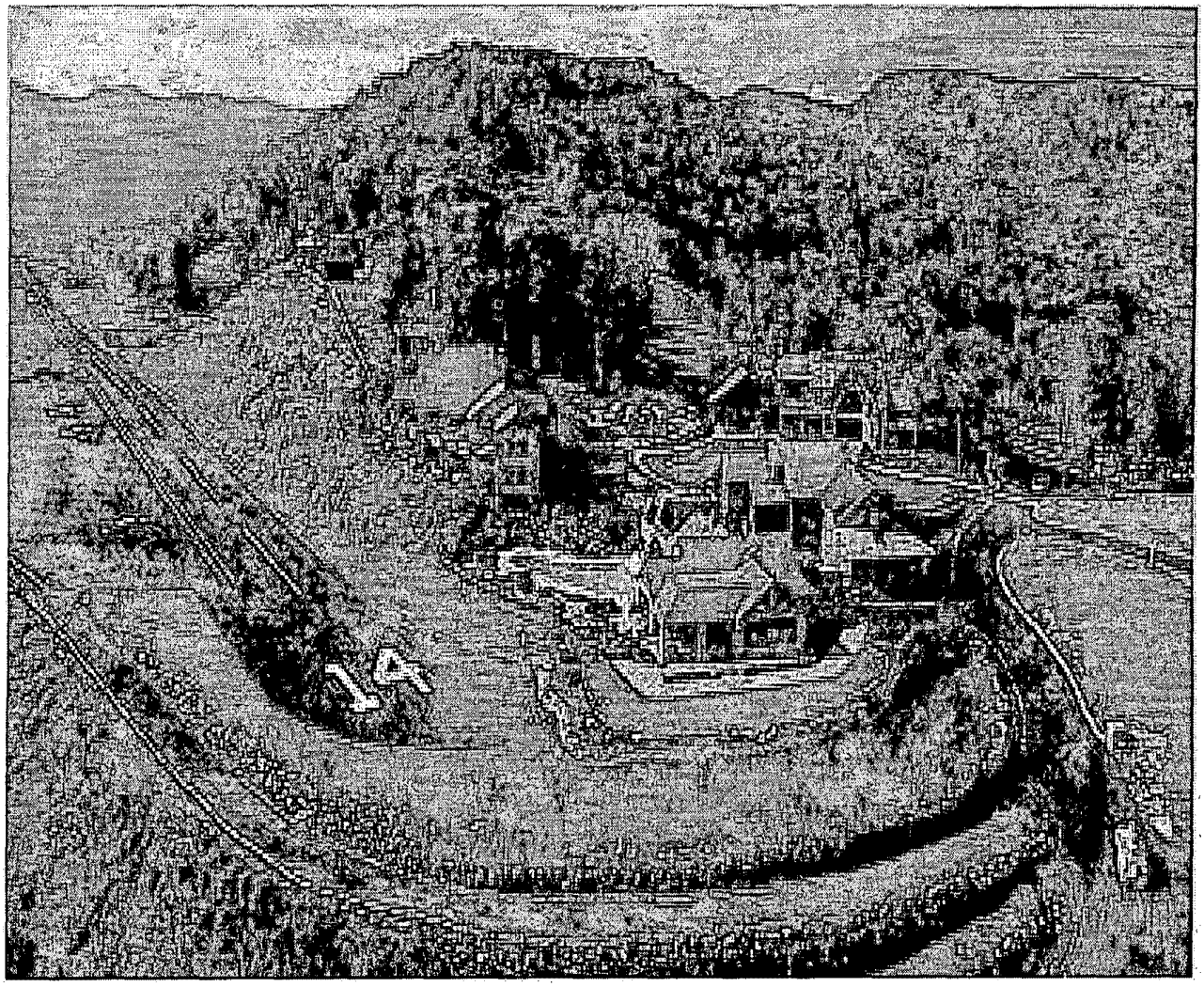
III. DESCRIPTION OF THE PROJECT

A. General.

A detailed description of the Project is contained in **Exhibit F** attached hereto as the "Executive Summary".

Although the Developer believes that the enclosed Executive Summary accurately reflects the current status of the Project and its development potential, there are no assurances that facts and circumstances will not arise that will necessitate a modification of the business plan set forth in the Executive Summary.

The Executive Summary contains financial projections related to the Project, which is subject to the "Forward-Looking Statements - Important Factors and Associated Risks" disclosure set forth herein.



B. Opportunity

Mountain Air represents a unique opportunity. The Developer will be purchasing all the developable real estate of Mountain Air including adjacent property known as Mountain Spirit and all related inventory within the gates of Mountain Air at steep discounts. In total, the Project will control 3,100 acres.

C. Location

North Carolina

From its early days of statehood to its historic witness of the Wright Brothers' first flight, North Carolina has been one of the most desirable places to live in the United States. Steeped in cultural richness and environmental wonder, North Carolina boasts an unequaled array of recreational amenities and natural landscapes. Coastal plains border national seashores, and exalted mountain ranges reach skyward in open-air majesty. Forty-five scenic byways offer a "road less traveled" option for sightseers and adventurists as they explore the diverse North Carolina topography.

Western North Carolina

Western North Carolina is often known as the "Land of the Sky" and the "High Country" thanks to the two main ranges that run through it, the Great Smoky Mountains and the Blue Ridge Mountains. This area is also home to Mount Mitchell, the tallest peak in the Eastern United States.

Asheville

Only 30 minutes from Mountain Air, Asheville is ranked by Barron's magazine as one of the "Top 20 Places to Retire in the World", offers big city sophistication with endearing Southern charm. In a luxuriant valley embraced by Blue Ridge and Great Smoky Mountains, Asheville's lavish Biltmore Estate serves as a centerpiece to the South's most thriving and culturally vibrant city. The Biltmore was, during the time, one of the largest undertakings in the history of American residential architecture and today is visited by tourists from around the world.

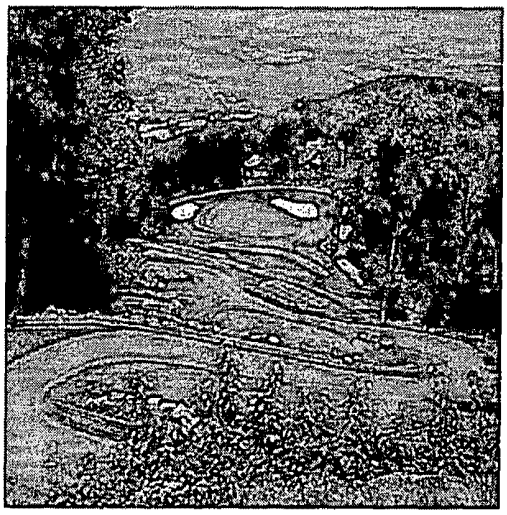
Burnsville

Not more than a few minutes from Mountain Air, Burnsville is home to a diverse population of artisans -- quilters, weavers, glass blowers, musicians, blacksmiths and painters -- plying their trades in rustic, woodsy studios. The Burnsville area has more artists and craftspeople per capita than anywhere else in America.

Adding to the artistic appeal of this quaint mountain enclave is a stunning landscape that begs exploration. Rivers for fishing and whitewater rafting complement miles of trails for hiking and horseback riding. Two golf courses challenge beginners and pros alike, and a scenic panorama provides a perfect backdrop for those who just want to relax and take it all in.

Infrastructure

- 17 miles of completed roads
- Onsite water wells, water treatment, and distribution network
- City sewer service provided by the town of Burnsville
- Underground electric, phone, and cable (high speed internet) service
- 2,875 feet of paved runway with VASI and a parking area for 30 aircraft
- 8.5 miles of maintained hiking trails



D. Project Theme

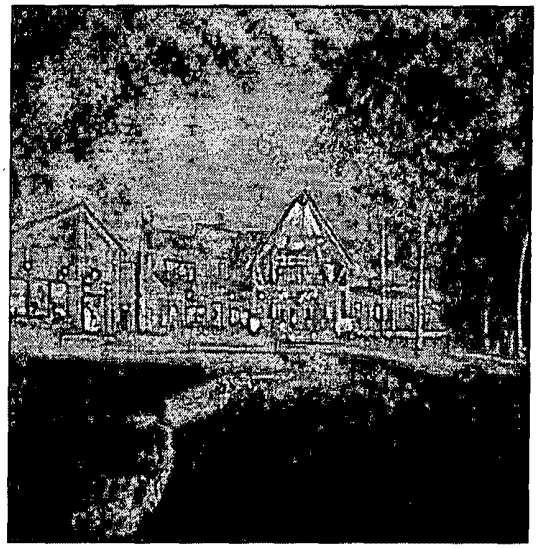
Mountain Air started with a desire to create a special mountaintop retreat for the Banks and Young families. It was originally conceived as a getaway for close friends and acquaintances, but quickly blossomed into a 1,300 acre award-winning private residential development complete with 18 holes of mountaintop golf and its own airstrip. Sitting on top of Slickrock Mountain's 4,919 foot peak, Mountain Air provides breathtaking views that stretch for 100 miles.

Since the early 1990s, Mountain Air has sold more than 600 properties consisting of home sites, cabins, condominiums, and custom homes, not to mention there have been 400 resale properties with sales in excess of $400 million. Originally, the Mountain Air Country Club was planned for 850 members comprised of 550 full golf memberships, 150 associate golf memberships, and 150 social memberships. The Developer intends to add an additional 150 social memberships to bring the total to 1,000 members.

What sets Mountain Air apart is that it is a mature development with $100 million of debt free amenities and infrastructure in place, including 17 miles of completed roads, city sewer service, and underground phone, electric, and cable (high speed internet) services.

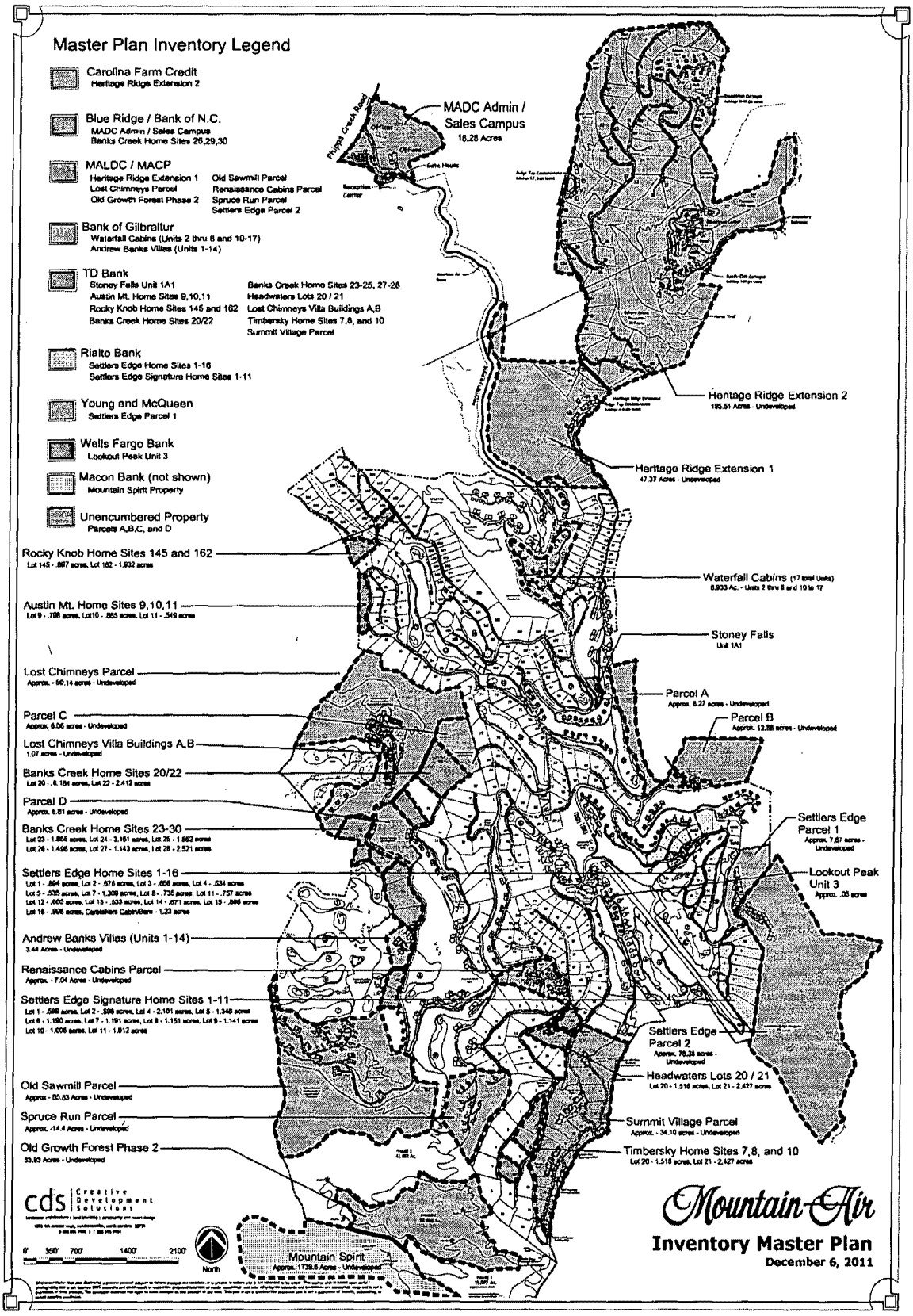
E. Amenities

- Falling Leaf Lodge
  - 7 five-star hotel suites with fireplaces and large deck areas
  - Lounge area with bar and fireplace
  - Community Concierge
  - Mountain Market for sandwiches, snacks, beer and wine, and gifts
  - Pro Shop for apparel and golf equipment
- Chautauqua Activity Center
  - Slickrock Cinema
  - Kids activity room
  - Kids game room
  - Fitness room overlooking the mountains
  - Men's and women's spa rooms



- Community pool
  - Large deck
  - Waterfall
  - Cabanas
- Orville & Wilbur's Bar and Grill
  - Casual dining that overlooks the runway and pool
- Main Clubhouse
  - Formal dining and bar
  - Administrative offices, business center, and conference room
  - Naturalist office and store

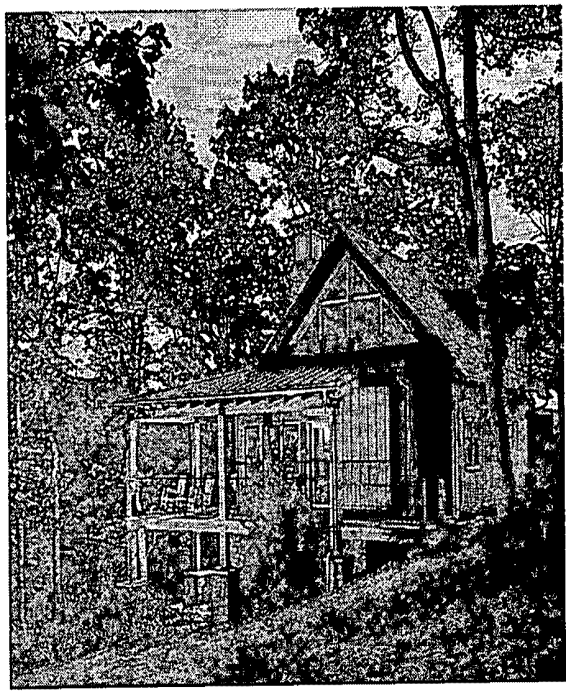
- 18 (and soon to be 27) hole golf course
- 2 Fast dry tennis courts



F. Community Data

To date, approximately 612 properties have been sold at Mountain Air consisting of:

183	Homesites
96	Custom Homes
123	Developer Built Homes
210	Condominium Units



Real estate prices range from the mid-$100's for lots and smaller condominiums to more than $5 million for custom residences.

An additional 417 units are proposed for the community consisting of:

111	Homesites
109	Developer Built Homes
197	Condominiums

There is no formal entitlement process in Yancey County so the developer has ultimate flexibility in designing and modifying the remaining density and product types for the development.

Presently, the Mountain Air Country Club is planned for 850 members as follows:

550	Full Golf
150	Associate Golf Memberships
150	Social Memberships

It is proposed that an additional 150 Social Memberships be authorized bringing the total membership count to 1,000 members.

G. Financial Projections

The financial projections contained herein are based on the following assumptions:

(b)(4)

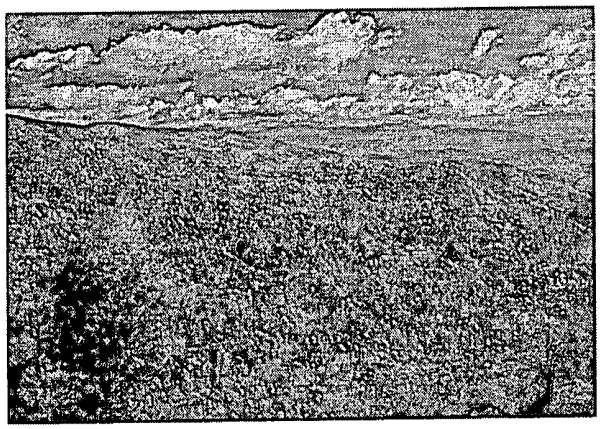
	10 Year Historical Peak	Discount	10 Year Average Forecast Price*
(b)(4)			

(b)(4)

I. Conservation Easements

As a tribute to the forests that have given so much to so many, Mountain Air originally set aside a 100-acre Old Growth Forest Preserve for its residents and guests to enjoy.

The Old Growth Forest is home to the oldest, tallest and most diverse collections of living things on earth – a biodiversity that's integral to a well-balanced global environment. A window into the past, it provides glimpses at the landscape as it once was, and hints at ways for conservation.



On December 21, 2001, the first 25 Old Growth Forest acres were set aside for permanent conservation at a value of $3,540,000. Then on November 14, 2006, an additional 41 acres of Old Growth Forest were preserved at a value of $18,204,000. The final 34 acres at a value of $17,233,000 was prepared for conservation in 2007.

Going forward, the Developer can continue to unlock value for our investors by intensifying our commitment to the environment. Our plan calls for up to 1,200 acres to be placed in permanent conservation easements. This will ensure future generations have an opportunity to enjoy the Old Growth Forest in its natural state and will raise an additional $28,000,000 to $40,000,000 in tax conservation benefits.

Description: Conservation Easements are legally binding contracts between a land owner and a qualified entity (usually a Land Trust) that ensures protection of the property's conservation value (by permanently restricting the development rights of the property) while allowing the owner to retain possession of the property and enjoy the uses identified within the Conservation Easement.

J. Team

ANDY DOVER

Mr. Dover is the founder and managing partner of Odlum Capital. He is responsible for setting the firm's global asset strategy and managing the firm.

Prior to founding Odlum, Mr. Dover was the CEO of the Joe Torre Foundation in New York City. Before his tenure as CEO, he served as a senior vice-president at UBS. He started his investment career at Merrill Lynch.

Mr. Dover holds a BA in Philosophy from Yale University, an MPA from Harvard University's John F. Kennedy School of Government, and a Diploma in Organizational Leadership from the University of Oxford. In addition, he was a Fellow of the Center for Social Innovation (CSI) at the Stanford Graduate School of Business.

WILLIAM R. BANKS

Mr. Banks has an extensive background in development, operations and management of resort and residential communities. He has been employed by such well known development companies as Florida based Gulfstream Development Corporation, The Hilton Head Company, Hilton Head, South Carolina and Wintergreen Development, Inc., Wintergreen, Virginia.

He has served on the President's Council and Board of Directors of the National Association of Home Builders and has served as a local President and State Director of the Home Builders Association of Georgia.

Mr. Banks currently serves as Chair of the Urban Land Institute's National Recreational Development Council, Gold Flight. This appointment coincides with his dedication to responsible leadership in the use of land. Proof of his dedication can be seen in the award-winning community development of which he is President and CEO - Mountain Air Country Club and Mountain Air Development Corporation.

In addition to his ULI responsibilities, Banks has been a member of the American Resort Development Association and the Community Association Institute, of which he was named the North Carolina Chapter's Developer of the Year in 2009. He continues membership in the National Association of Home Builders and he also consults for other real estate developers throughout North America, Hawaii and the Caribbean.

Locally, he is very active in area economic development planning. He has been appointed by the Governor of the state of North Carolina as a board member of Advantage West-North Carolina, which is the Western North Carolina Regional Economic Development Commission, a regional division of the North Carolina Department of Commerce. He formerly served as board member of the WNC Better Business Bureau, the Parkway Playhouse, the Yancey County 21st Century Community Committee and the President's Board of Advisors for Mars Hill College. Mr. Banks attended the University of North Carolina – Charlotte, where he majored in political science.

RONALD HEIFETZ

Dr. Heifetz is the King Hussein bin Talal Senior Lecturer in Public Leadership at the Kennedy School of Government, Harvard University, where he also co-founded the Center for Public Leadership.

Dr. Heifetz is known for his seminal work on building adaptive capacity in societies, businesses, and nonprofits. His book Leadership Without Easy Answers (Belknap/Harvard University Press, 1994) has been translated into many languages and is currently in its 13th printing. He also coauthored the bestselling book Leadership on the Line: Staying Alive through the Dangers of Leading with Marty Linsky (Harvard Business School Press, 2002).

Dr. Heifetz is co-founder of Cambridge Leadership Associates. He holds a BA from Columbia University, an MD from Harvard Medical School and an MPA from the John F. Kennedy School of Government, Harvard University.

PETER SALOVEY

Peter Salovey, Provost at Yale University, is the Chris Argyris Professor of Psychology and a Professor of Management and of Epidemiology and Public Health at Yale. He directs the Health, Emotion and Behavior Laboratory . He also has affiliations with the Yale Cancer Center and the Institution for Social and Policy Studies.

Professor Salovey received an A.B. in Psychology and a co-terminal M.A. in Sociology from Stanford University in 1980. He holds three Yale degrees in psychology: an M.S. (1983), M.Phil. (1984), and Ph.D. (1986). He joined the Yale faculty as an assistant professor in 1986 and has been a full professor since 1995.

Salovey's research has focused on the psychological significance and function of human moods and emotions, and the application of social psychological principles to motivate people to adopt behaviors that protect their health. His work concerns the ways in which emotions facilitate adaptive cognitive and behavioral functioning. With John D. Mayer, he developed a broad framework, coined "emotional intelligence," to describe how people understand, manage and use their emotions.

Salovey has published more than 300 articles and chapters, and he has authored, coauthored, or edited 13 books.

JOE VITTORIA

Mr. Joseph Vittoria became an investor and Chairman of Puradyn Filter Technologies, Inc. in 2000, and in 2006, he took on the role of CEO as well and retains that position today. He is also Chairman of the board of Great Wolf Resorts, Inc., and Greenjets, Inc.

In 1997, Mr. Vittoria founded Travel Services International, a new public company that changed the traditional distribution system in the travel industry. In 2000 he sold it to a British travel company. From 1987 to 1997, he was chairman and chief executive officer of Avis, Inc. While at Avis, he was responsible for creating the Avis Employee Stock Ownership Trust, the

largest at that time and long considered a model for companies and governments evaluating employee-ownership programs. His success at Avis led to his selection as the salaried and management representative to the board of the UAL Corporation for its initial four-year term in 1994, when it created its landmark ESOP.

Mr. Vittoria was born on Long Island in 1935 and holds a BS in civil engineering from Yale University and an MBA from Columbia Business School. He also holds an honorary doctor of laws degree from Molloy College and a Doctor of Business Administration from Roger Williams University. He was President of the Columbia Business School Alumni Association's board of directors for many years and now is a member emeritus of the Board of Overseers. He was the founding chairman of the board of visitors of the Georgetown University School of Language and Linguistics.

JIM HINDMAN

Mr. Hindman is the Co-Founder and former Board Chairman of Avatech Solutions, a software consulting company based in Baltimore, Maryland. He also founded Jiffy Lube in 1979 and grew it to 1,000 units internationally, Mr. Hindman helped make the fast oil change and lubrication franchise a household name.

After selling Jiffy Lube in 1989, Jim was the Founder, Chairman of the Board and Chief Executive Officer of Youth Services International, a private service agency that serves more than 3,000 juveniles from 35 states and operates residential and community-based educational programs for adjudicated and at-risk youth in Florida, Iowa, Maryland, Michigan, Minnesota, Missouri, South Dakota, Tennessee, Texas and Virginia.

Jim has served on numerous boards and has received awards of recognition including the Entrepreneur of the Year Award in 1987 by the International Franchise Association."

TOM WICKY

Educated at several Swiss hotel schools, Mr. Wicky's illustrious career began in Europe where he gained invaluable experience at premier resorts and luxury urban hotels. His time spent catering to affluent international clientele laid the groundwork for success and credibility in the upscale market. This hands-on learning approach cemented the foundation for his commitment to top quality standards, translating into his ability today to relate to and effectively combine guest issues and management objectives.

Key to Mr. Wicky's success is his ability to integrate with a project's Board of Directors. He can conceptualize, develop and implement short and long term strategic plans on behalf of a Board or client. This ability to implement is crucial to improving products and services generating much improved bottom lines. Adaptability and flexibility are crucial in keeping Boards focused and production levels high. Mr. Wicky effectively demonstrated these talents while overseeing a $100 million renovation project at one resort and steering another to award winning excellence, despite five ownership changes during his tenure.

Throughout his career Mr. Wicky's dedication to excellence has earned him a reputation as one of the premier troubleshooters in the industry. At four separate properties he was

presented with the challenge of earning the coveted Mobil 5-Star or AAA 5-Diamond awards. Through his leadership the resorts successfully gained or regained the prestigious awards. Among them: The Boca Raton Hotel & Club, The Breakers Palm Beach, The Cloister at Sea Island, Georgia and Hotel Intercontinental in Hilton Head, South Carolina.

In addition to his work in hotel management Mr. Wicky has served on the boards of privately owned, corporate and equity member ownership properties. He has represented extensive real estate assets on behalf of his properties including; single family homes, condominiums, hotel accommodations and membership sales. In addition to his real estate responsibilities he has spearheaded operational aspects of recreational facilities such as: golf, tennis, spas, marinas and retail outlets.

Mr. Wicky has shared his considerable knowledge as a guest speaker at Cornell University and a lecturer at both Florida State University and Florida Atlantic College. He has continued to expand his own base of knowledge by furthering his education at Cornell University, School of Hotel Management and the University of Miami. Mr. Wicky holds a Certified Hotel Administrator degree from Michigan State University.

K. Project Sponsor and Project Recapitalization

(b)(4) [redacted]

L. The Opportunity

(b)(4) The Developer is now presenting the opportunity for qualified EB-5 investors to provide up to [redacted] of funding in the form of debt financing.

The Sponsor and its affiliates have made significant equity investments in the Property, which will remain in the Property going forward, highlighting the Sponsor's long term commitment to this Property.

The EB-5 funds will provide the necessary funds, in conjunction with the senior loan, if necessary, to complete the Property's development. It is estimated that the development will generate approximately 900 indirect and direct positions.

IV. IMMIGRATION MATTERS

Overview

The EB-5 immigrant visa preference category is intended to encourage the flow of capital into the United States economy and to promote employment of workers in the United States. To accomplish these goals and so that foreign investors may obtain immigration benefits for having made an investment, the program mandates the minimum capital that foreign investors must contribute and it mandates that 10 full-time jobs must be created on account of each investor. In addition to the return that investors hope to achieve on their investment, foreign investors and their qualifying family members are offered the prospect, but not the guarantee, of conditional lawful permanent residence in the United States. Investors are responsible to apply for the lifting of their conditional status by filing an I-829 within two (2) years of receiving conditional status. Neither the Company nor the Developer is responsible to file this petition on behalf of any individual investor. However, the Regional Center is responsible for preparing the documentation to accompany the petition.

The Offering has been structured so that investors may meet the investment requirements of the EB-5 Program (8 U.S.C. § 1153 (b)(5)(A) - (D); INA § 203(b)(5)(A) - (D) of the Immigration & Nationality Act) (the "**Act**") and qualify under this program to become eligible for admission to the United States of America as lawful permanent residents with their spouses and unmarried, minor children.

The State of North Carolina has or is in the process of designating an area, including the Project, as a high unemployment area for purposes of qualification as a Targeted Employment Area ("TEA") for EB-5 projects. However, USCIS makes the final determination of TEA for each Investor as of the date of investment, and USCIS does not always accept a state's designation of a TEA.

The EB-5 Petition Process

For investors seeking lawful permanent residence, the first step in the process is to file an I-526 Immigrant Petition by Alien Entrepreneur, referred to in this Offering Memorandum as the EB-5 Petition, together with accompanying evidence in support of the program's requirements. USCIS adjudicates EB-5 Petitions by reviewing these criteria, among others:

New Commercial Enterprise. There must be evidence that shows that the enterprise is new, and authorized to transact business in the territory of the Regional Center under the applicable terms and conditions of the EB-5 Program.

Investment Capital. The petition must be supported by evidence that the petitioner has invested the minimum required capital. USCIS expects these funds to be "at risk", connoting an irrevocable commitment to the enterprise. The funds must be used by the enterprise exclusively to create employment. Funds used to pay administrative costs or other obligations undertaken to promote the investment in the enterprise are not deemed "at risk."

Source of Capital. Evidence must support the legal acquisition of capital. Funds earned or obtained in the United States while the investor was in unlawful immigration status are not

deemed to be lawfully acquired. If funds are not lawfully acquired, they may not be deemed "at risk."

Managerial Role. The investor is expected to participate in the management of the new enterprise by assisting in the formulation of the enterprise's business policy, by participating in one or more of the activities permitted in the Delaware Limited Liability Company Act, and as otherwise set forth in the Operating Agreement. Investors in an EB-5 enterprise must have all the rights and duties usually accorded to members applicable under the Delaware Limited Liability Company Act. The rights of the Investing Members under the Operating Agreement are consistent with rights normally granted to non-managers under the Act.

Amount of the Investment. The petition must be supported by evidence that the required minimum sum has been invested.

Employment Creation. There must be evidence that, as of the end of the two-year period of each EB-5 investor's conditional residence (deemed and projected by USCIS to be 2.5 years after adjudication of the EB-5 Petition), 10 full-time jobs will be created on account of each EB-5 investment. See the earlier discussion about qualifying jobs and investment in a Regional Center, which may permit counting employment created outside the qualifying enterprise.

Regional Centers (to include Appalachian EB-5, LLC)

In further support of the EB-5 Visa preference program the U.S. Congress created a Pilot Program that provided for the authorization of Regional Centers by the U.S. Department of Justice, Immigration and Naturalization Service (now, USCIS under the Department of Homeland Security). Enterprises located within a Regional Center are not required to employ 10 full-time workers for each EB-5 qualifying investment. It suffices if the investor demonstrates that at least 10 qualifying jobs will be created directly or indirectly on account of the investment.

It is anticipated that in 2012, Appalachian EB-5, LLC will be granted a designation as an approved Regional Center by USCIS. An investment in a commercial enterprise situated within that Regional Center that fosters economic expansion through increased exports, greater regional productivity, job creation or additional domestic capital investment qualifies for the broader view of job creation.

The Company had an independent economist conduct an economic and statistical analysis to determine the number of jobs expected to be created as a result of foreign investors each contributing $500,000 (U.S. Dollars) (assuming $500,000 funding to the Company per Investor) to the Company to enable it to acquire and develop the Project. This analysis was conducted using the Regional Dynamics Economic Model ("REDYN"). REDYN is a dynamic, nonlinear, endogenous, input-output, computable general equilibrium (CGE) economic and demographic forecasting and analysis engine based on the North American Industrial Classification System (NAICS). REDYN's online model-building edge excels at providing a uniquely complete and consistent Internet tool to configure and access plans, policies, events and risks fully and very rapidly. This analysis demonstrated that new jobs are anticipated from expenditure of the proceeds of this Offering in excess of the 700 jobs required under EB-5 law

(b)(4) and regulations if all Member Interests being marketed in this Offering are sold pursuant to the maximum offering of [redacted] Units.

Approval of EB-5 Petition Not Guaranteed

The I-526 Immigrant Petition for Entrepreneur will be approved only if USCIS is satisfied that the foregoing criteria have been met. The determination of whether these criteria have been established is within the discretion of USCIS. It is also within the power, if not the discretionary authority, of USCIS to seek information about other aspects of the investment and the relationship of the investor to the enterprise. USCIS frequently reinterprets the meaning of qualifying criteria. There can be no certainty that compliance with the foregoing criteria, supported by appropriate documentation, will lead to the EB-5 Petition Approval.

In the event that USCIS denies the EB-5 Petition, the investor may not proceed with the next step in the immigration process, consular processing or adjustment of status. Instead, the investor must decide whether to appeal the denial of the EB-5 Petition at his or her own cost and expense with consent of the Company or abandon the prospect of investing in the Company and obtaining lawful permanent resident status thereby.

Consular Processing or Adjustment of Status

Approval of the EB-5 Petition means that the alien and the alien's spouse and children under the age of 21 years may apply for admission as conditional lawful permanent residents ("CLPR"). Approval of the EB-5 Petition does not mean that the investor has been granted admission to the United States as a lawful permanent resident. Approval means that the investment documented by the EB-5 Petition has qualified the investor as an alien entrepreneur.

The application for admission is a separate and subsequent process that concerns issues common to all aliens who wish to live in the United States permanently. Admission as a CLPR may be sought using one of two methods: consular processing or adjustment of status.

Consular Processing

Consular processing is designed for aliens who are living outside of the United States, who prefer to process at a consulate for strategic reasons or as a matter of convenience, or are ineligible to adjust status. Typically, the consular post, which is chosen at the time the EB-5 Petition is filed, is in the country of last residence, *i.e.*, the last principal actual dwelling place. In very limited instances, usually involving a recognized hardship, a different consular post may process for lawful permanent residence.

Before issuing an immigrant visa, the consular post must determine if each alien is admissible to the United States. EB-5 Petition Approval does not by itself establish admissibility. An alien is admissible who proves that no grounds of inadmissibility exist and the alien has proper travel documents. (*See* the discussion on Immigration Risk Factors, below, for a list of the grounds of inadmissibility). Waivers are available for certain of the many grounds of inadmissibility, but the grant of a waiver is in the discretion of the government and aliens seeking waivers experience lengthy delays in adjudication of waiver applications. Investors should consult with independent immigration counsel to determine if any grounds of

inadmissibility may affect the investor's admission or the admission of the investor's spouse or children to the United States.

If the consular post finds that the investor is admissible, it will issue an immigrant visa to the investor. The consular post will also determine if the spouse and the qualifying children of the investor are admissible. A determination of admissibility must be made as to each visa applicant. There is no guarantee that all members of the investor's family will be granted an immigrant visa. If the investor is denied an immigrant visa, applications by the spouse and children of the investor for such a visa will be denied.

Consular processing begins when USCIS transmits the EB-5 Petition Approval to the National Visa Center ("NVC"). At appropriate intervals, the NVC issues instructions and appointment packages and requests required documents and information. In time, the alien will be instructed to obtain fingerprints and a physical examination and to report to a consular interview. Immigrant visas usually are issued shortly after the interview unless the consul detects problems in the visa application, the underlying EB-5 Petition or during the interview process. Visa applicants should allow about twelve months to complete consular processing, although times for processing vary greatly among consular posts.

Visa Issuance Not Guaranteed

Decisions by consuls are discretionary and unreviewable. USCIS and DOS report recent efforts to communicate more efficiently regarding their respective roles in determining the eligibility of EB-5 investors for immigrant visas. There cannot be any assurance that improved communications will occur generally or with respect to a particular investor or the investor's spouse or minor children. Neither may it be assured that improved communications will result in the issuance of a visa. Other factors that a consul may, with unreviewable discretion, elect to consider could result in the denial of a visa.

Visa applicants should not change any living, employment, schooling or other lifestyle arrangements in their country of residence before they are issued an immigrant visa based upon an approved EB-5 Petition.

Admission After Immigrant Visa Issued Not Guaranteed

After issuance, immigrant visas remain valid for six (6) months. During this period, the holder of the visa must use it to apply for admission to the United States at a designated port of entry. The port of entry is frequently in an international airport. When the alien arrives at the port of entry, he or she will present the immigrant visa to a Customs and Border Protection officer who has the authority to admit the investor to the United States as a conditional lawful permanent resident ("CLPR"). This process is known as inspection. Generally, possession of a valid immigrant visa will result in an admission unless the inspecting officer suspects fraud, the alien's travel documents are not in order or the alien has become inadmissible in the time between the date of visa issuance and the date admission is sought. Possession of an immigrant visa does not guarantee admission to the United States.

Adjustment of Status

The Adjustment of Status ("AOS") procedure is designed to permit aliens who have been admitted to the United States as non-immigrants or who have been paroled into the country to apply for admission as permanent residents without leaving the country. These non-immigrants must establish that they are admissible permanently, meeting the same standards as aliens who use consular processing to obtain a permanent resident visa. (*See* the discussion above on Consular Processing and see the section on Immigration Risk Factors—Aliens, below).

Aliens seeking AOS must also comply with requirements peculiar to the AOS process. Aliens who do not meet these additional requirements will be required to use consular processing to obtain an immigrant visa, which will necessitate a departure from the United States. Aliens admitted in certain non-immigrant statuses may encounter more difficulties (and may not be successful) adjusting status than aliens admitted in other non-immigrant statuses. Investors should consult with immigration counsel regarding these issues before the EB-5 Petition is filed.

An alien investor or the investor's spouse or children who are eligible for CLPR may not be eligible for AOS if they: (1) were employed in the U.S. without authorization; (2) were not in lawful status on the date their AOS application was filed or if they failed to maintain lawful status thereafter; (3) were ever out of status during earlier admissions to the U.S.; (4) are admitted in certain non-immigrant statuses, such as "A", "G" or "J" (unless the two-year foreign residency requirement does not apply or a waiver of the requirement has been obtained); (5) have been removed from the U.S. in the ten years prior to seeking AOS; (6) were admitted under the visa waiver program at the time AOS is sought; or, (7) obtained CLPR as the spouse of a U.S. citizen or as the son or daughter of a spouse of a U.S. citizen and have not abandoned this CLPR prior to seeking AOS. There may be additional reasons why an alien may not adjust status, which is a benefit granted at the discretion of USCIS.

Investors should consult with immigration counsel to determine if they, their spouse and their children are eligible for AOS.

During AOS processing, the applicant will be required to submit a medical examination and will receive instructions from USCIS regarding biometric data collection. In rare cases, an interview may be required. The interview may be waived by USCIS, but the waiver should not be expected. USCIS uses profiling information to determine who will be interviewed and it also interviews some AOS applicants to maintain the integrity of its screening process. There is no formal process to request the waiver of an interview. If the investor is interviewed, the spouse and children of the investor will be required to attend the interview.

Travel During Adjustment of Status Processing

An alien investor who leaves the United States without advance permission while an AOS application is pending is deemed to have abandoned that application unless the applicant has been admitted in and continues to hold valid H or L non-immigrant status pending adjudication of the AOS application.

Advance permission to depart the U.S. is issued routinely if the alien articulates a *bona fide* need to travel. It is not necessary to demonstrate an emergent need to travel; any purpose

not contrary to law is usually deemed sufficient. Advance permission, known as Advance Parole, is usually granted for multiple entries during the time required to complete the AOS process, but not longer than one year. It may be necessary to re-apply for Advance Parole if the AOS process is not complete within a year.

Advance Parole is not available to aliens who are outside the U.S. It is important for AOS applicants who wish the right to travel to make application for Advance Parole while they are in the U.S. They must remain in the U.S. until Advance Parole is granted to avoid abandonment of the AOS application. Advance Parole applications may take about 60-90 days to be granted. Processing times may be longer if an applicant is subjected to extended background checking. In demonstrated emergent circumstances, an AOS applicant may receive expedited Advance Parole.

Alien investors admitted to the United States in any non-immigrant status who have obtained Advance Parole during the AOS process should consult with immigration counsel before traveling. Re-admission to the U.S. using the Advance Parole document may jeopardize the non-immigrant status of the alien's family members who did not travel. The consequences, if any, of this situation should be examined prior to travel.

Employment During The Adjustment of Status Processing

Applicants for AOS who wish to work in the United States must obtain employment authorization unless they have been admitted to the U.S. in a non-immigrant status that confers employment authorization that does not end before AOS is granted. Self-employment requires employment authorization.

Employment authorization applications currently take 60-90 days to be adjudicated. Processing times may be longer if an applicant is subjected to extended background checking. Employment authorization is usually granted during the time required to complete the AOS process, but not longer than one year. It may be necessary to re-apply for employment authorization if the AOS process is not complete within a year. To avoid a lapse in employment authorization re-applications should be made sufficiently in advance of the expiry of existing authorization. Employment without authorization at any time in the U.S. is a violation of immigration status and may jeopardize the right to adjust status.

Adjustment of Status Cannot Be Guaranteed

AOS is granted in the discretion of USCIS. Its decision is unreviewable. An alien whose AOS application has been denied may request that the case be re-opened or re-considered by the same office that denied AOS. If the request to re-open or re-consider the case is denied, or, if, after such a review, the alien fails to convince this office to reverse its original decision, the alien may renew the AOS before an immigration judge if he or she is placed into removal proceedings.

Aliens admitted in unexpired non-immigrant status who are denied AOS to CLPR are usually entitled to remain in the U.S. in that status and may seek an extension of that non-immigrant status or seek a change to a different non-immigrant status for which they are qualified. At such time as the alien's non-immigrant status expires, the alien is expected to depart the U.S. If at the time of the denial of AOS, the alien's non-immigrant status was expired,

the alien is expected to depart the U.S. Failure to depart timely is a violation of U.S., immigration law and regulation which may affect the ability of the alien to qualify for future immigration benefits.

If an alien investor is admitted to the U.S, in a non-immigrant status (pending AOS), the spouse and children of the alien investor are frequently admitted for a time coincident with the authorization of the investor to remain in the U.S. If AOS is not granted to the alien investor and the investor's non-immigrant status expires, the status of the spouse and children will be deemed to have expired at the same time. They, too, will be expected to depart the U.S. at that time.

AOS applicants should not make any permanent connections to the United States or change any permanent living, employment, schooling or other lifestyle arrangements in their country of residence before they are issued AOS based upon an approved EB-5 Petition.

Removal of Conditions

Approval of an AOS application or the grant of an EB-5 Petition followed by entry into the U.S. using an immigrant visa means that the investor and the spouse and qualified children of the investor have been granted CLPR for two years. The "conditions" must be removed so that the aliens may reside in the U.S. indefinitely. Failure to remove the conditions results in the termination of CLPR status and will likely result in the commencement of removal proceedings.

Removal of conditions is sought by the filing of an I-829 petition in the 90-day period immediately preceding the second anniversary of the grant of CLPR status. In support of the petition, the alien investor must demonstrate full investment in the enterprise and compliance with the requirement that 10 full-time jobs have been created as a result of the investment. The investor must also demonstrate maintenance of the investment continuously since becoming a CLPR. The Developer will provide documentation, upon request by a Member, as reasonably necessary and available in support of such Member's application for removal of conditions

USCIS currently has jurisdiction to decide a petition to remove conditions, although that jurisdiction authority may change in the future. It is authorized to approve a petition, seek additional written information before deciding the petition, refer the petition to a local office where information will be elicited in an interview, or, it may deny the petition. If the petition is referred for an interview, the local office of USCIS may decide the petition after the interview.

During the pendency of the petition, aliens admitted in CLPR Status remain in valid status even if the petition is not decided before the expiry of the two year period of admission. CLPR is extended in one year increments or until the petition to remove conditions is adjudicated. Unfortunately, some USCIS offices have been reluctant to extend CLPR status, presumably in ignorance of the law. Aliens have also experienced difficulty obtaining advance permission to travel during this period. This difficulty is not experienced in all instances and it may abate as local USCIS offices become more familiar with the law. Delays and improper denials of documents evidencing extended CLPR status and Advance Parole cannot be ruled out. Denial of such documents does not end the lawful status granted by statute.

Removal of Conditions Not Guaranteed

In the history of the EB-5 Program, INS (now USCIS) modified the requirements for removal of conditions after the time that some investors were granted CLPR. As a result of this action, some of those investors were unable to comply with the new requirements, creating the possibility that they would be removed from the United States. Some of these investors contested the change in rules after their investments were made.

Their position was supported in litigation that resulted in INS being ordered to reconsider their applications to remove conditions by applying the original rules.

There cannot be any assurance that USCIS will not change the requirements for removal of conditions after investors are granted CLPR status through investment in the Project. There cannot be any assurance that an investor will able to demonstrate to the satisfaction of USCIS that the Project is operating within its business plan, that it has created the requisite jobs at the time required by USCIS or that any other requirements for the removal of conditions have been met.

V. RISK FACTORS

THE PURCHASE OF UNITS INVOLVES A HIGH DEGREE OF RISK AND IS SUITABLE ONLY FOR PERSONS OF SUBSTANTIAL MEANS WHO CAN BEAR THE RISK OF LOSS OF THEIR ENTIRE INVESTMENT AND WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENT. IN ADDITION TO ALL OTHER INFORMATION SET FORTH ELSEWHERE IN THIS MEMORANDUM, INCLUDING THE EXHIBITS HERETO, A PROSPECTIVE INVESTOR SHOULD CAREFULLY CONSIDER THE FOLLOWING RISKS, AND SHOULD CONSULT HIS OR HER OWN LEGAL, TAX, REAL ESTATE AND FINANCIAL ADVISORS WITH RESPECT THERETO, BEFORE MAKING A DECISION TO PURCHASE UNITS. THE ORDER IN WHICH THE FOLLOWING RISKS ARE PRESENTED DOES NOT CORRELATE TO THE MAGNITUDE OF THE RISKS DESCRIBED. THE FACT THAT THE FOLLOWING RISK FACTORS ARE ENUMERATED IN NO WAY IMPLIES THAT THESE ARE THE ONLY RISK FACTORS ASSOCIATED WITH THIS INVESTMENT AND ARE MERELY ILLUSTRATIVE OF THE TYPES OF RISKS INVOLVED IN THIS TYPE OF INVESTMENT.

A. RISKS RELATED TO THE COMPANY'S PROPOSED BUSINESS-GENERAL

1. The Project has No Operating History. The success of the Loan investment will be directly dependent upon the success of the Project's business operations. The Developer will need to complete the development of the Project, and therefore the Project should be considered in its development stage.

2. Investing Members Will Bear a Significant Financial Risk. Purchasers of Units will be providing a significant portion of the risk capital to the Developer pursuant to the Loan and will be investing at a time when the success of the Project remain uncertain. Accordingly, Investing Members will incur substantially all of the capital risk related to Project.

3. The Developer, the Principals and its Other Affiliates will be Subject to Conflicts of Interest. The Principals of the Project, Management and their affiliates are related parties and have total control over the operation of the Project and the potential repayment of the Loan. This could result in one or more conflicts of interest between the interests of the Investing Members and the Principals, Management and its other affiliates. The potential conflicts of interest include, but are not limited to, the following:

(a) The Developer, the Principals and/or its other affiliates may acquire and operate other real estate projects for their own respective accounts.

(b) The Developer, the Principals and its other affiliates will not be required to disgorge any profits or fees or other compensation they may receive from any other business they own separate from the Project, and Investing Members will not be entitled to receive or share in any of the profits, return, fees or compensation from any other business owned and operated by the Developer, the Principals and its other affiliates for their own benefit;

(c) The Developer, the Principals and its other affiliates are not required to devote all of their time and efforts to the affairs of the Project and this could result in a conflict of interest for the time and attention of the Developer, the Principals and its other affiliates; and;

(d) The Project, the Developer, and the Prospective Investors have not been represented by separate counsel in connection with the formation of the Company, the drafting of the Operating Agreement, the Subscription Documents, or this Offering.

(e) The Manager of the Company is affiliated with the Regional Center and therefore has an inherent conflict of interest in providing services to the Company, although such services are generally administrative in nature.

4. The Manager's Liability will be Limited. Pursuant to the Operating Agreement, the Manager, its agents, and their other affiliates will not be liable to the Company or any Members for any damages, losses, liabilities or expenses (including reasonable legal fees, expenses and related charges and cost of investigation) unless one of those parties is guilty of fraud, deceit, gross negligence, willful misconduct. Thus, Members will have limited recourse against those parties. The Operating Agreement also provides that the Company will indemnify, hold harmless and waive any claim against the Manager, its agents, the Developer and its other affiliates, for any and all losses, damages, liability claims, causes of action, omissions, demands and expenses or any other act or failure to act arising from or out of the performance of their duties to the Company under the Operating Agreement or as a result of any action which the Manager and/or their designated agents are requested to take or refrain from taking by the Company unless such loss has arisen as a result of their gross negligence or willful misconduct.

5. The Project will have no Diversification of its Investment. The Company will invest its capital in one Project through the Loan, thus providing no diversification.

6. The Project's Success is Dependent Upon the Successful Implementation of its Business Plan of the Developer. The success of the Company will largely depend upon the Developer's success in implementing its business plan. Because many of the factors necessary for success are beyond the control of the Developer, there can be no assurance that the Developer will be able to successfully implement the business plan, or carry out that business plan as circumstances require.

7. The Project will be Subject to Insurance Risks. The Developer intends to obtain and maintain insurance on the Project. Notwithstanding the foregoing, no assurance can be given that sufficient insurance can be obtained in the event of a catastrophic loss to a particular asset.

8. Distributions by the Company are not Guaranteed. Payment of distributions and the amounts thereof will be dependent upon returns received by the Company on the Loan. No assurances can be given that the Company will operate profitably or be able to declare and pay any distributions to the Members, or that Investing Members will earn a positive return on their investment or receive a return of any or all of their investment.

B. SPECIAL RISKS ASSOCIATED WITH THE PROJECT

1. Zoning Approvals. The required zoning approvals have been obtained in order to complete the redevelopment of the Project in accordance with the current business plan. There are no assurances that additional or modified zoning approvals need to be obtained. However, the Developer believes that the approvals currently being sought should readily be obtained.

2. Timing of Completion. Included in the Executive Summary [*see* **Exhibit F**] is a time schedule for the completion of improvements (estimated at 60 months from commencement of redevelopment) and substantial stabilization of the Project. There are no assurances that such time schedules can be satisfied, and if the timing for the completion of development is delayed by any significant degree, then the cost of said development will increase accordingly.

3. Cost Overruns. Cost overruns may be encountered as a result of numerous factors, including not only the delay in the development process, the failure of certain contracted parties to complete their work in accordance with the contracted amount, necessitating the substitution of subcontractors and potential increases in pricing. Furthermore, unforeseen issues may be encountered that otherwise require an increase in the development budget that have not otherwise been reserved for in the contingency fund.

4. The Investment in the Project is Speculative. Investing in real estate as contemplated by the Developer involves an inherent exposure to fluctuations in the real estate market, including the availability of financing, increases in mortgage rates and borrowing rates and general economic conditions, and there is no assurance that its investment strategy will be successful. Prospective Investors should not subscribe for Units unless they can afford a loss of all their capital invested in the Company as a result of the non-payment of the Loan.

5. The Company's Investment is Illiquid. The Project may not be easy to liquidate or refinance. No assurance can be given that the Loan will be paid or when it will be paid.

6. The Project Will be Subject to Typical Real Estate Investment Risks. The typical risks relating to an investment in real estate will apply to an investment in the Project including, but not limited to, the national, regional and local economic climates, competitive market forces, changes in market values, changes in market rates of interest and competition from other existing competing properties and new competing properties that may be developed in the future.

7. The Project May Be Subject to the Risks of Leverage. The Project may obtain first mortgage financing on the Project that is superior to the Loan. The Project's target average debt to total book capitalization ratio will not exceed approximately seventy percent (70%) (including the Loan amount). If its operations of the Project deviates in any material adverse respect from those projected, the Project may not have sufficient cash flow to service the required indebtedness. If the Project cannot do so, regardless of the cause, the Company will face a risk of forfeiture or foreclosure of its interest in the Project.

8. The Project Manager will Receive a Management Fee Regardless of the Project's Performance. The Project will pay the Project Manager various fees for services rendered regardless of whether the Project is ultimately profitable.

9. Subordinated Debt Risk. The Loan to be made by the Company may be subordinate to the Senior Indebtedness to be made by a senior lender, and a default under the senior loan could otherwise result in a foreclosure of such loans on the Project and therefore eliminate the position of the Company as a lender under the Loan. The larger the Offering, the lower the risk of a default under the senior loan since the aggregate indebtedness of the Senior Indebtedness and the Loan is not expected to exceed approximately 70% of the total value, and the proceeds of the Offering will in effect be used to reduce the amount of the Senior Indebtedness.

10. Unique Risks of Recreational/Hospitality/Vacation Home Business. The multifaceted project has certain unique risk factors, including the following:

(a) Results of operations are subject to risks inherent in the recreational and hospitality industry, such as the demand for recreational and hospitality services in the general vicinity of the Project which could materially and adversely affect such Project.

(b) Competition from other golf-resort/recreational properties, located near the Project area may reduce the demand which could materially and adversely affect the Project.

(c) The success of the Project depends on key personnel whose continued service is not guaranteed, and their departure could materially and adversely affect the Project.

(d) Adverse economic conditions and dislocation in the credit markets have had a material and adverse effect on the Project and may continue to materially and adversely affect the Project, and in particular, the demand for club memberships and the purchase of vacation homes.

(e) The Developer's strategy of investing in properties located in a specialized recreation area is significantly dependent upon the state of the economy and the willingness of consumers to utilize luxury-high-end facilities. Any change in spending patterns could materially and adversely affect the Project.

11. Risks Related to Developer's Business. The Developer's business has certain unique risk factors, including the following:

(a) Developing properties will expose the Developer to additional risks beyond those associated with owning and operating hospitality properties, and could materially and adversely affect the Project.

The Developer's future profitability will depend, in part, upon its ability to successfully operate the Project:

(1) lower than anticipated utilization rates for the Project facilities, which rates may not be sufficient to make the property profitable;

(2) the lack of available construction financing for the vacation home units to be developed on favorable terms or at all;

(3) Consumer spending that will influence the utilization of the Project.

Additionally, due to the amount of time required for stabilization of operations, the Developer may not realize a significant cash return for several years.

A continuation of ongoing economic conditions that adversely affect household disposable income, such as high unemployment levels, weak business conditions, reduced access to credit, increasing tax rates and high fuel and energy costs, could reduce overall hospitality occupancies.

12. Territorial Dependence. The Project is situated in the Burnsville area of western North Carolina. As a result, the success of the Project will be directly dependent upon the continued demand for recreation services.

C. RISKS RELATED TO THE OFFERING

1. Determination of the Offering Price and Other Terms of the Units have been Arbitrarily Determined. The Offering Price for the Units, and the returns proposed to be paid to Members and other terms of the Units may not bear an exact correlation to assets acquired or to be acquired ,or the value of the Project or any other established criteria, or quantifiable indicia for valuing a business. No representation is being made by the Regional Center or the Developer that the Units have or will have a market value equal to their Offering Price or could be resold (if at all) at their original Offering Price. The Offering Price for the Units should not be considered an indication of the actual value of the Units or the price at which the Units may be transferred following the consummation of this Offering.

2. There will be no Public Market for the Units and the Units are Subject to Significant Restrictions on Transferability. There is no public market for the Units and no such market is expected to develop in the future. The sale of the Units is being made without registration under the Securities Act and applicable state securities laws in reliance upon various exemptions under the Securities Act, including the "**private offering**" exemption of Section 4(2) and Regulation D and Regulation S promulgated under the Securities Act and available exemptions under applicable state securities laws. Such Federal and state securities laws severely restrict the transferability of the Units offered hereby. Accordingly, an investment in the Units will be highly illiquid. The Units are considered "**restricted securities**" under the Securities Act and applicable state securities laws and cannot be resold or otherwise transferred unless they are registered under the Securities Act and any applicable state securities laws or are transferred in a transaction exempt from such registration requirements. Consequently, a holder of the Units may not be able to liquidate his or her investment and each investor's ability to control the timing of the liquidation of his or her investment in the Company will be restricted. Investors should be prepared to hold their Units indefinitely. In addition, an investor should be able to withstand a total loss of his or her investment in the Company.

3. The Operating Agreement also Limits Transferability of Units. Pursuant to the Operating Agreement, the Units are not readily transferable and no transfer of Units may be made unless, among other things, the transferor delivers to the Manager an opinion of counsel

satisfactory to the Company that the transfer will not create adverse tax consequences and would not violate federal or state securities laws. Obtaining such an opinion on securities laws would generally require for its basis that the Units be registered under such laws or that an exemption from registration exists and there can be no assurance that an exemption will be available.

4. There are Important Factors Related to Forward-Looking Statements and Associated Risks. This Memorandum contains certain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, and the Developer intends that such forward-looking statements be subject to the safe harbors created thereby. These forward-looking statements include the plans and objectives of management for future operations, including plans and objectives relating to the products and future economic performance of the Project.

The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties. These forward-looking statements are based on assumptions, including but not limited to, the following: that the Project will accurately anticipate market demand; and that there will be no material adverse change in the anticipated operations or business of the Project. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Developer. Although the Developer believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the results contemplated in forward-looking information will be realized. In addition, as disclosed elsewhere under other risk factors, the business and operations of the Developer are subject to substantial risks, which increase the uncertainty inherent in such forward-looking statements. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should **not** be regarded as a representation or assurance by the Developer or any other person that the objectives or plans of the Developer will be achieved.

5. The Operating Agreement has not been Negotiated at Arm's - Length. The Developer has generally established the terms of the Operating Agreement, which were not negotiated on an arm's-length basis. In addition, legal counsel for the Company and the Developer have not acted as counsel for or represented the interests of the Prospective Investors. Prospective Investors should consult with their own legal counsel with respect to the investment to the Company.

6. Risks Related to the Investment Company Act of 1940. The Company intends to avoid becoming subject to the Investment Company Act of 1940, as amended (the "1940 Act"); however, the Company cannot assure prospective investors that; under certain conditions, changing circumstances or changes in the law, the Company may not become subject to the 1940 Act in the future as a result of the determination that the Company is an "investment company" within the meaning of the 1940 Act which does not qualify for an exemption as set forth below. Becoming subject to the 1940 Act could have a material adverse effect on the Company. Additionally, the Company could be terminated and liquidated due to the cost of registration under the 1940 Act.

In general, the 1940 Act provides that if there are 100 or more investors in a securities offering, then the 1940 Act could apply unless there is an exemption; however, the 1940 Act generally is intended to regulate entities that raise monies where the entity itself "holds itself out as being engaged primarily, or purposes to engage primarily, in the business of investing, reinvesting or trading in securities." (Section 3(a)(1)(A) of the 1940 Act).

The second key definition of an "investment company" under the 1940 Act considers the nature of an entity's assets. Section 3(a)(1)(C) of the 1940 Act defines "investment company" as any issuer which:

> "...is engaged or proposes to engage in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposes to acquire investment securities having a value exceeding 40% of the value of such issuer's total assets (exclusive of Government securities and cash items) on an unconsolidated basis."

The 1940 Act provides that a company is not an "investment company" within the meaning of the 1940 Act if it is:

> "[An] issuer primarily engaged, directly or through a wholly-owned subsidiary or subsidiaries, in a business or businesses other than that of investing, reinvesting, owning, holding, or trading in securities..."

The 1940 Act provides for the following relevant exemptions:

"Notwithstanding subsection (a), none of the following persons is an investment company within the meaning of this title:

> (1) Any issuer whose outstanding securities (other than short- term paper) are beneficially owned ***by not more than one hundred persons*** [emphasis added] and which is not making and does not presently propose to make a public offering of its securities. Such issuer shall be deemed to be an investment company for purposes of the limitations set forth in subparagraphs (A)(i) and (B)(i) of section 12(d)(1) governing the purchase or other acquisition by such issuer of any security issued by any registered investment company and the sale of any security issued by any registered open-end investment company to any such issuer. For purposes of this paragraph:
>
> > (A) Beneficial ownership by a company shall be deemed to be beneficial ownership by one person, except that, if the company owns 10 per centum or more of the outstanding voting securities of the issuer, and is or, but for the exception provided for in this paragraph or paragraph (7), would be an investment company, the beneficial

ownership shall be deemed to be that of the holders of such company's outstanding securities (other than short-term paper).

(B) Beneficial ownership by any person who acquires securities or interests in securities of an issuer described in the first sentence of this paragraph shall be deemed to be beneficial ownership by the person from whom such transfer was made, pursuant to such rules and regulations as the Commission shall prescribe as necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of this title, where the transfer was caused by legal separation, divorce, death, or other involuntary event.

(5) Any person who is not engaged in the business of issuing redeemable securities, face-amount certificates of the installment type or periodic payment plan certificates, and who is primarily engaged in one or more of the following businesses: (A) Purchasing or otherwise acquiring notes, drafts, acceptances, open accounts receivable, and other obligations representing part or all of the sales price of merchandise, insurance, and services; (B) making loans to manufacturers, wholesalers, and retailers of, and to prospective purchasers of, specified merchandise, insurance, and services; and (C) ***purchasing or otherwise acquiring mortgages and other liens on and interests in real estate*** [emphasis added]."

Based upon the above, the Company has been advised that the Offering is either exempt under the 1940 Act or that if it is not exempt as an investment company, that one of the above-referenced exemptions from registration will apply; however, although there are no assurances that this will ultimately be the case.

7. Returns To Investing Members. The costs of developing, selling and operating the Project will not be guaranteed by any party, nor will there be any guaranty of profit on the investment. The return of the Interest and the Capital Contributions of the Investing Member will be directly dependent upon the completion and sellout of the Project by the Developer to an extent necessary to retire the Participating Indebtedness and the Company's Loan.

8. Risks from Insufficient Subscription or EB-5 Petition Approvals. If the Initial Condition is satisfied but either the Company fails to subscribe sufficient members before the (b)(4) end of the Offering Period or insufficient members are able to obtain EB-5 Petition Approval before eight (8) months after the end of the Offering Period, the Company will not be obligated to return any of the [redacted] Cost Allocation Amount. If insufficient members are able to obtain EB-5 Petition Approval before eight (8) months after the end of the Offering Period, and the Company returns capital investments to the Investors, the Regional Center must notify USCIS of this, and USCIS would be expected to take action to terminate permanent residence and possibly

seek removal. In addition, failure of the Company to fully subscribe the Project could increase the possibility that the Project will not be financially successful, which could result in loss of permanent residence (see "Immigration Risks" below).

D. TAX RISKS

There are various federal income tax risks associated with an investment in the Units. Some, but not all, of the various risks associated with the federal income tax aspects of the Offering of which Prospective Investors should be aware are set forth below. The effect of certain tax consequences on a Member will depend, in part, on other items in the investor's tax return. No attempt is made herein to discuss or evaluate the state or local tax effects on any Prospective Investor. Although each Prospective Investor is urged to consult the Prospective Investor's own tax advisor concerning the effects of federal, state and local income tax laws on an investment in the Units and on the Prospective Investor's individual tax situation.

1. There are Risks Related to the Status of the Company for Federal Income Tax. The Company has been organized as a limited liability company under the laws of the State of Delaware. The Company will not apply for a ruling from the Internal Revenue Service (the "**IRS**") that it will be treated as a partnership for federal income tax purposes.

The Company intends to file its tax returns as a partnership for federal and state income tax purposes. Prospective Investors should recognize that many of the advantages and economic benefits of an investment in the Interests depend upon the classification of the Company as a partnership (rather than as an association taxable as a corporation) for federal income tax purposes. A change in this classification would require the applicable Company to pay a corporate level tax on its income which would reduce cash available to fund distributions to Members or for internally funding growth of the Company, prevent the flow-through of tax benefits, if any, for use on Members' personal tax returns, and could require that distributions be treated as dividends, which together could materially reduce the yield from an investment in the Company. In addition, such a change in a Company's tax status during the life of the Company could be treated by the IRS as a taxable event, in which event the Members could have tax liability without receiving a cash distribution from the Company to enable them to pay such tax liability. The continued treatment of the Company as a partnership is dependent on present law and regulations, which are subject to change although there is no current legislation in existence or presently contemplated that would otherwise affect the Company's classification as a partnership for United States income tax purposes.

2. Members may have Possible Federal Income Tax Liability In Excess of Cash Distributions. The Developer believes that there is a reasonable basis to assume that the Company will be treated as a partnership for federal income tax purposes and will not be subject to federal income tax. Further, each Member will be taxed on the Member's allocable share of the Company's taxable income, regardless of whether the Company distributes cash to Members. Prospective Investors should be aware that although the Company will use its best efforts to make distributions in an amount necessary to pay income tax at the highest effective individual income tax rate on Company's income, the federal income tax on a Member's allocable share of the Company's taxable income may exceed distributions to such Member. A Member's allocable share of the Company's cash distribution is subject to federal income taxation only to the extent

the amount of such distribution exceeds the Member's tax basis in the Member's Membership Interest at the time of the distribution. Additionally, distributions, which exceed the amount for which a Member is considered "**at-risk**" with respect to the activity, could cause a recapture of previous losses, if any. There is a risk that a Member may not have sufficient basis or amounts "**at-risk**" to prevent allocated amounts from being taxable.

3. Tax Auditing Procedures will be under Control of the Manager. Any audit of items of income, gain, loss or credits of a Company will be administered at the partnership level. The decisions made by the Manager with respect to such matters will be made in good faith consistent with the Manager's fiduciary duties to both the Company and to the Members, but may have an adverse affect upon the tax liabilities of the Members.

4. Changes in Federal Income Tax Laws and Policies may Adversely Affect Members. There can be no assurance that U.S. federal income tax laws and IRS administrative policies respecting the U.S. federal income tax consequences described in this Memorandum will not be changed in a manner which adversely affects the interests of Members.

IN VIEW OF THE FOREGOING, IT IS ABSOLUTELY NECESSARY THAT EACH AND EVERY PROSPECTIVE INVESTOR CONSULT WITH THE PROSPECTIVE INVESTOR'S OWN ATTORNEYS, ACCOUNTANTS AND OTHER PROFESSIONAL ADVISORS AS TO THE LEGAL, TAX, ACCOUNTING AND OTHER CONSEQUENCES OF AN INVESTMENT IN THE INTERESTS.

PURSUANT TO INTERNAL REVENUE SERVICE CIRCULAR NO. 230, BE ADVISED THAT ANY FEDERAL TAX ADVICE IN THIS COMMUNICATION, INCLUDING ANY ATTACHMENTS OR ENCLOSURES, WAS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED BY ANY PERSON OR ENTITY TAXPAYER, FOR THE PURPOSE OF AVOIDING ANY INTERNAL REVENUE CODE PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON OR ENTITY. SUCH ADVICE WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTION(S) OR MATTER(S) ADDRESSED BY THE WRITTEN ADVICE. EACH PERSON OR ENTITY SHOULD SEEK ADVICE BASED ON THE ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

E. IMMIGRATION RISK FACTORS

A SUBSCRIBER SHOULD CONSULT WITH LEGAL COUNSEL FAMILIAR WITH UNITED STATES IMMIGRATION LAWS AND PRACTICE. PURCHASE OF A MEMBER INTEREST DOES NOT GUARANTEE LAWFUL PERMANENT RESIDENCE IN THE UNITED STATES. THE MEMBER INTERESTS DESCRIBED IN THIS OFFERING MEMORANDUM INVOLVE A SIGNIFICANT DEGREE OF RISK RELATING TO IMMIGRATION MATTERS. AMONG THE IMMIGRATION RISK FACTORS THAT A PROSPECTIVE INVESTOR SHOULD CONSIDER CAREFULLY ARE THE FOLLOWING; HOWEVER, THIS LIST IS NOT EXHAUSTIVE AND DOES NOT PURPORT TO SUMMARIZE ALL RISKS ASSOCIATED WITH THE PURCHASE OF A MEMBER INTEREST. SEE "GENERAL RISK FACTORS" FOR CERTAIN ADDITIONAL RISKS ASSOCIATED WITH A PURCHASE OF A MEMBER INTEREST.

1. General. While best efforts have been made to structure this offering so that Investing Members may meet EB-5 immigrant visa requirements under 8 U.S.C. § 1153 (B)(5)(A) - (D); Immigration and Nationality Act § 203 (B)(5)(A) - (D) (the "**Act**") and qualify as "alien entrepreneurs," a preliminary step to becoming eligible for admission to the United States with the Member, his or her spouse and qualifying children as lawful permanent residents, no representations can be made and no guarantees can be given with respect to the ability of this investment to guarantee or otherwise assure that the Investor will be approved as an "alien entrepreneur" and will be granted conditional or unconditional lawful permanent resident status.

2. Approval Of Investments In The Offering. The Regional Center may request that USCIS review and approve the Project as part of its Regional Center designation application. If so, approval of such request will be provided to subscribing Investors for their use in filing individual EB-5 Petitions. Even after such approval, however, in adjudicating a Petition on form I-526 that must be filed with USCIS by Investing Members to determine the suitability of the investment offered herein for immigration purposes under 8 U.S.C. § 1153 (B)(5)(A) - (D); INA § 203 (B)(5)(A) - (D), USCIS may redetermine issues associated with the Project's qualification, may review unfavorably the Investor's proof of the source of capital invested, and may deny the I-526.

3. Attaining Lawful Permanent Residence. Even after approval of the EB-5 Petition, there cannot be any guarantee that the Member, his or her spouse or any of their minor, unmarried children will be granted lawful permanent residence. The grant of such immigration status is dependent, among other things, upon the personal and financial history of each applicant. Any one of the several government agencies may determine in its discretion, sometimes without the possibility of appeal, that an applicant for lawful permanent residence is excludable from the United States. In limited instances, a waiver of a ground of exclusion may be available under the law, but adjudications of waiver applications are themselves made in the unreviewable discretion of the government.

4. Grounds For Exclusion. Persons applying for lawful permanent residence must overcome the statutory presumption of inadmissibility. Applicants must demonstrate, affirmatively, that they are admissible to the United States. There are many grounds of inadmissibility that the government may cite as a basis to deny admission for lawful permanent residence. Various statutes, including for example Sections 212, 237 & 241 of the Act, the Antiterrorism & Effective Death Penalty Act of 1996 (AEDPA) and the Illegal Immigration Reform & Immigrant Responsibility Act of 1996 (IIRAIRA) set forth grounds of inadmissibility, which may prevent an otherwise eligible applicant from receiving an immigrant visa, entering the United States or adjusting to lawful permanent residence.

Examples of aliens precluded from entering the United States include:

(a) persons who are determined to have a communicable disease of public health significance;

(b) persons who are found to have, or have had, a physical or mental disorder and behavior associated with the disorder which poses or may pose, a threat to the property, safety, or welfare of the alien or of others, or have had a physical or mental disorder and a history of

behavior associated with the disorder, which behavior has posed a threat to the property, safety, or welfare of the immigrant alien or others, and which behavior is likely to recur or to lead to other harmful behavior.

(c) persons who have been convicted of a crime involving moral turpitude (other than a purely political offense), or persons who admit having committed the essential elements of such a crime.

(d) persons who have been convicted of any law or regulation relating to a controlled substance, admitted to having committed or admits committing acts which constitute the essential elements of same;

(e) persons who are convicted of multiple crimes (other than purely political offenses) regardless of whether the conviction was in a single trial or whether the offenses arose from a single scheme of misconduct and regardless of whether such offenses involved moral turpitude;

(f) persons who are known, or for whom there is reason to believe, are, or have been, traffickers in controlled substances;

(g) persons engaged in prostitution or commercialized vice;

(h) persons who have committed in the united states certain serious criminal offenses, regardless of whether such offense was not prosecuted as a result of diplomatic immunity;

(i) persons excludable on grounds related to national security, related grounds, or terrorist activities;

(j) persons determined to be excludable by the secretary of state of the United States on grounds related to foreign policy;

(k) persons who are or have been a member of a totalitarian party, or persons who have participated in Nazi persecutions or genocide;

(l) persons who are likely to become a public charge at any time after entry;

(m) persons who were previously deported or excluded and deported from the United States;

(n) persons who by fraud or willfully misrepresenting a material fact, seek to procure (or have procured) a visa, other documentation or entry into the United States or other benefit under the Immigration Act;

(o) persons who have at any time assisted or aided any other alien to enter or try to enter the United States in violation of law;

(p) certain aliens who have departed the United States to avoid or evade U.S. Military service or training;

(q) persons who are practicing polygamists; and

(r) persons who were unlawfully present in the United States for continuous or cumulative periods in excess of 180 days.

5. No Return of Funds if Visa or Adjustment of Status is Denied. Following EB-5 Petition Approval, the Member, his or her spouse and qualifying children must timely apply for an immigrant visa or adjustment to conditional permanent resident status. As part of this process, the Member will undergo medical, police, security and immigration history checks to determine whether the Member, his or her spouse and qualifying children are inadmissible to the United States for any of the reasons mentioned above or for any other reason. The visa or adjustment of status may be denied notwithstanding EB-5 Petition Approval. If, following closing and disbursement of both the Expense Escrow Account and the Project Escrow Account, the Member, his or her spouse or any of their children are denied an immigrant visa or denied adjustment of status to conditional lawful permanent residence such action will not entitle Investing Members to the return of any funds paid to the Company or its affiliates.

6. Conditional Lawful Permanent Residence. Lawful permanent residence status granted initially to the Member, his or her spouse and their qualifying children is "conditional;" the Member, his or her spouse and their qualifying children must seek removal of conditions before the second anniversary of lawful permanent admission to the United States. There cannot be any assurance that the USCIS will consent to the removal of conditions as to the Member, his or her spouse and their qualifying children. If Investing Members fail to have conditions removed, the Member, his or her spouse and their qualifying children will be required to leave the United States and may be placed in removal proceedings. Even if Investing Members succeed in having conditions removed, the Member, his or her spouse and each of their qualifying children, separately, must have conditions removed. Failure to have conditions removed as to any of these members of family may require some members to depart from the United States and such family members may be placed in removal proceedings. Examples of possible reasons for denial of the Member's petition to remove conditions from permanent residence include:

- failure to maintain investment for the required two years, such as through some kind of distribution or return of the Member's capital before the time for removal of conditions on the Member's residence, even if 10 jobs were created;

- failure of the project to use all of the Member's invested capital in job creating activity at risk to the Member, according to technical requirements of USCIS (some of which are not clearly articulated and which could change over time), even if 10 jobs were created;

- failure of the project to show that the Member's investment has created 10 new jobs for U.S. workers that can be allocated to such Member (which may result from failure to meet the project's economic milestones that were used as assumptions in projection of the indirect jobs that would be created by the Member's investment); and

- even if the required 10 jobs were created, the project's material departure from the business plan presented to USCIS in obtaining the Members initial EB-5 Petition Approval.

7. Regulations Regarding Removal of Conditions. USCIS regulations governing lawful permanent residence for investors do not state specifically the criteria which USCIS must apply to determine eligibility for the removal of conditions to lawful permanent resident status. Courts have determined some standards to be followed by USCIS in some, but not all, circumstances. The Company may make certain management decisions in the absence of these specific eligibility criteria. The Company will seek as much information as possible from USCIS in an effort to assist Investing Members qualify for the removal of conditions, where good business practices permit. This notwithstanding, Investing Members should become educated about the standards that will determine eligibility of an investor and the spouse or children of the investor to achieve unconditional lawful permanent residence in the United States pursuant to this program which currently is in a state of evolution.

8. Numerical Quotas. Currently, ten thousand (10,000) EB-5 immigrant visas are allocated annually to alien investors and the spouse and qualifying children of the investor of which 3,000 are currently restricted to Regional Centers. EB-5 status is available on a first-come, first-served basis. If more statuses are sought than are available, a delay in the availability of EB-5 lawful permanent resident status will result. There is no reliable means to predict if such a delay will occur, or if it occurs, how long an investor or the spouse and qualifying children of the investor will wait before visa status for them becomes available. Also, the availability of current EB-5, immigrant visas may end, the number of available EB-5 immigrant visas may decrease or increase, or the time it takes to acquire EB-5 status may increase significantly. Other changes in the administration of the visa preference system may affect and even preclude the ability to obtain a visa for lawful permanent residence or to adjust to lawful permanent residence.

9. Expiration Of The Regional Center Pilot Program. The regional center pilot program was first created in 1992. Since then it has been extended, most recently through September 30, 2012. This project relies on the regional center pilot program so that employment created indirectly by investments in the project may be counted towards the minimum number of jobs needed to qualify an investor, the investor's spouse and the qualifying children of the investor to have conditions removed. It is reported that EB-5 Petitions are increasing in regional centers. There is not reliable means to know if the regional center program will be extended or made permanent.

10. Active Participation in the Company's Business. The EB-5 Program requires that an applicant is actively involved in the business affairs of the Company. The failure to be actively involved may jeopardize the EB-5 Petition Approval or result in the denial of lawful permanent residence status for the member, his or her spouse and their qualifying children. The Operating Agreement, reflecting the EB-5 regulations governing what level of participation is acceptable to meet the EB-5 criteria, mandates that each member shall participate in the management of the Company to the extent reflected therein. The right to approve certain decisions of the Company as set forth in the Operating Agreement is expected to be sufficient to meet these requirements, or else the Manager will cause the Operating Agreement to be amended to conform with EB-5 regulations.

11. Risks Attendant to the EB-5, Fifth Preference Visa Status. The EB-5 Program has many requirements that must be met to the satisfaction of USCIS. The failure to meet even one of these requirements to the satisfaction of USCIS may result in the denial of an EB-5 Petition.

12. Family Relationships.

(a) Spouses of the investor may accompany or follow to join an investor who has been granted conditional lawful permanent residence provided that the investor and the spouse, deemed a derivative beneficiary, were married at the time of the investor's first admission to the United States as a conditional lawful permanent resident. USCIS may not recognize common law marriages for the purpose of permitting a spouse to be a qualifying derivative beneficiary. If the relationship is one of common law, the "spouse" of the investor may not acquire lawful permanent resident status on account of the relationship.

(b) Children or step-children (if the stepchild relationship is created before the child reaches age 18) of the investor may accompany or follow to join an investor who has been granted conditional lawful permanent residence provided that the investor can establish parentage or step-parentage at the time of the investor's first admission to the United States as a conditional lawful permanent resident or adjustment of status to lawful permanent residence. Failure to comply with all applicable requirements may result in the separation of a child from the investor or the investor's spouse for protracted periods, in some instances for years, while other immigration opportunities are attempted in an effort to reunite the family.

(c) A "child" is someone under the age of 21 years who is unmarried. If a child becomes age 21 or marries before being admitted to the U.S. as a lawful permanent resident or adjusting to lawful permanent resident status, the former child, now deemed a son or daughter may not be eligible to accompany or follow to join the investor. In some circumstances, the Child Status Protection Act may assist a son or daughter to qualify as a child by reducing the deemed age of the son or daughter to less than 21 years. Failure to meet the requirements of the Child Status Protection Act may result in the separation of a son or daughter from the investor or the investor's spouse for protracted periods, in some instances for years, while other immigration opportunities are attempted in an effort to reunite the family.

(d) Under some circumstances, a child who becomes 21 years of age or marries while holding conditional lawful permanent resident status may remain eligible to remove conditions. Failure to meet qualifying conditions, most of which are not within the child's control, will result in the child being placed in removal proceedings and may require the child to depart the United States.

(e) Upon the death of an investor before conditions are removed, a spouse and qualifying children of the investor are entitled to seek removal of conditions by submission of the same evidence demonstrating compliance with required criteria that USCIS requires of an investor seeking to remove conditions. Failure of each member of the family to establish these criteria will result in the denial of the application to remove conditions, placement of the family members in removal proceedings and their mandated departure from the United States.

(f) It is unclear under USCIS procedures if a child who becomes a son or daughter before the death of the investor is entitled to seek removal of conditions. USCIS regulations are silent on this matter. If USCIS does not extend this benefit, such a son or daughter may be denied an application to remove conditions and will be placed in removal proceedings and may be mandated to depart the United States.

13. TEA Determination. To the extent that the program is based upon a TEA Determination being sustained by USCIS, meaning that the applicable project qualifies under the Targeted Employment Area designation, there is a risk that USCIS could otherwise disagree with the economist and not allow the TEA designation to be applicable, in which event the $500,000 investment amount would not otherwise qualify under the EB-5 Program. There is no certainty that the TEA designation will be approved until there is a final review and determination made by USCIS when the application with USCIS is adjudicated.

14. The Delays in Project. Delays in the development of the Project could result in jobs not being created timely enough in accordance with applicable EB-5 Program guidelines.

15. Insufficient Number of Investors. Regional center designations are based on the full investment of many different investors in a single project. Although some regional centers' projects are in great demand and even have waiting lists, that is not the case with all regional centers. If a regional center project does not attract a sufficient number of investors, the project may not happen or may be delayed, which could result in the original investors being unable to remove conditions. The instant offering contains a minimum subscription of [redacted] investors. If the Regional Center does not obtain [redacted] subscriptions within eight (8) months of the expiration of the instant offering, the investor's subscription proceeds will be returned to the investor in accordance with the escrow agreement. (b)(4)

16. Issues with Condition Removal. Condition removal may be denied by USCIS when the business assumptions utilized in the econometric model are not realized. An EB-5 Petition may be approved based upon an economist's report using a recognized econometric model to predict the number of indirect and induced jobs that will be created based upon a specific dollar investment in a specific project in a specific geographical area in a specific industry in a specific timeframe with a specific number of tenants and other specific foundation facts. Although USCIS should not second guess the econometric report at the I-829 stage, USCIS will want proof that the assumptions relied upon in the report have actually occurred. If they have not occurred because of economic conditions, change of plans, construction delays, etc., the investor is at risk that the condition removal petition will not be approved.

17. A regional center may lose certification. USCIS is in the process of developing standards to review regional centers. The results of any review process could lead to regional center decertification.

18. In order for an EB-5 Petition to be approved, the investor's investment must be "at risk." If adjudication is made that the funds are not truly at risk at either the I-526 or I-829 stage, the petition will be denied. At a minimum, the investor's commitment is a 5 year commitment. Although there can be no guaranteed right of redemption or specific return, some regional center investments are more risky than others; some have a greater chance of the investor getting his or her money back after 5 years with some rate of return; and some are more speculative investments. While the investor is allowed to have a guaranteed right to return of the investment money if the I-526 is not approved (and some regional centers place the investment money in escrow pending the I-526 approval), USCIS' position is that there can be no guarantee of redemption of the investment if the I-829 petition is not approved.

19. Even if none of the contingencies occur, the investor is subject to the risk inherent in the nature of the adjudicating agency. It is not unusual for there to be contradictory adjudicatory results on identical projects. Often very complicated financial transactions are being adjudicated by immigration examiners with little or no financial background and with relatively minimal training. This can lead to – and has lead to – decisions on individual petitions that may be difficult to comprehend. In addition, the agency has been known to adopt restrictive positions and change those positions without notice in the EB-5 area.

20. Failure of Congress to Renew the Sunsetting Legislation. USCIS has stated that expiration of the legislation that expires September 30, 2012 will prevent approval of EB-5 Petitions, and it is not clear whether visas or adjustment approvals can be issued, but removal of conditions (I-829s) will NOT be affected. Therefore, expiration of the law before approval of EB-5 Petitions and conditional permanent residence acquisition by all needed Investors could affect not only those not yet approved, but also those already approved to the extent that less EB-5 investors could prevent the business plan from being realized.

Change in Laws

THE IMMIGRATION LAWS AND THE CORRESPONDING RULES, REGULATIONS AND USCIS INTERPRETATIONS RELATED TO THE EB-5 PROGRAM AND THE CORRESPONDING APPLICATIONS ARE IN A CONSTANT STATE OF FLUX, AND THERE ARE NO ASSURANCES THAT NEW LAWS AND/OR INTERPRETATIONS WILL RESULT THAT WILL OTHERWISE MODIFY THE DISCLOSURES AND INFORMATION SET FORTH IN THIS MEMORANDUM.

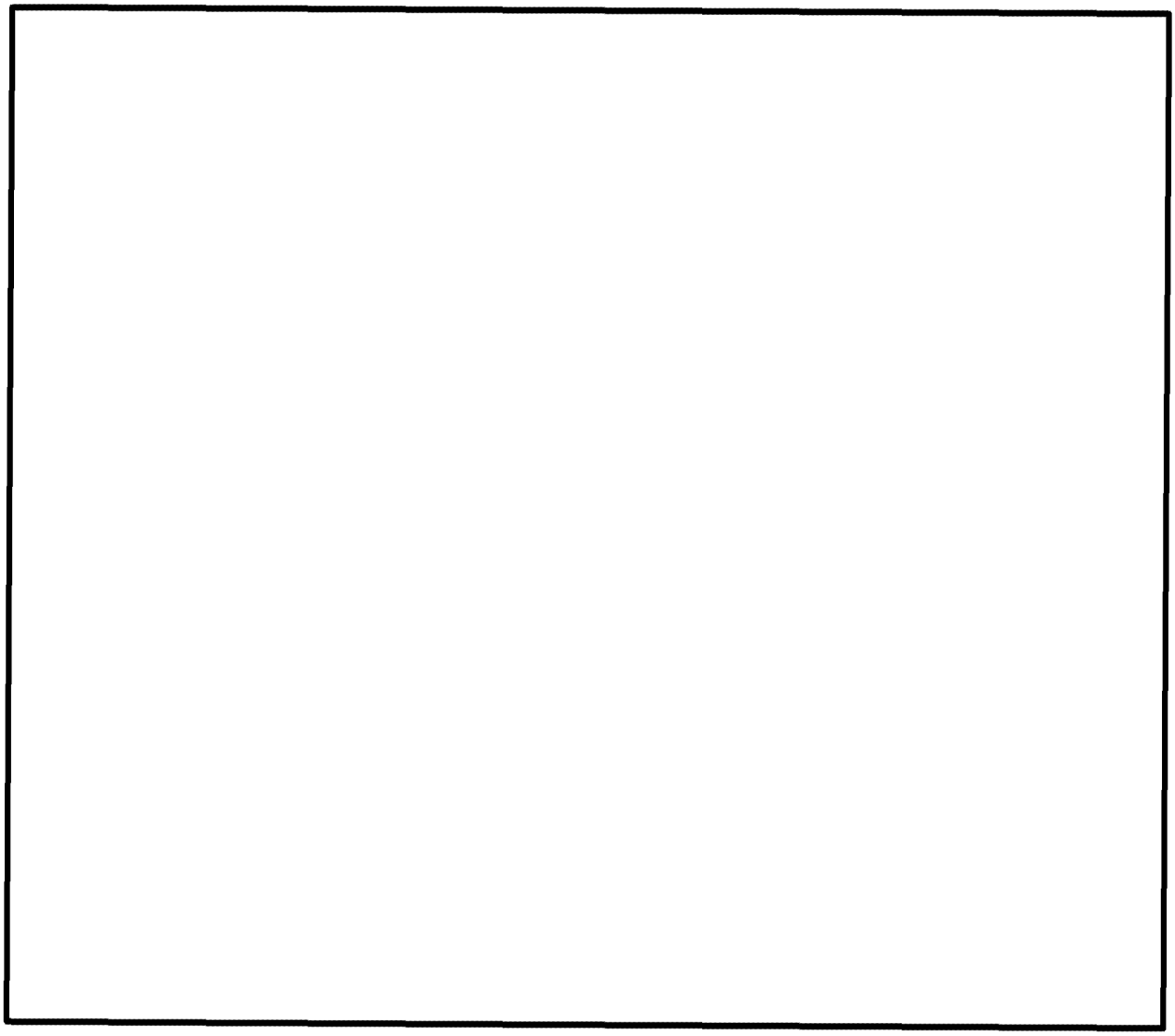
VI. SUMMARY OF THE OPERATING AGREEMENT

The Company is organized under the Delaware Limited Liability Company Act (the "Act"). The rights and obligations of the Members are governed by that Act and by the Operating Agreement. A copy of the Operating Agreement is attached as **Exhibit C** to this Memorandum. Prospective Investors should review the Operating Agreement carefully before investing in the Company. The following discussion of the Operating Agreement is intended to be summary only, does not purport to be complete, and is qualified by reference to the Operating Agreement in its entirety.

1. Responsibilities of the Manager or Its Designated Agents. The Manager and/or its designated agents has the exclusive management and control of all aspects of the business of the Company, including the overseeing of the administration of the Loan subject to certain provisions of the Operating Agreement as described below. These parties will generally provide administrative services to the Company and the Investing Member, including overseeing the Loan, the collection of loan payments, the disbursement of funds to Investing Members and the filing of the Company's tax return.

2. Company Finances.

(b)(4)



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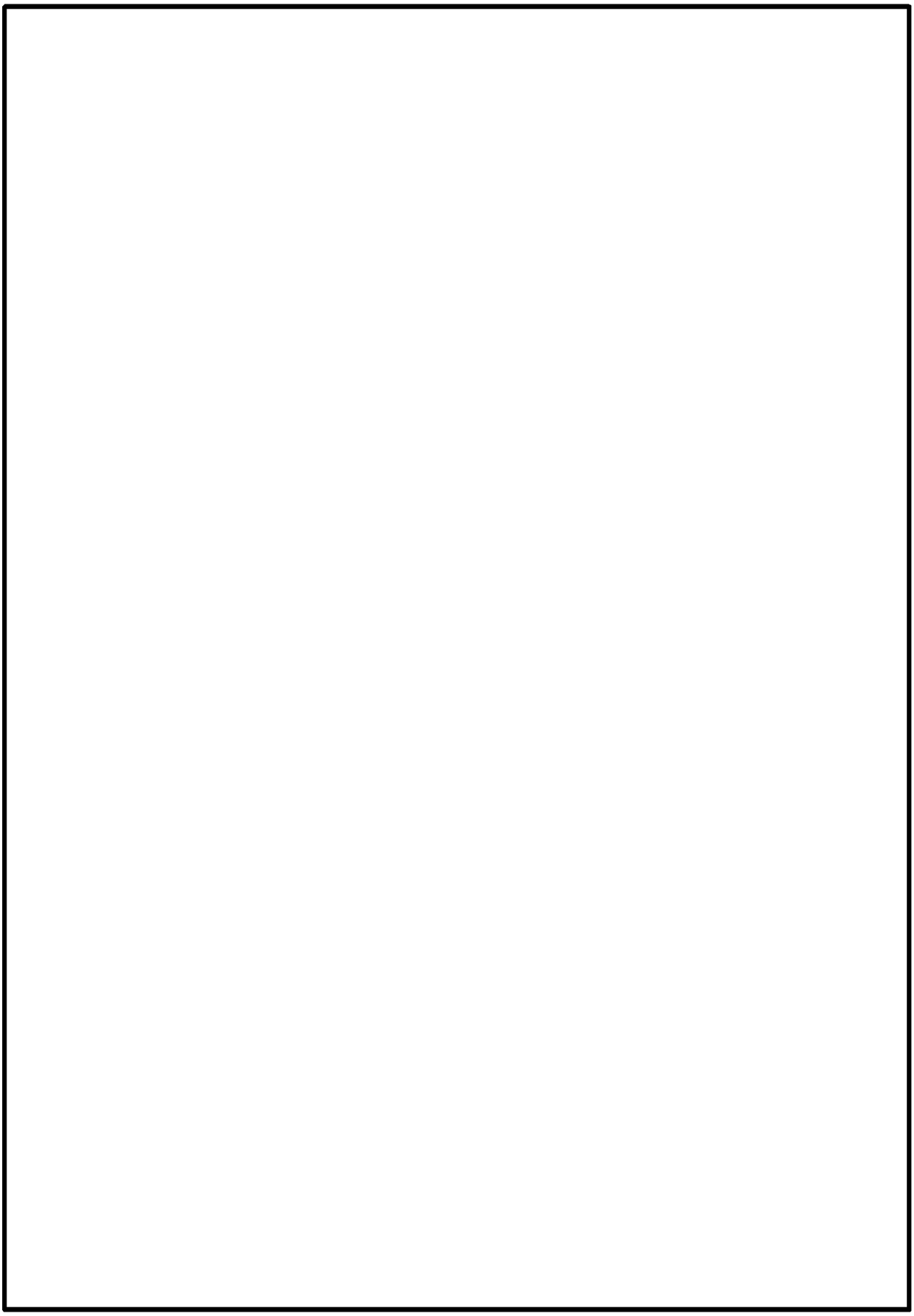

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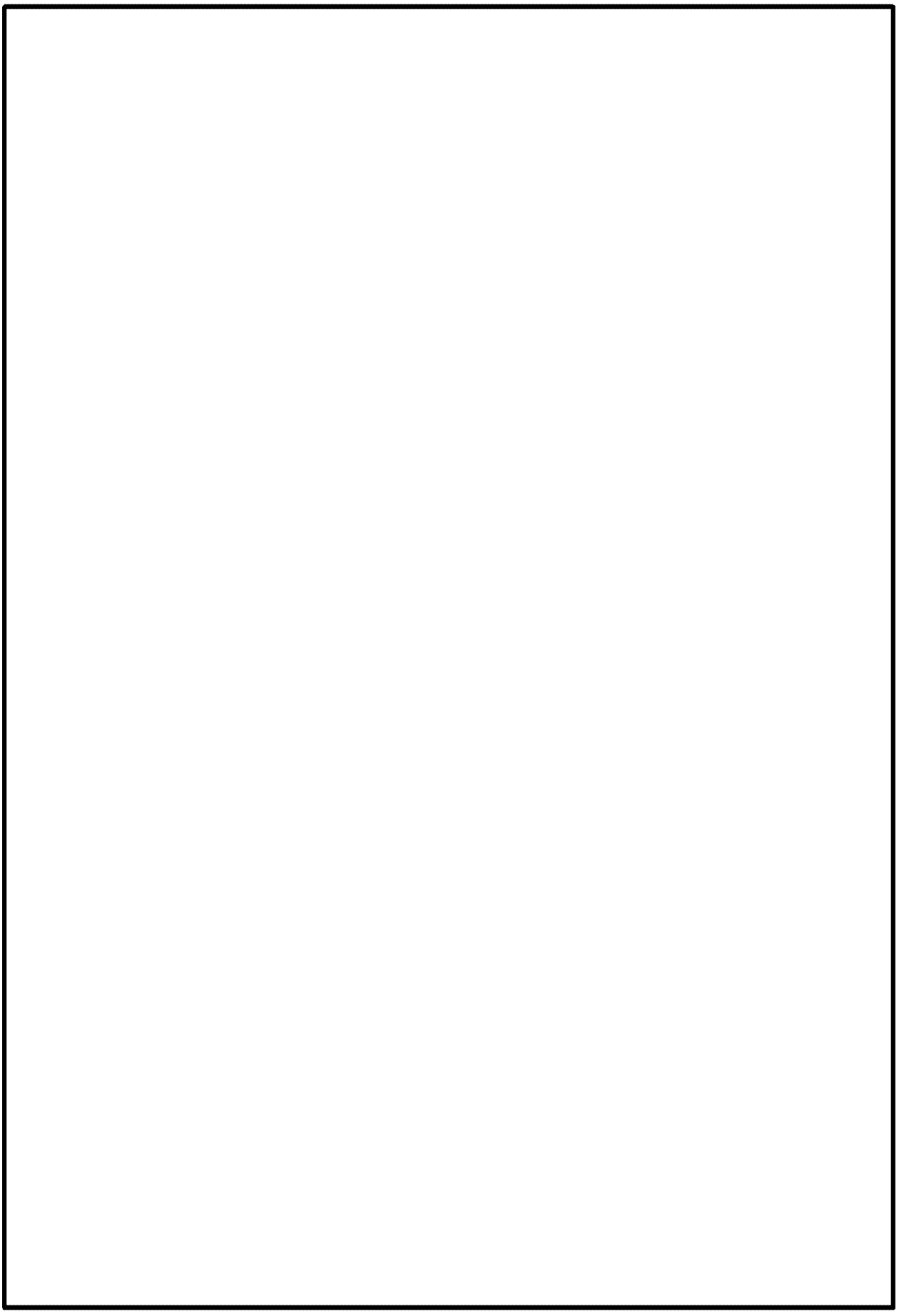

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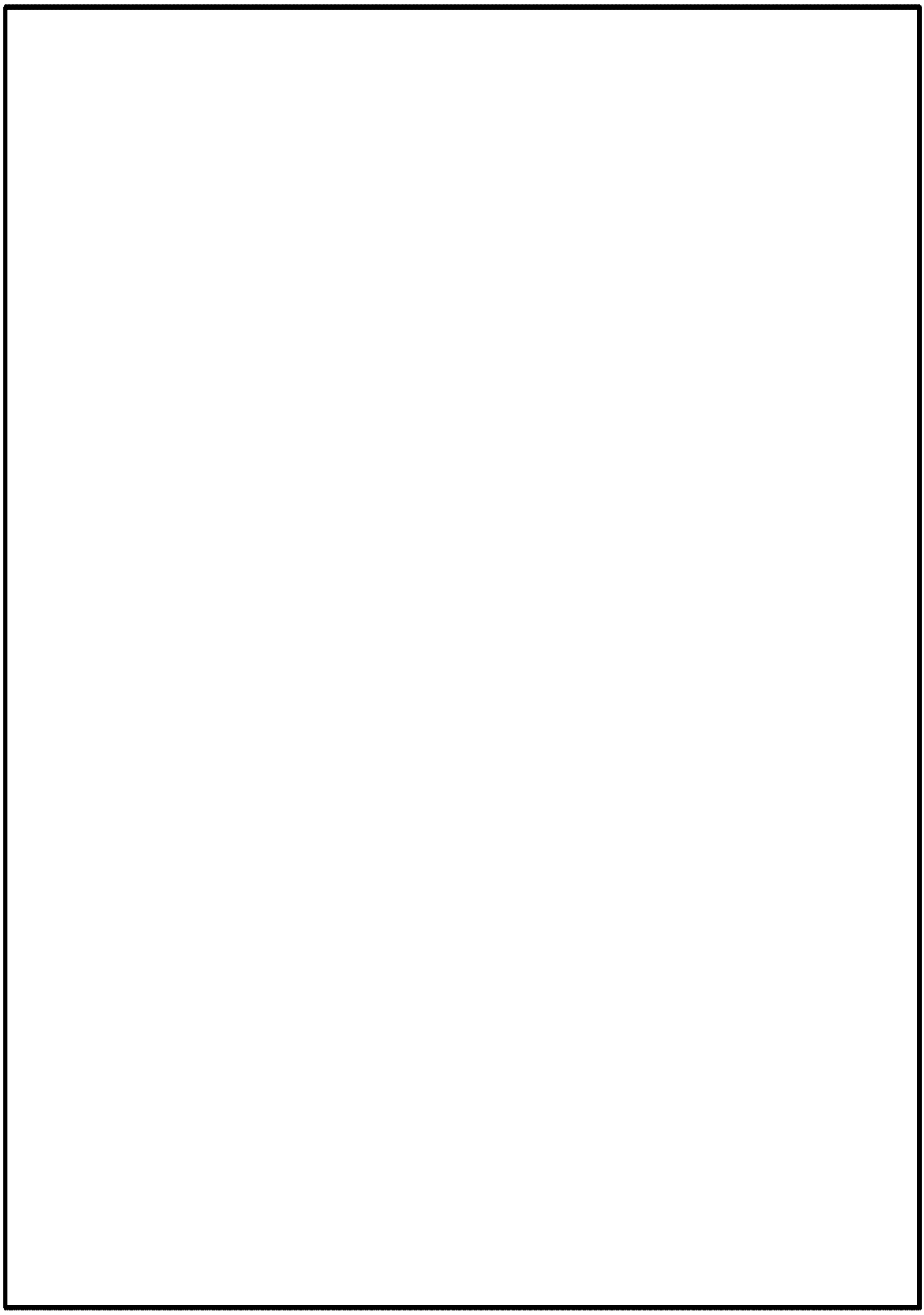

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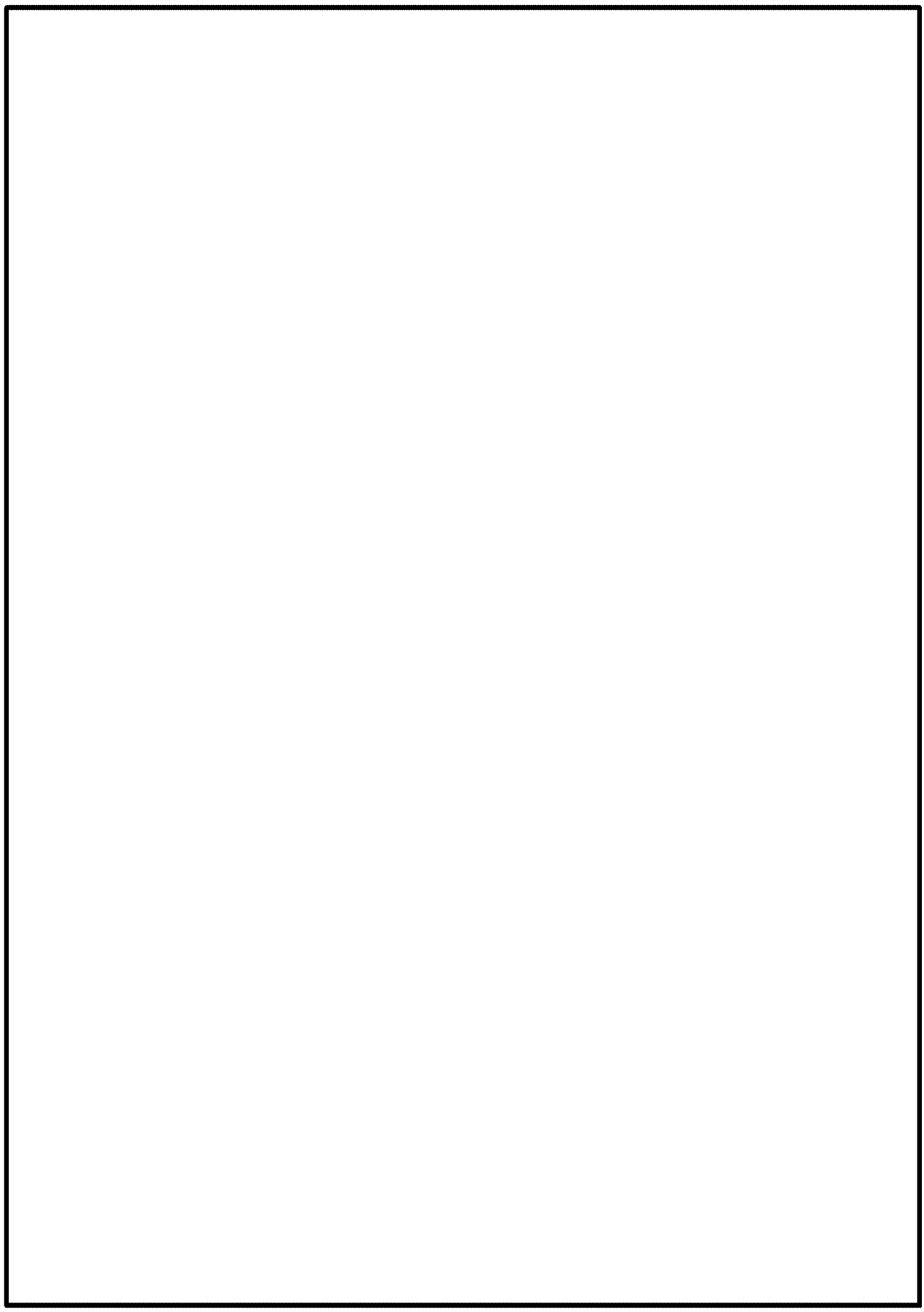


VII. SUBSCRIPTION AGREEMENT

Subscription Agreement

1. General. A Subscriber will be required to deliver an executed Subscription Agreement to the Company. A form of the Subscription Agreement is attached hereto as **Exhibit A**. By execution of the Subscription Agreement, a Subscriber irrevocably subscribes for and agrees to purchase a Member Interest and fund the First Installment. The Company reserves the right to reject a subscription (the "**Subscription**") in its sole discretion. If the Subscription is accepted, the Company will notify Subscriber of same and will notify Subscriber of the scheduled date of funding. If the Subscription is rejected in full, all funds received from the Subscriber will be returned without interest, and thereafter the Subscription Agreement shall be of no further force or effect.

2. Representations, Warranties and Covenants. In the Subscription Agreement, a Subscriber makes various representations, warranties and covenants to the Company, including without limitation, the following:

(a) that the Subscriber understands that the offer and sale of the Member Interests have not been registered under the Securities Act, any state securities or "blue sky" laws, or any rules or regulations promulgated thereunder (collectively, "**Securities Laws**"), pursuant to applicable exemptions. Without such registration, such Member interests may not be sold, pledged, hypothecated or otherwise transferred at any time whatsoever, and such Member Interests may not be offered or sold in the United States or to a U.S. Person, except upon delivery to the Company of an opinion of counsel satisfactory to the Manager and/or the Company's counsel that registration is not required for such transfer or the submission to the Manager counsel of such other evidence as may be satisfactory to the Manager and/or the Company's counsel to the effect that any such transfer will not be in violation of the Securities Laws. No hedging transactions involving the Member Interests may be conduced unless in compliance with the Securities Laws;

(b) that Subscriber acknowledges that neither the Company nor the Company's counsel is obligated to register the Member Interests under the Securities Laws. Subscriber further understands that the transfer of the Member Interests may be substantially restricted by the Securities Laws and by the absence of a trading market therefore, and the transfer of the Member Interests is additionally restricted by the terms of the Operating Agreement; that no trading market for the Member Interests exists and none is expected to develop, and that any sale or other disposition of the Member Interests may result in unfavorable tax consequences to the Subscriber. The Subscriber acknowledges that the restrictions on the transferability of the Member Interests are substantial and may require the Subscriber to hold the Member Interests indefinitely;

(c) that the Subscriber has adequate means of providing for the Subscriber's current and future needs and possible personal contingencies and has no need for liquidity of the Member Interests;

(d) that Subscriber understands that the Developer has been recently formed to acquire, develop and operate the Project and has no operating history. The Project is in its early stages of operation, is not profitable, and its future profitability cannot be assured. If the Minimum Condition is satisfied but the Developer is unable to raise the Maximum Offering Amount prior to the expiration of the Offering Period, the Company will be required to obtain additional financing, which will result in increased fixed operating expenses as a result of such leverage;

(e) that the Subscriber understands that: (i) its subscription for Member Interests is irrevocable until the Offering Period ends without the Company's written consent; (ii) an investment in the Member Interests is a speculative investment that involves a high degree of risk, including the risk of loss of the entire investment of the Subscriber in the Company; (iii) no federal or state agency has passed upon the adequacy or accuracy of the information made available to the Subscriber, or made any finding or determination as to the fairness for investment, or any recommendation or endorsement of the Member Interests as an investment; (iv) there will be restrictions on the transferability of the Member Interests under the Securities Laws and the Operating Agreement and there will be no public market for the Member Interests, and, accordingly, it may not be possible for the Subscriber to liquidate its investment in the Member Interests; (v) any anticipated federal and/or state income tax benefits applicable to the Member Interests may be lost through changes in, or adverse interpretations of, existing laws and regulations; and (vi) there is no assurance that the Company will ever be profitable, or that the Subscriber's investment in the Member Interests will ever be recoverable;

(f) that the Subscriber acknowledges that there is no assurance that its EB-5 Petition will be granted. Neither the Company, its Developer, nor the Company's selected immigration counsel has made any effort to pre-determine Subscriber's personal qualifications and circumstances and whether Subscriber is likely or not likely to obtain favorable action on its EB-5 Petition or EB-5 Visa. By subscribing for a Member Interest in the Company, Subscriber acknowledges that, once the Initial Condition is met, the portion of its subscription that will be deposited to the Expense Escrow Account will not be returned under any circumstances and that there are numerous reasons, aside from the Project qualifying as appropriate EB-5 investments, upon which Subscribers may be denied residency in the United States;

(g) that the Subscriber has been provided with a **copy** of the Company's Offering Memorandum, including, as exhibits thereto, the Operating Agreement, the Escrow Agreement, a form of the Subscription Agreement, has reviewed same, has had the opportunity to ask questions of the Developer, has received answers adequate to Subscriber with respect to same, and has no further questions regarding the Company or the Developer;

(h) that the Subscriber acknowledges that: (i) the risks inherent to this investment have been fully considered; (ii) the Manager will have substantial and exclusive authority to conduct the operation of the Company; and (iii) an investment in the Member Interests has neither been approved nor disapproved by the United States Securities and Exchange Commission or the Securities Division of the Department of Banking and Finance of the State of Delaware or any other department or agency of any other jurisdiction, and such authorities have not passed upon the adequacy or accuracy of the disclosure provided to investors in connection with an investment in the Member Interests;

(i) that the Subscriber acknowledges that neither the Company nor any representative of the Company has made any representations or warranties in respect of the Project's business or profitability. Without limiting the generality of the foregoing, the Subscriber acknowledges and agrees that information, including any business plan or financial projections or forecasts or other information contained in written materials provided or made available to the Subscriber, and any oral, visual or other presentations made by the Company or its representatives to the Subscriber shall not be deemed a representation or warranty in respect of the matters therein. The Subscriber acknowledges that the Offering Memorandum contains information that the Developer believes is accurate and, as same relates to the projected revenues and expenses of the Project, data that the Developer believes is a reasonable forecast of the results that the Company will achieve; however, as an accredited, experienced and sophisticated investor, Subscriber is aware that there are myriad foreseeable and unforeseeable events that could cause the assumptions underlying the financial projections to not materialize, and the results of same may cause material adverse consequences to the financial results of the Company;

(j) that the Subscriber is acquiring the Member Interests solely for the account of the Subscriber for investment purposes only and not for distribution or resale to others. The Subscriber will not resell or offer to resell all or a portion of the Member Interests except in strict compliance with all applicable Securities Laws including, without limitation, Regulation S (Rules 901 through 905 and Preliminary Statement) under the Securities Act of 1933, as amended, and the Operating Agreement.

(k) that the Subscriber's financial condition is such that it has no need for liquidity with respect to its investment to satisfy any existing or contemplated undertaking or indebtedness and is able to bear the economic risk of its investment for an indefinite period of time, including the risk of losing all of its investment;

(l) that the Subscriber acknowledges that the offer and sale of the Member Interests is not taking place within the United States, but rather in an "offshore transaction," as defined in Rule 902 of Regulation S adopted by the Securities Exchange Commission pursuant to the Securities Act of 1933, as amended. "United States" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

(m) that the Subscriber acknowledges that the Member Interests have not been registered under the Securities Act and therefore cannot be offered and sold in the United States or to U.S. Persons, unless the Member Interests are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. Subscriber is not a U.S Person and is not acquiring the Member Interest for the account or benefit of any U.S. Person;

(n) that the Subscriber acknowledges and confirms that the Subscriber has been given complete access to all documents, records, contracts and books of or relating to the Company and the Member Interests now existing, and all other information to the extent the Company possesses such information or can acquire it without unreasonable effort or expense, and that the Subscriber has engaged in a complete examination of all such documents, records, contracts and books to the extent deemed necessary by the Subscriber in reaching the Subscriber's decision to invest in the Company. The Subscriber further acknowledges and confirms that the Subscriber

has had an opportunity to ask questions of and receive answers from the Company and the Developer concerning the Member Interests, the prospective contemplated business and purpose of the Company, and with respect to any other matter the Subscriber has deemed relevant, and all such inquiries have been answered to the Subscriber's satisfaction. In addition, Subscriber acknowledges that it has had and may have, at any reasonable hour, after reasonable prior notice, access to the financial and other records of the Company which the Company can obtain without unreasonable effort or expense, and further acknowledges that Subscriber has obtained, in Subscriber's judgment, sufficient information from the Company to evaluate the merits and risks of an investment in the Company;

(o) that in making the decision to purchase the Member interests, Subscriber has relied solely upon independent investigations made by Subscriber, and the Subscriber further represents and warrants that the Subscriber is not acquiring the Member Interests as a result of any advertisement, article, notice or other communication published in any newspaper, magazine or similar media distributed in the United States, any seminar in the United States or any solicitation by a person in the United States not previously known to the Subscriber, and that Subscriber is not aware of any general solicitation within the United States or general advertising within the United States regarding the purchase or sale of the Member Interests. The Subscriber acknowledges and confirms that it is not relying upon any statement, representation or warranty made by the Company or its respective representatives in making a decision to subscribe for the Member Interests. Subscriber must rely solely on the terms of the Operating Agreement for the terms of Subscriber's participation in the Company and the rights and responsibilities of owning its Member Interests;

(p) that the Subscriber is a bona fide resident of the country set forth in his or her address in the Subscription Agreement, and agrees that if his or her principal residence changes prior to his or her purchase of the Member Interests, he or she will promptly notify the Manager of the Company. The Subscriber represents and warrants that the Subscriber is not a U.S. Person, is not a citizen or resident alien of the United States, and did not receive an offer to purchase the Member Interests or the Offering Memorandum in the United States and did not execute the Subscription Agreement and pay the Initial Installments or Final Installment from within the United States. If requested by the Company, Subscriber further agrees to execute and deliver to the Company an appropriate IRS Form W-8 certifying that he or she is a Non-Resident Alien and deliver a renewal of this form every three (3) years; and

(q) that the Subscriber understands that the Company and its Manager will be relying on the accuracy and completeness of all matters set forth in the Subscription Agreement, and the Subscriber represents and warrants to the Company, its Developer and each of their affiliates that the information, representations, warranties, acknowledgments and all other matters set forth in the Subscription Agreement with respect to the Subscriber are complete, true and correct and does not fail to include any material fact necessary to make the facts stated, in light of the circumstances in which they are made, not misleading, and may be relied upon by them in determining whether the offer and sale of the Member Interests to the Subscriber is exempt from registration under the Securities Laws, and the Subscriber will notify them immediately of any change in any statements made in the Subscription Agreement that occurs prior to the consummation of the purchase of the Member Interests.

3. Accredited Investor. A Subscriber will represent and warrant in the Subscription Agreement that Subscriber is an "Accredited Investor" and has accurately completed the Accredited Investor Status section of the signature page to the Subscription Agreement in order to evidence same. The Subscriber will represent and warrant that it is also a "sophisticated person" in that Subscriber has such knowledge and experience in financial and business matters that individually and/or with the aid of advisers, it is capable of evaluating the merits and risks of an investment in the Company by making an informed investment decision with respect thereto.

VIII. ESCROW AGREEMENT

1. General. By execution of the Subscription Agreement, each Subscriber agrees to be bound to the terms and conditions of the Escrow Agreement to the same extent as if the Subscriber had separately executed the Escrow Agreement. **SunTrust Bank** is the designated Escrow Agent under the Escrow Agreement, and escrowed funds will be maintained at such bank. All subscription proceeds from this Offering will be held in escrow by the Escrow Agent pursuant to the terms of the Escrow Agreement establishing the Expense Escrow Account and the Project Escrow Account. A form of the Escrow Agreement is attached hereto as **Exhibit B**.

(b)(4) 2. Deposit to Escrow Accounts; Release from Escrow Accounts. From Subscriber's [redacted] investment per Unit, the sum o[redacted] will be deposited in the Expense Escrow Account and the balance in the Project Escrow Account. Except as may be otherwise provided in the Subscription Agreement, all investment earnings on subscription proceeds shall inure to the benefit of the Company.

A Subscriber's escrowed proceeds in the Project Escrow Account and Expense Escrow Account will only be released to the Company and the Regional Center upon satisfaction of the following conditions:

3. The approval of the Regional Center application (the "I-924");

4. The filing of the I-526 (the "**EB-5 Petition**"); and

(b)(4) 5. Satisfaction of the Initial Condition (meaning that the Minimum Offering of [redacted] has been subscribed to).

See further description of release of escrowed funds and the refunding of said funds as set forth in Section I – Offering Summary – "Escrow Accounts".

IX. TAX MATTERS

No federal income tax ruling will be requested from the IRS with respect to any of the income tax consequences or federal estate tax consequences related to the Company's activities or an Investor's ownership of a Unit. Therefore, a material risk exists that, upon audit, certain items of deduction may be disallowed in whole or in part or required to be capitalized by the Company. It is presently intended that the Company's tax filings will be prepared based upon interpretations of tax law deemed to be most favorable to the majority of Investors. However, it will be the responsibility of each Investor to prepare and file all appropriate tax returns that he or she may be required to file as a result of his or her participation in the Company. EACH

INVESTOR IS STRONGLY URGED TO CONSULT WITH HIS OR HER OWN TAX ADVISOR AND COUNSEL WITH RESPECT TO ALL TAX ASPECTS OF THE ACQUISITION AND OWNERSHIP OF A UNIT.

United States Tax Status

The Company will be classified for U.S. federal income tax purposes as a partnership rather than as an association taxable as a corporation under currently applicable tax laws. This classification, however, is not binding on the IRS or the courts, and no ruling has been, or will be, requested from the IRS. No assurance can be given that the IRS will concur with such classification or the tax consequences set forth below.

The Company will not pay U.S. federal income taxes, but each Investor will be required to report his or her distributive share (whether or not distributed) of the income, gains, losses, deductions and credits of the Company. It is possible that the Investors could incur income tax liabilities without receiving from the Company sufficient cash distributions to defray such tax liabilities. The Company's taxable year will be the calendar year, or such other year as required by the Code. Tax information will be distributed to each Investor as soon as reasonably practicable after the end of the year.

Certain Considerations for U.S. Investors

The following discussion summarizes certain significant U.S. federal income tax consequences to an Investor who: (a) owns, directly or indirectly through a partnership or other flow-through entity, an interest as an Investor; (b) is, with respect to the United States, a citizen or resident individual, a domestic corporation, an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or a trust for which a court in the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all substantial decisions, as such terms are defined for U.S. federal income tax purposes; and (c) is not tax-exempt.

Except as described in the following paragraph, interest on any amount borrowed by an Investor (other than a corporation) to purchase Units in the Company will generally be "**investment interest**," subject to a limitation on deductibility. In general, investment interest will be deductible only to the extent of the taxpayer's "**net investment income**." For this purpose "net investment income" will generally include net income from the Company and other income from property held for investment (other than income treated as passive business income). However, long-term capital gain is excluded from the definition of net investment income unless the taxpayer makes a special election to treat such gain as ordinary income rather than long-term capital gain. Interest which is not deductible in the year incurred because of the investment interest limitation may be carried forward and deducted in a future year in which the taxpayer has sufficient investment income.

Interest on any amount borrowed by an Investor to make a capital contribution to the Company which amount is allocable to a portfolio company that is a limited liability company engaged in business will generally be treated as a passive business activity expense (rather than

an "**investment interest**"). As discussed below, certain categories of Investors are subject to limitations on deducting losses from passive business activities.

The Operating Agreement will contain provisions intended to comply substantially with IRS regulations describing partnership allocations that will be treated as having "**substantial economic effect**," and hence be respected, for tax purposes. However, those regulations are extremely complex, and there can be no assurance that the allocations of income, deduction, loss and gain for tax purposes made pursuant to the Operating Agreement will be respected by the IRS, if reviewed. Even if the IRS were to review the Company's allocations and determine that they do not technically comply with such regulations, such allocations would be determined "in accordance with each partner's interest in the partnership (determined by taking into account all facts and circumstances)." The allocations under the Operating Agreement should in most cases be substantially identical to each "**partner's interest in the partnership**."

Non-corporate investors (and certain closely held, personal service and S corporations) are subject to limitations on using losses from passive business activities to offset active business income, compensation income, and portfolio income (e.g., interest, dividends, capital gains from portfolio investment, royalties, etc.). The Company's distributive share of income or losses generally will be treated as passive activity income or losses. Accordingly, an Investor will be subject to the passive activity loss limitations on the use of any allowable Company losses and allocable Company expenses.

Certain U.S. Tax Considerations for Foreign Investors

The U.S. federal income tax treatment of a non-resident alien investing as an Investor in the Company is complex and will vary depending on the circumstances and activities of such Investor and the Company. Each non-U.S. Investor is urged to consult with his or her own tax advisor regarding the U.S. federal, state, local and foreign income, estate and other tax consequences of an investment in the Company. The following discussion assumes that a non-U.S. Investor is not subject to U.S. federal income taxes as a result of the Investor's presence or activities in the United States other than as an Investor in the Company.

A non-U.S. Investor will generally be subject to U.S. federal withholding taxes at the rate of thirty percent (30%) (or such lower rate provided by an applicable tax treaty) on his or her share of Company income from dividends interest (other than interest which constitutes portfolio interest within the meaning of the Code) and certain other income.

The Company may be deemed to be engaged in a U.S. trade or business. In such event, a non-U.S. Investor's share of Company income and gains will be deemed "effectively connected" with such a U.S. trade or business of the Company (including operating income from Company) and will be subject to tax at normal graduated U.S. federal income tax rates. A non-U.S. Investor generally will be required to file a U.S. federal income tax return with respect to the non-U.S. Investor's share of effectively connected income. If the Company is deemed to be engaged in a U.S. trade or business, then the Company will be required to withhold U.S. federal income tax with respect to the non-U.S. Investor's share of Company income that is effectively connected income.

Additionally, each non-U.S. Investor is subject to U.S. estate tax on his or her interest in the Company. If at the time death, the non-U.S. Investor remains a non-U.S. resident, under the Internal Revenue Code, a non- U.S. Investor may pass, free of U.S. estate tax, the first $60,000 of U.S. situs assets. The value in excess of this $60,000 exemption will be subject to federal estate tax at a 35% rate. Treaties and various exemptions may reduce or eliminate the estate tax, but no assurance can be made that a treaty or exemption will apply.

The United States charges income and estate tax on all U.S. citizens and permanent residents based on worldwide income. Treaties and various exemptions eliminate some but not all of the risk of double taxation. Each state in the United States has its own separate income tax system. All but four states raise revenue through state income tax. Investors should consider the tax effects of becoming a U.S. resident before investing.

This Memorandum does not address all of the U.S. federal income tax consequences to the Investor of an investment in the Company, and does not address any of the state or local tax consequences of such an investment to any Investor, or all of the United States or foreign tax consequences of such an investment to any Member that is not a United States person or entity. Each Investor is advised to consult his or her own tax counsel as to the U.S. federal income tax consequences of an investment in the Company and as to applicable state, local and foreign taxes. Special considerations may apply to Investors who are not United States persons or entities and such investors are advised to consult his or her own tax advisors with regard to the United States, state, local and foreign tax consequences of an investment in the Company.

It is anticipated that upon the acceptance of an Investors I-526 Petition and the issuance of a temporary resident visa, such Investor will automatically become a United States taxpayer and not be subject to the tax treatment afforded non-resident persons unless such Investor's tax status would change in the future.

Possible Tax Law Changes

The foregoing discussion is only a summary and is based upon existing U.S. federal income tax law. Investors should recognize that the U.S. federal income tax treatment of an investment in Units may be modified at any time by legislative, judicial or administrative action. Any such changes may have retroactive effect with respect to existing transactions and investments and may modify the statements made above.

State and Local Taxes

Investors should consider the potential state and local tax consequences of an investment in the Company. In addition to being taxed in its own state or locality of residence, an Investor may be subject to tax return filing obligations and income, franchise and other taxes in jurisdictions in which the Company or the Company operates. Investors should consult their tax advisers regarding the state and local tax consequences of an investment in the Company.

Possible Legislative or Other Action Affecting Tax Aspects

The present U.S. federal income tax treatment, of an investment in the Company may be modified by legislative, judicial or administrative action at any time and any such action may

affect investments and commitments previously made. The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the Treasury Department, resulting in revisions of the Treasury regulations and revised interpretations of established concepts as well as statutory changes. Revisions in U.S. federal tax laws and interpretations thereof could adversely affect the tax aspects of an investment in the Company. There can be no assurance that legislation will not be enacted that has an unfavorable effect on an Investor's investment in the Company.

Basis. A U.S. Investor's tax basis in its Member Interest is generally equal to the amount of cash the U.S. Investor has contributed to the Company, increased by the U.S. Investor's share of income and liabilities of the Company, and decreased by the U.S. Investor's share of cash distributions, losses and reductions in such liabilities.

Allocations of Income, Gain, Loss and Deduction. Pursuant to the Operating Agreement, items of the Company's taxable income, gain, loss, deduction and credit are allocated so as to take into account the varying interests of the Investors over the term of the Company. Treasury regulations provide that allocations of items of company income, gain, loss and deduction will be respected for tax purposes if such allocations have "substantial economic effect," or are determined to be in accordance with the member's interest in a company. It is possible that the IRS could challenge the Company's allocations as not being in compliance with such Treasury regulations. Any resulting reallocation of tax items may have adverse tax and financial consequences to a U.S. Investor.

Possible IRS Challenges; Tax Audits. Investors should be aware that the IRS may challenge the Company's treatment of items of income, gain loss, deduction and credit, or its characterization of the Company's transactions, and that any such challenge, if successful, could result in the imposition of additional taxes, penalties and interest charges. The Manager decides how to report the items on the Company's tax returns. In the event the income tax returns of the Company are audited by the IRS, the tax treatment of the Company's income and deductions generally is determined at the partnership level in a single proceeding rather than by individual audits of the members. The Manager, designated as the "Tax Matters Member," has considerable authority to make decisions affecting the tax treatment and procedural rights of all Members. In addition, the Tax Matters Member has the authority to bind certain Members to settlement agreements and the right on behalf of all Investors to extend the statute of limitations relating to the Investors' tax liabilities with respect to Company items.

X. ADDITIONAL INFORMATION

Prior to the consummation of the Offering, the Company will provide to each Prospective Investor and such Prospective Investor's representatives and advisors, if any, the opportunity to ask questions and receive answers concerning the terms and conditions of this offering and to obtain any additional information which the Company may possess or can obtain without unreasonable effort or expense that is necessary to verify the accuracy of the information furnished to such Prospective Investor. Any such questions should be directed to c/o Andrew Dover, at Odlum Tropaion LLC, 45 Mountain Air Drive, Burnsville, North Carolina 28714. No other persons have been authorized to give information or to make any representations concerning this Offering, and if given or made, such other information or representations must not be relied upon as having been authorized by the Company.

Exhibit 7

Mountain Air Lenders, LLC Subscription Agreement (See Exhibit 7 p.68)

Exhibit 8

Mountain Air Lenders, LLC
Operating Agreement

OPERATING AGREEMENT

OF

MOUNTAIN AIR LENDERS, LLC

EXHIBIT C

THE MEMBER INTERESTS REPRESENTED BY THIS INSTRUMENT HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS, EITHER PURSUANT TO APPLICABLE EXEMPTIONS OR BECAUSE THE MEMBER INTERESTS ARE NOT SECURITIES. WITHOUT SUCH REGISTRATION, THESE MEMBER INTERESTS MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED TO THE UNITED STATES AT ANY TIME WHATSOEVER, EXCEPT UPON DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL SATISFACTORY TO THE REGIONAL CENTER AND DEVELOPER THAT REGISTRATION IS NOT REQUIRED FOR SUCH TRANSFER OR THE SUBMISSION TO THE REGIONAL CENTER AND DEVELOPER OF SUCH OTHER EVIDENCE AS MAY BE SATISFACTORY TO THE DEVELOPER TO THE EFFECT THAT ANY SUCH TRANSFER WILL NOT BE IN VIOLATION OF THE SECURITIES ACT OF 1933, AS AMENDED, OR OTHER APPLICABLE STATE OR FEDERAL SECURITIES LAWS OR ANY RULE OR REGULATION PROMULGATED THEREUNDER. ADDITIONALLY, ANY SALE OR OTHER TRANSFER OF THESE MEMBER INTERESTS IS SUBJECT TO CERTAIN RESTRICTIONS THAT ARE SET FORTH IN THIS AGREEMENT.

NO PARTIES EXCEPT THE REGIONAL CENTER AND THE COMPANY ARE RESPONSIBLE FOR THE CONTENTS OF THE OFFERING MEMORANDUM, AND EXCEPT FOR THE REGIONAL CENTER AND THE COMPANY AND THEIR DESIGNATED SALES REPRESENTATIVES, NO PARTY WILL BE INVOLVED IN THE OFFERING OF UNITS UNDER THE OFFERING MEMORANDUM OR THE ACCEPTANCE OF SUBSCRIPTIONS FROM SUBSCRIBERS.

OPERATING AGREEMENT
OF
MOUNTAIN AIR LENDERS, LLC

THIS OPERATING AGREEMENT, dated as of February 4, 2012 (this "**Agreement**"), by and between **MOUNTAIN AIR LENDERS, LLC,** a Delaware limited liability company (the "**Company**"), **MOUNTAIN AIR MANAGER, LLC**, North Carolina limited liability company (the "**Manager**") and such persons as hereafter become members in accordance with the provisions of this Agreement and the Delaware Limited Liability Act by executing or causing to be executed a signature page in the form attached hereto (the "**Investing Members**").

BACKGROUND INFORMATION

The Investing Members desire to form a limited liability company pursuant to the laws of the State of Delaware for the purpose described below. To that end the Principals have prepared, executed and filed with the Delaware Secretary of State Certificate of Formation and have agreed to issue to the Investing Members units of Membership Interest described herein. Accordingly, in consideration of the mutual promises contained herein, the Investing Members agree as follows:

OPERATIVE PROVISIONS

1. **DEFINITIONS.**

As used herein, the quoted terms shall have the following meanings:

1.1 "Accountants" means such firm of independent certified public accountants as may be engaged from time to time by the Manager to provide professional services to the Company.

1.2 "Act" means the Securities Act of 1933, as amended.

1.3 "Affiliate" shall have the meaning set forth in Rule 405 promulgated under the Act, except as otherwise provided herein.

1.4 "Adjusted Capital Account Balance" means, with respect to any Member, the balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments.

(1) Increase such balance by any amounts which such Member is obligated to restore or is deemed to be obligated to restore pursuant to the penultimate (second to last) sentence of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(1)(5); and

(2) Decrease such balance by such Members share of the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

The foregoing definition of Adjusted Capital Account Balance is intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith. The calculation of the Adjusted Capital Account Balance of a Member shall exclude any Section 754 election.

1.5 "Adjusted Capital Contribution" means, with respect to any Member, the aggregate amount of such Member's Capital Contributions, as at any given point in time, reduced by the amount of cash (if any) distributed to such Member's pursuant to Section 10.6 and Section 10.7. In the event that any Member transfers all or any portion of his or her Interest in accordance with the terms of this Agreement, his or her transferee shall succeed to the Adjusted Capital Contribution of the transferor to the extent it relates to the transferred Interest.

1.6 "Bankruptcy" As used in this Agreement, the term "Bankruptcy," with respect to a specified Person shall refer to: (i) the appointment of a receiver, conservator, rehabilitator or similar officer for the specified Person, unless the appointment of such officer shall be challenged in an application filed within thirty (30) days after the appointment and the appointment is vacated and such officer discharged within one hundred twenty (120) days of the appointment; (ii) the taking of possession of, or the assumption of control over, all or any substantial part of the property of the specified Person by any receiver, conservator, rehabilitator or similar officer or by the United States government or any agency thereof, unless such possession or control is challenged in an application filed within thirty (30) days after such possession or control is taken and property is relinquished within one hundred twenty (120) days of the taking; (iii) the filing of a petition in bankruptcy or the

commencement of any proceeding under any present or future federal or state law relating to bankruptcy, insolvency, debt relief or reorganization of debtors by or against the specified Person, provided, if filed against (and not by) the specified Person, such petition or proceeding is not challenged within thirty (30) days after it is filed and if so challenged is not dismissed within one hundred twenty (120) days of the filing of the petition or the commencement of the proceeding; or (iv) the making of an assignment for the benefit of creditors or a private composition, arrangement or adjustment with the creditors of the specified Person.

1.7 "Business" means, the business of the Company of making the Loan pursuant to USCIS guidelines.

1.8 "Capital Account" means, with respect to any Member, the sum of his or her paid-in Capital Contribution (a) increased by all profits allocated to such Member; and (b) decreased by (i) the amount of all cash distributions to such Member, and (ii) all losses allocated to such Member. Otherwise, each Member's Capital Account shall be maintained and adjusted in accordance with the Code and the Treasury Regulations thereunder, including expressly, but not by way of limitation, the adjustments to Capital Accounts permitted by Section 704(b) of the Code and the Treasury Regulations thereunder in the case of a Member who receives the benefit or detriment of any special basis adjustment under Sections 734, 743 and 754 of the Code.

1.9 "Capital Contributions" means the total cash contributed to the Company by the Members pursuant to the terms of this Agreement, excluding the Cost Allocation Amount. Any reference to the Capital Contribution of a Member shall include the Capital Contribution made by a predecessor holder of the interest of such Member.

1.10 "Cash Distributions" means the Cash Flow distributions a set forth in Section 10.6 hereof.

1.11 "Cash Flow" means the total Capital Contribution of each Member for the relevant period, the total cash receipts of the Company, including all repayments of the Loan by the Developer, plus any other funds (including amounts designated as reserves by the Manager, where and to the extent it no longer regards such reserves as reasonably necessary to the efficient conduct of the Company's business) deemed available for distribution and designated as Cash Flow by the Manager less (a) any operating expenses of the Company excluding any expense not involving a cash expenditure, such as amounts charged for depreciation; (b) all payments of principal and interest on account of any Loans secured by Company property or any other Company obligations or loans, including loans made to the Company by any Members; (c) expenditures for capital expenditures or improvements (except to the extent financed through mortgages on Company property or any other Company borrowing or loans, or reserves previously set aside by the Company for such purposes); and (d) reserves for working capital and anticipated expenditures in such amounts as may be determined from time to time by the Manager, including the acquisition of replacement Properties. Cash Flow shall be determined separately for each fiscal year of the Company.

1.12 "Certificate" means the valid Certificate of Formation, duly filed in its original or any amended form in accordance with (and in all respects sufficient in form and substance under) the laws of the State of Delaware.

1.13 "Code" means the Internal Revenue Code of 1986, as amended from time to time, or corresponding provisions of subsequent laws.

1.14 "Company" means **MOUNTAIN AIR LENDERS, LLC**, the limited liability company subject to this Agreement, in its existing or any amended or reconstituted form.

1.15 "Construction Disbursement Agent" means **ODLUM CAPITAL** or **ODLUM TROPAION, LLC**, who will serve as the designated agent that will provide the supervisory services related to the Loan.

1.16 "Construction Disbursement Agreement" means the agreement between the Company, the Developer and the Construction Disbursement Agent to provide services related to the disbursement of the Loan.

(b)(4)

1.17 "Cost Allocation Amount" The [redacted] amount funded pursuant to the Offering will be deposited in the Escrow Account and will be disbursed to the Regional Center to cover certain Offering costs. These funds deposited in the Escrow Account by that Member shall not be treated as Capital Contributions to the Company.

1.18 "Developer" or "Owner" means **MOUNTAIN AIR GLOBAL, LLC,** a North Carolina limited liability company.

1.19 "EB-5 Petition" An I-526 Immigration Petition for Entrepreneur filed with USCIS on behalf of an Investing Member, such Investing Member's spouse and/or unmarried minor children, as determined by such Investing Member, which I-526 Petition, if granted, converts the Investing Member to a Member and permits the Member and the Member's spouse and unmarried minor children to apply for admission as a conditional lawful permanent resident.

1.20 "EB-5 Petition Approval" This shall mean the approval by USCIS of an Investing Member's EB-5 Petition.

1.21 "Escrow Agent" **SunTrust Bank**, or its successor, appointed as such under the Escrow Agreement.

1.22 "Escrow Agreement" That certain Escrow Agreement between the Escrow Agent and the Company and each subscriber in the Offering, pursuant to which the Escrow Agent will hold and disburse the escrowed funds subscribed pursuant to a Subscription Agreement.

1.23 "Expense Escrow Account" An account maintained by the Escrow Agent into which [redacted] of a Member's subscription proceeds pursuant to the Offering will be deposited and from which expenses allocated to that Member will be disbursed to reimburse the expenses of the Regional Center related to the Offering costs and migration services (the "Cost Allocation Amount"). Funds deposited in the Expense Escrow Account by that Member shall not be treated as Capital Contributions to the Company. If the EB-5 Petition is not approved by USCIS, then the Regional Center shall be responsible to refund a portion of the [redacted] Cost Allocation Amount to such Investing Member as set forth in the Private Placement Memorandum, in which event such Investing Member shall no longer be an Investing Member of the Company.

(b)(4)

1.24 "Family Member" With reference to a specified Person, this shall mean that Person's spouse, lineal ancestors or descendants, or siblings (all whether by blood, law or marriage), and trusts for the exclusive benefit of that specified Person or any of the foregoing relatives of that specified Person.

1.25 "For Cause" means acts or omissions by the Manager and shall include intentional misconduct, willful or gross negligent failure to perform duties, fraud, embezzlement, misappropriation or theft of funds or property, breach of fiduciary duties to the Company that causes or material damage to the Company, loss of any license necessary to conduct the Business, arrest or conviction of a felony involving illegal substances or an act of dishonesty, violation of Company's policies or breach of a material term of this Operating Agreement.

1.26 "General Counsel" means the attorney appointed by the Company to provide general legal representation to the Company and serve as a liaison between the Company and the Developer in connection with the Loan as well as the designated representative of the Manager.

(b)(4) 1.27 "Holdback Amount" means the [redacted] holdback amount provided for in the Escrow Agreement and Subscription Agreement to provide a reserve to fund the return of the Capital Contribution made by an Investing Member whose EB-5 Petition is denied.

1.28 "Interest" or "Company Interest" means the ownership interest of each Member in the Company.

1.29 "Investing Member" or "Member" means any person executing this Agreement or causing the same to be executed as an Investing Member, as well as any other person acquiring any portion of one or more Units from an Investing Member and admitted to the Company as a substitute Investing Member.

1.30 "Investing Member Interests" or "Interests" means the total equity interests in the Company offered to and purchased by the Investing Members.

1.31 "Limited Liability Company Act" means the Delaware Revised Limited Liability Company Act.

1.32 "Loan" or "Loans" means any mortgage loans that encumber the Project or are otherwise made for the benefit of the Project by the Company.

1.33 "Loan Agreement" shall have the meaning set forth in Section 4.1(b) hereof.

1.34 "Majority in Interest" means, Members owning in the aggregate more than 50% of the Units then outstanding.

1.35 "Management" means the Persons involved in the management of the Project on behalf of the Developer.

1.36 "Manager" means **MOUNTAIN AIR MANAGER, LLC**, a North Carolina limited liability Company.

1.37 "Officer" means the Persons, if any, appointed by the Manager to perform specified executive functions for the Company, as specified further in Section 8.10 hereof.

1.38 "Permanent Disability" or "Permanently Disabled" means when used with reference to a specified Person, this shall mean (i) any mental or physical illness, condition or incapacity which prevents the specified Person from performing his or her duties on behalf of the Company or any of its Affiliates for a period of 180 days during any 365 day period, (ii) a determination by an insurer that has issued a disability insurance policy to the Company or one or more Members or the Manager with respect to a Person that such Person is permanently disabled as defined in such policy, or (iii) the determination by a court of competent jurisdiction that the specified Person is legally incompetent.

1.39 "Person" means an individual, a partnership (general, limited or limited liability), a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a governmental, quasi-governmental, judicial or regulatory entity or any department, agency or political subdivision thereof.

1.40 "Private Placement Memorandum" or "Offering Statement" or "Offering Memorandum" or "PPM" means the offering memorandum utilized by the Company to sell Units.

1.41 "Profits and Losses" means for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, including gain or loss from Capital Transactions, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulation Section 1.704-l(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be subtracted from such taxable income or loss;

(iii) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(iv) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulation Section 1.704-l(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a Distribution other than in complete liquidation of a Member's Member Interest, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases

the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits or Losses; and

(v) Notwithstanding any other provision of this Section, any items which are specially allocated pursuant to Section 10.12 shall not be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Section 10.12 shall be determined by applying rules analogous to those set forth in subparagraphs (i) through (vi) above.

1.42 "Project" means the redevelopment of the private country club and gated community located in the Burnsville area of western North Carolina and known as "Mountain Air Country Club".

(b)(4)

1.43 "Project Escrow Account" An account maintained by the Escrow Agent into which [redacted] of a subscriber's Capital Contribution shall be deposited upon subscription and which shall be disbursed to the Company upon satisfaction of the conditions outlined in the Private Placement Memorandum. Funds deposited in the Project Escrow Account by an Investing Member shall be treated as Capital Contributions to the Company by that Member.

1.44 "Regional Center" means **APPALACHIAN EB-5, LLC**, a North Carolina limited liability company, the owner of the regional rights to the EB-5 Program who will grant the Developer the right to participate in the EB-5 Program for purposes of au thorizing foreign investors in the Company to include both direct and indirect job creation from investment in participating developers toward qualification for the EB-5 Program.

1.45 "Short-Term Investments" means (i) cash or cash equivalents, (ii) commercial paper rated no lower than "A-1" by Standard & Poors Rating Services or "P-1" by Moody's Investors Service, Inc., (iii) United States or other government obligations, (iv) state or municipal governmental obligations or money market instruments having equivalent credit ratings to the securities listed in clause (ii) above, (v) certificates of deposit issued by, or other deposit obligations of, commercial banks chartered by the United States or a state thereof or the District of Columbia, Canada, Australia or other nation each having combined capital and surplus of at least $100,000,000, (vi) overnight repurchase agreements with primary Fed dealers collateralized by direct United States Government obligations, (vii) pooled investment vehicles or accounts that invest only in securities or instruments of the type described in clauses (i) through (vi) above, and (viii) other similar obligations and securities having equivalent credit ratings to the securities listed in clause (ii) above, in each case maturing in one year or less at the time of investment by the Company.

1.46 "Subscription Agreement" means the Subscription Agreement utilized by the Company to sell Units to Investing Members, including all attachments thereto.

1.47 "Tax Services" means the tax services to be provided by the independent certified public accountant appointed by the Company.

(b)(4)

1.48 "Unit" shall mean a single unit of an Investing Member Interest, the acquisition of which shall entitle the holder thereof to the rights and benefits specified in this Agreement.

1.49 "Units" means a [redacted] maximum of Membership Interests in the Company, which shall entitle the holder to the rights under this Agreement.

1.50 "USCIS" The United States Citizenship and Immigration Services.

2. **FORMATION.**

The Members hereby constitute a limited liability company pursuant to the Limited Liability Company Act and other applicable laws of the State of Delaware.

3. **NAME AND PLACE OF BUSINESS.**

The name of the Company is "**MOUNTAIN AIR LENDERS, LLC**" or such other name as the Manager shall hereafter designate by written notice to the Investing Members. Its principal mailing address shall be in c/o Andrew Dover, Odlum Tropaion LLC, 45 Mountain Air Drive, Burnsville, North Carolina 28714, or such other location as the Manager may from time to time designate by notice to the Investing Members.

4. **PURPOSE AND SCOPE OF COMPANY.**

4.1 (a) The Company has been formed for the sole purpose of lending money for the development and operation of the Project. The Company may do all things reasonably useful to such purpose, including the borrowing of money, the securing of such borrowings by pledge or other lien, the selling or otherwise disposing of Company property at any time.

(b) The Regional Center has or is in the process of being designated as a "Regional Center" for a geographic area that includes the Project, authorizing the Company to participate under the Regional Center's USCIS approval, to facilitate the filing by Investing Members of EB-5 Petitions, the approval of which shall allow the Investing Members then to seek conditional lawful permanent residence in the United States, along with their spouse and unmarried children under age 21, as applicable and as determined by each Investing Member. As its principal business, the Company shall loan monies to the Project pursuant to the loan terms described in the Confidential Private Placement memorandum (the "Loan") and a Loan Agreement to be entered into with the Developer. In furtherance of the foregoing, but in no way limiting the generality of the foregoing, the Company may: (i) enter into, perform and carry out contracts and agreements as may be necessary, appropriate or incidental to the accomplishment of the purposes of the Company; (ii) and do all other acts and things which may be necessary, appropriate or incidental to the carrying out of the business and purposes of the Company.

(c) Upon repayment of the loan by the Developer to the Company, Members shall have the option to receive distribution of their interest pursuant to Sections 10 and 11 or to maintain their capital in the Company to invest in other projects as may be identified, approved, and arranged by the Manager, subject to each Members individual decision to make such additional investment.

(d) The Company is specifically prohibited from engaging in the business of investing, reinvesting or trading in securities or in the business of issuing face-amount certificates of the installment type or engaging in such business or have any such certificate outstanding

4.2 Other Business Ventures: Any Member or any officer, director, employee, stockholder or other person holding a legal or beneficial interest in any entity which is a Member, may engage or possess an interest in other business ventures of every nature and description, independently or with others, and neither the Company nor any Member shall have any right by virtue of this Agreement in or to such independent ventures or the income or profits derived therefrom; provided that nothing contained in this Section is intended to absolve the Manager from any liability to the Company or the Investing Members arising as a result of a breach of any material fiduciary obligation owing to the Company or any Member.

5. TITLE.

Title to any property and to any other assets acquired to affect the purposes of the Company shall be held in the name of the Company. The Manager and its designee shall execute and file in all appropriate locations such documents, if any, as may be necessary to reflect the Company's direct or indirect ownership in the Loan(s).

6. COMMENCEMENT, TERM.

The Company shall be deemed to commence its existence as of the date of this Agreement. The term of the Company shall continue until terminated in accordance with the provisions of Section 11 hereof, or as otherwise provided by law.

7. CAPITAL CONTRIBUTIONS.

7.1 Investing Members: Each Investing Member shall contribute to the capital of the Company the amounts set forth in Schedule 1 attached to this Agreement, in return for which they shall receive the Membership Interest described in Schedule 1. The total amount to be contributed by each Investing Member shall be paid to the Escrow Agent upon admission to the Company, and in accordance with the Subscription Agreement. Contributions shall be only in cash.

7.2 No Additional Contributions: The Investing Members are not required to contribute additional capital or lend funds to the Company.

7.3 Capital Accounts: The Company shall establish for each Member a Capital Account.

7.4 Withdrawal and Return of Capital: Except upon dissolution of the Company (subject to the provisions of Section 11 hereof), no Member may withdraw any capital from the Company without the consent of the Manager. Under circumstances causing a return of a Capital Contribution, no Member shall have the right to receive property other than cash, except as may otherwise be specifically provided herein, nor to be paid interest on such contributions with respect to the period held by the Company.

7.5 Reserve. To protect the Investing Member and to ensure that the Company will be able to refund the Capital Contribution of the subscription proceeds in the event that an EB-5 Petition for a particular Investing Member is not approved after applicable appeals rights have been exhausted, [redacted] of the Investing Member's total $500,000 Capital Contribution shall be funded to the Company by the Escrow Agent as part of the Company's Loan to the Developer upon satisfaction of the conditions outlined under *Section I – Offering Summary – Subscription Procedure and Reserve Accounts* of the Private Placement Memorandum. The remaining [redacted] (the "**Holdback Amount**") will remain in escrow with the Escrow Agent until such Investing Member's EB-5 Petition is approved. If an Investing Member's EB-5 Petition is approved, the Holdback shall be immediately released from escrow and disbursed to the Company as part of the Company's Loan to the Developer. If an Investing Member's EB-5 Petition is denied,

(b)(4)

(i) the Company shall refund the Investing Member's Capital Contribution on a first priority basis pursuant to the terms of *Section I – Offering Summary – Subscription Procedure and Reserve Accounts - Subsection C* of the Private Placement Memorandum;

(ii) the Company and Regional Center shall refund a portion of the Investing Member's Cost Allocation Amount as provided in *Section I – Offering Summary – Subscription Procedure and Reserve Accounts - Subsection E* of the Private Placement Memorandum; and (b)(4)

(iii) the Escrow Agent shall release from the escrow account up to [redacted] n Holdback Amounts of the other Investing Members and disburse such amounts to the Company so that the Company may (1) fund the remainder of all of the Investing Members' Capital Contributions prior to I-526 approval; and (2) replace the denied Investing Member's capital in the Company.

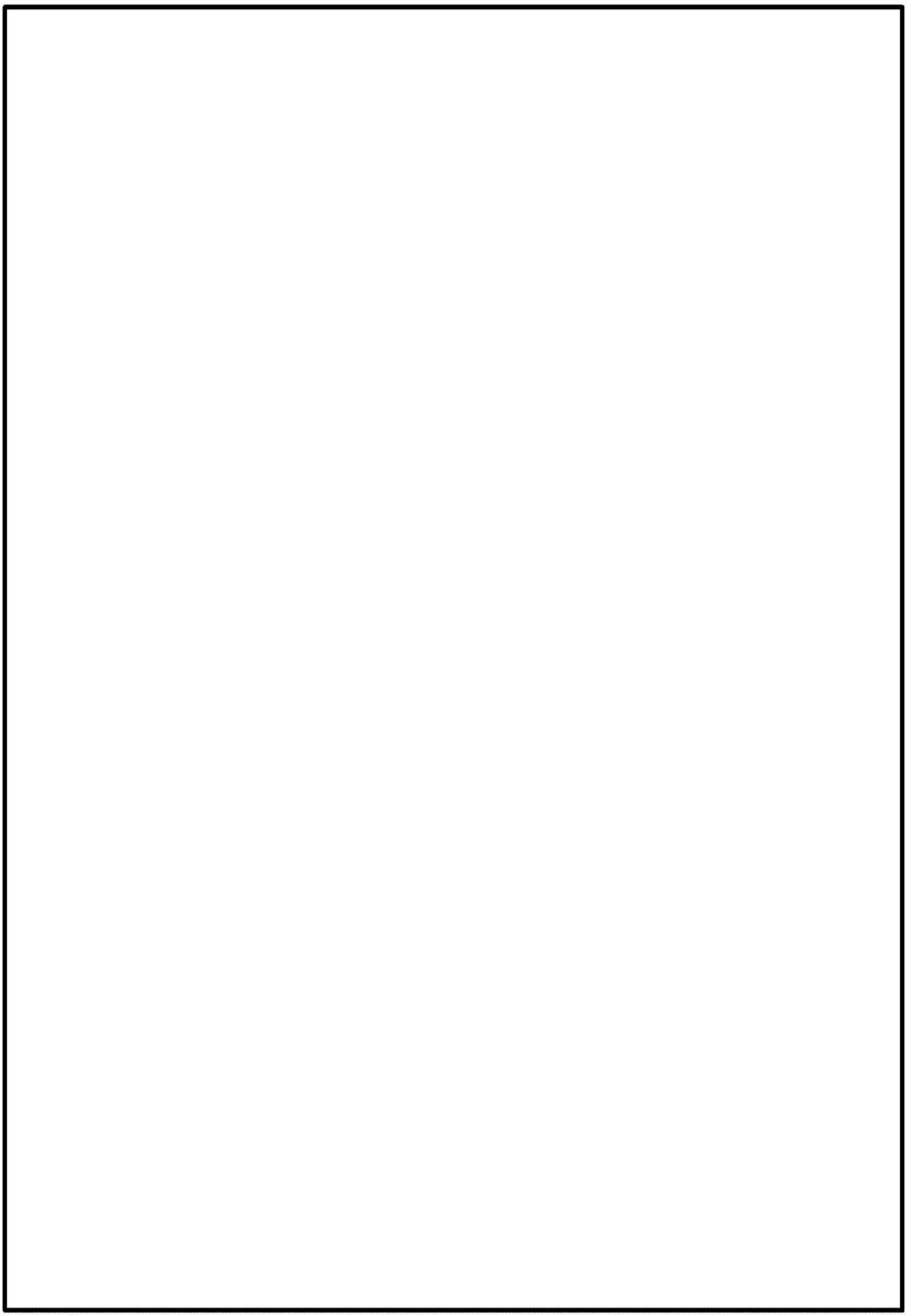
A balance of [redacted] must be available in the escrow account maintained by the Escrow Agent until the last EB-5 Petition is either approved or denied by USCIS. The Subscriber's funds deposited in escrow for the Cost Allocation Amount shall be disbursed as set forth in *Section I – Offering Summary – Subscription Procedure and Reserve Accounts – Subsection D* of the Private Placement Memorandum.

(b)(4)

8. RIGHTS AND DUTIES OF THE MANAGER.

(b)(4) [redacted]

(b)(4)



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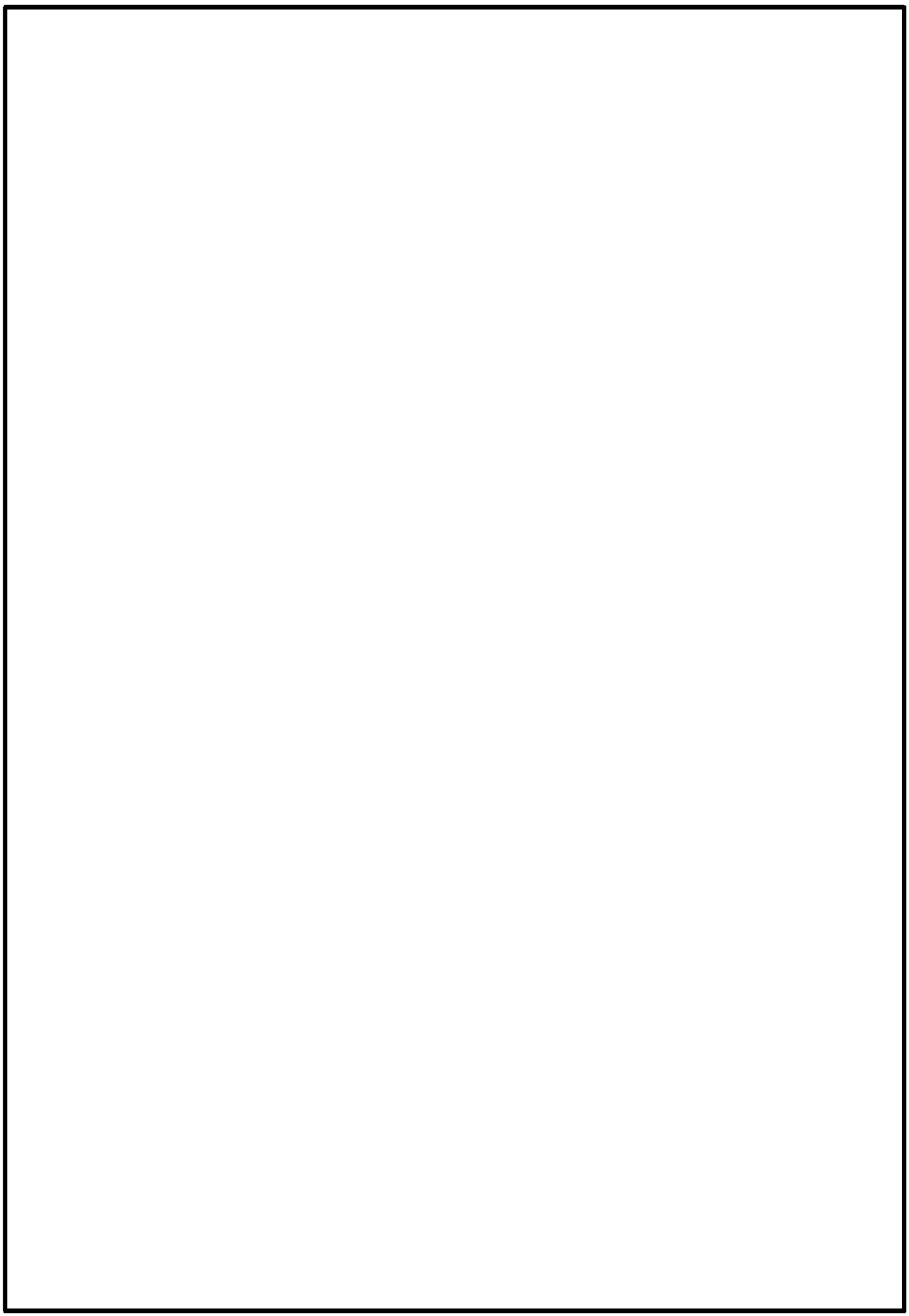

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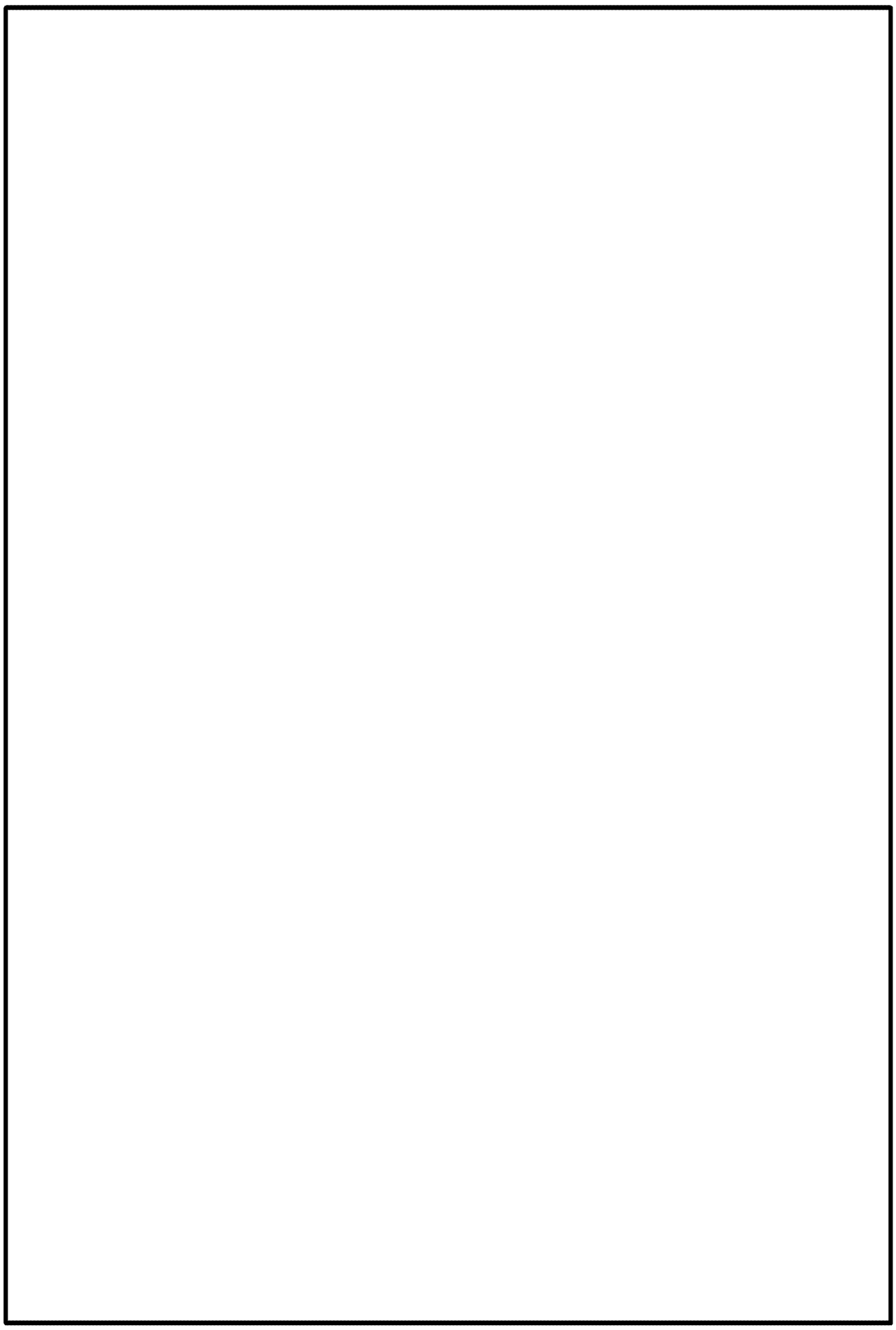

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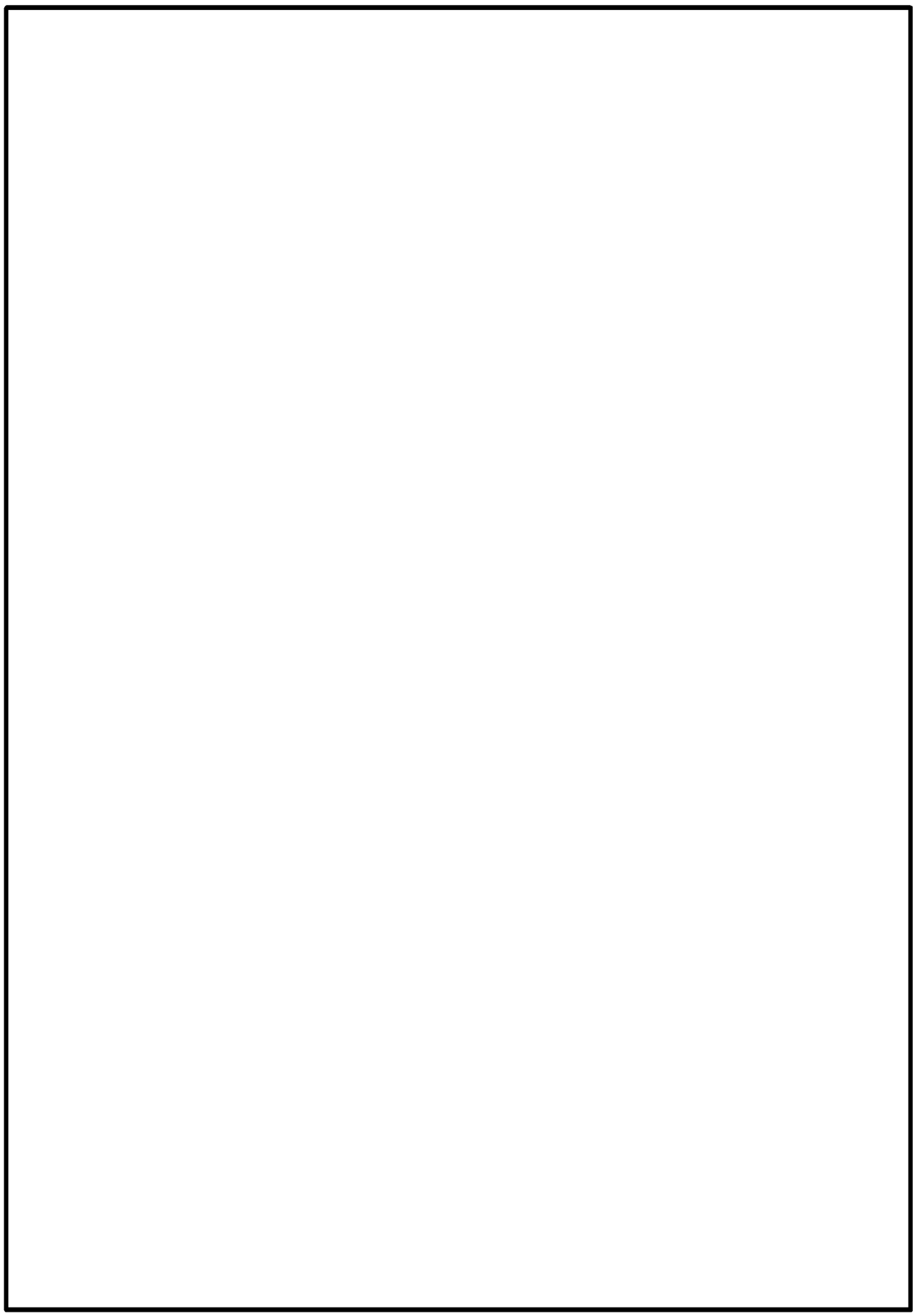

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9. **SALARIES AND EXPENSES.**

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10. **PROFITS, LOSSES, DISTRIBUTIONS AND JOB CREATION ALLOCATION.**

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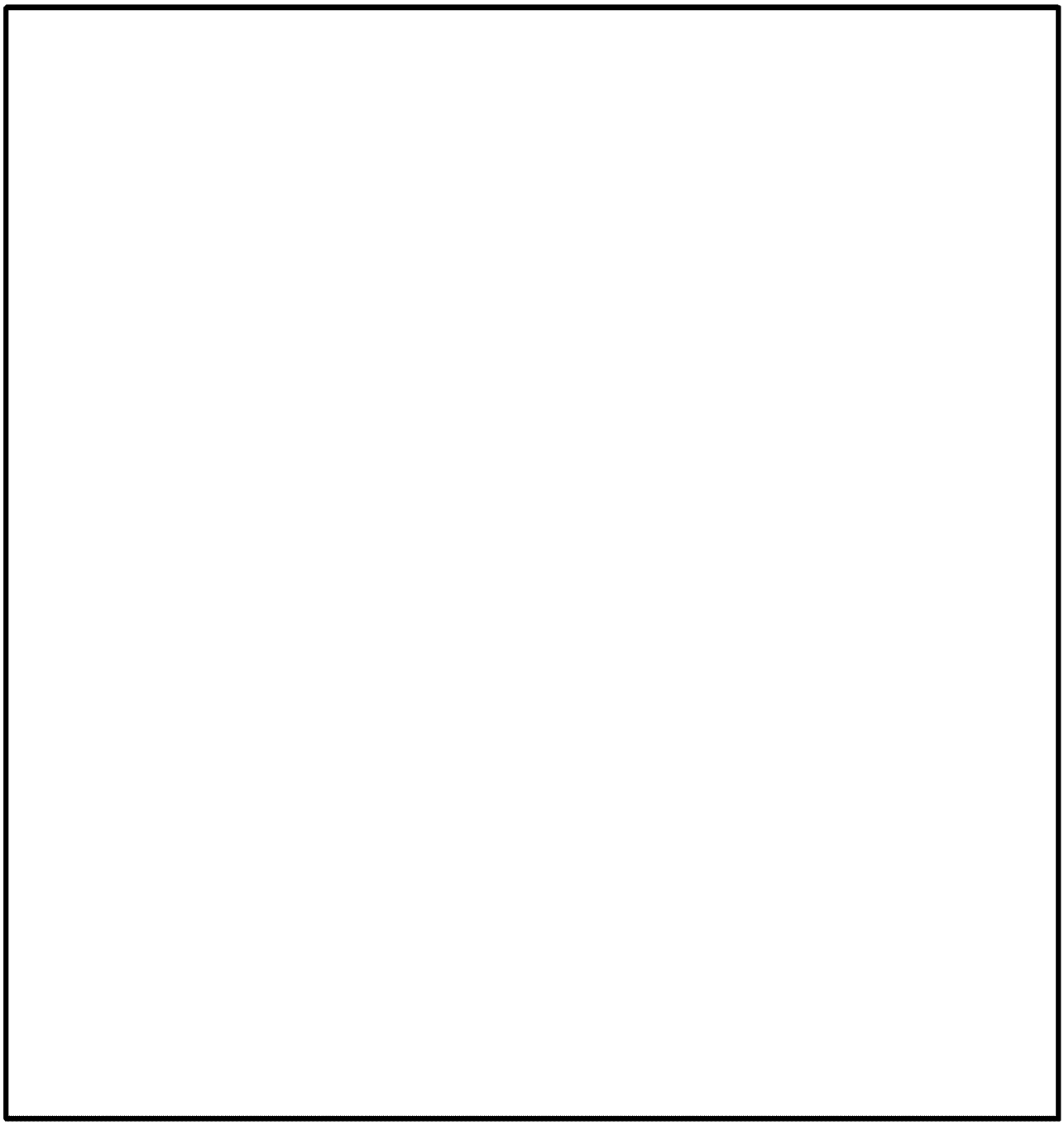

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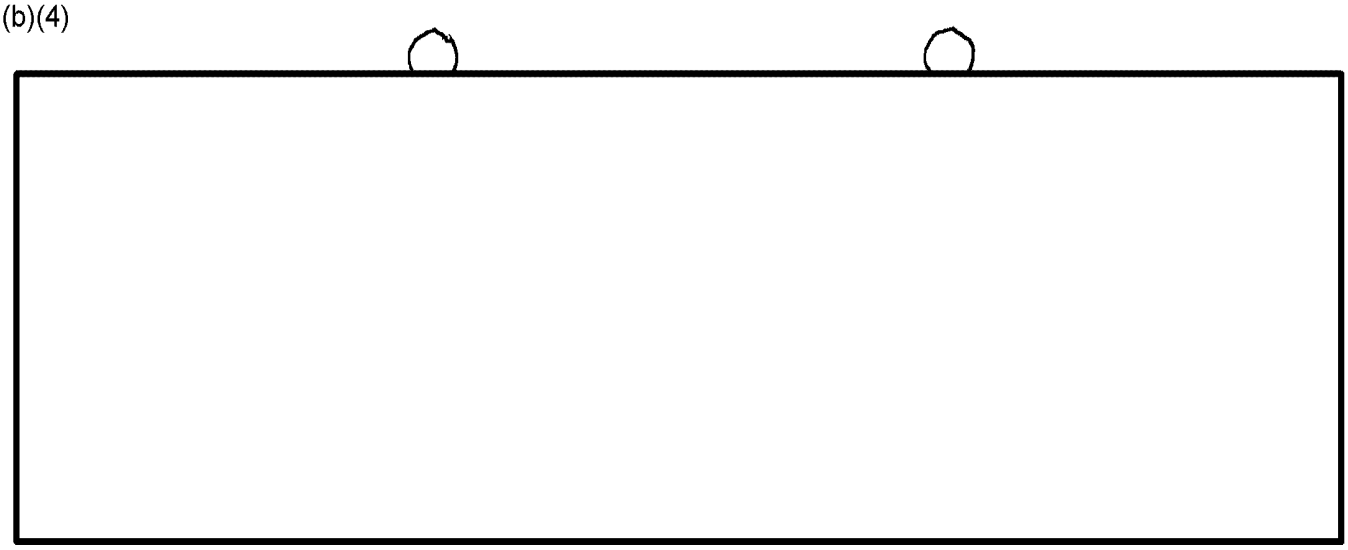

10.5 Allocation of Profit and Loss.

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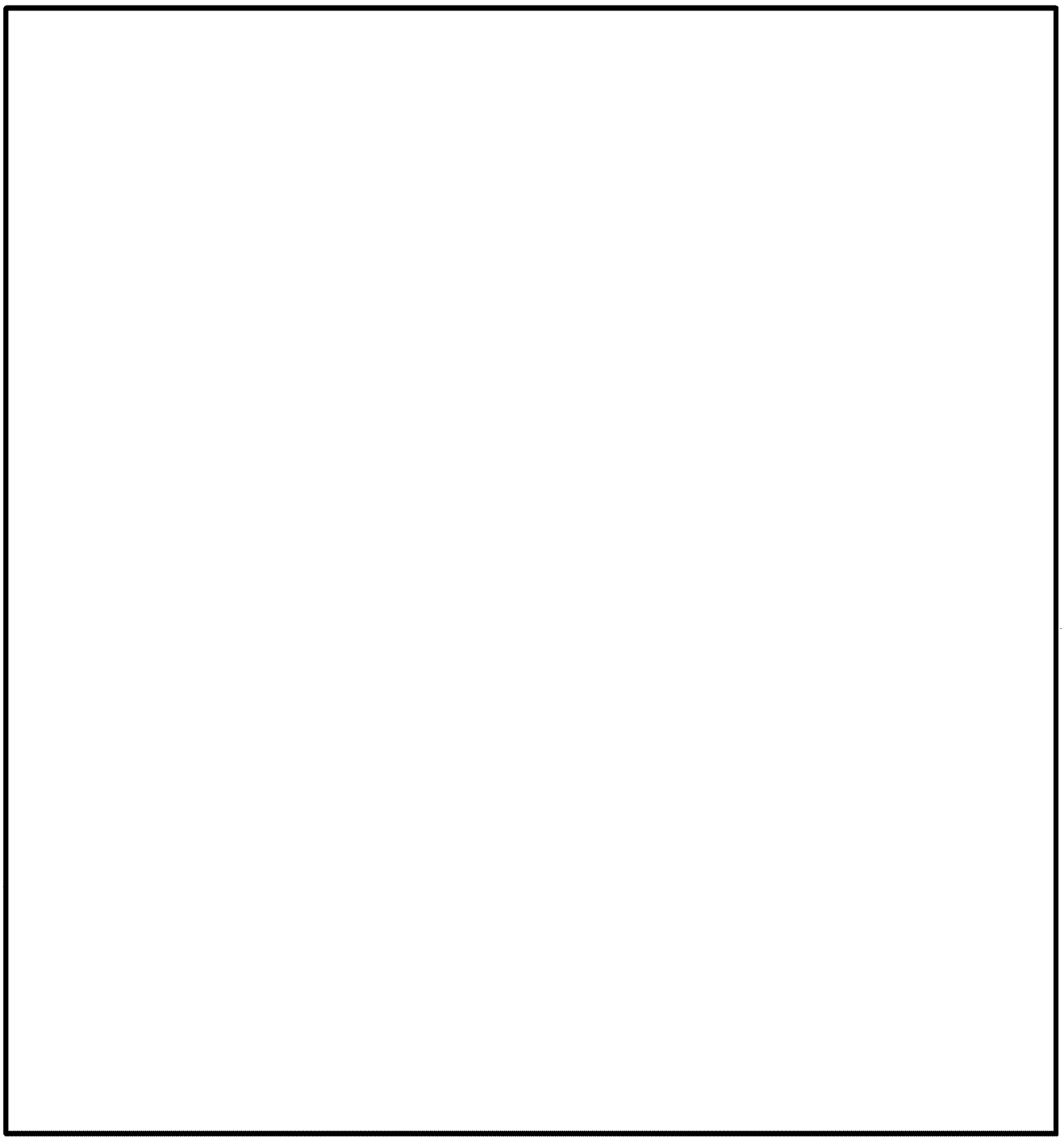

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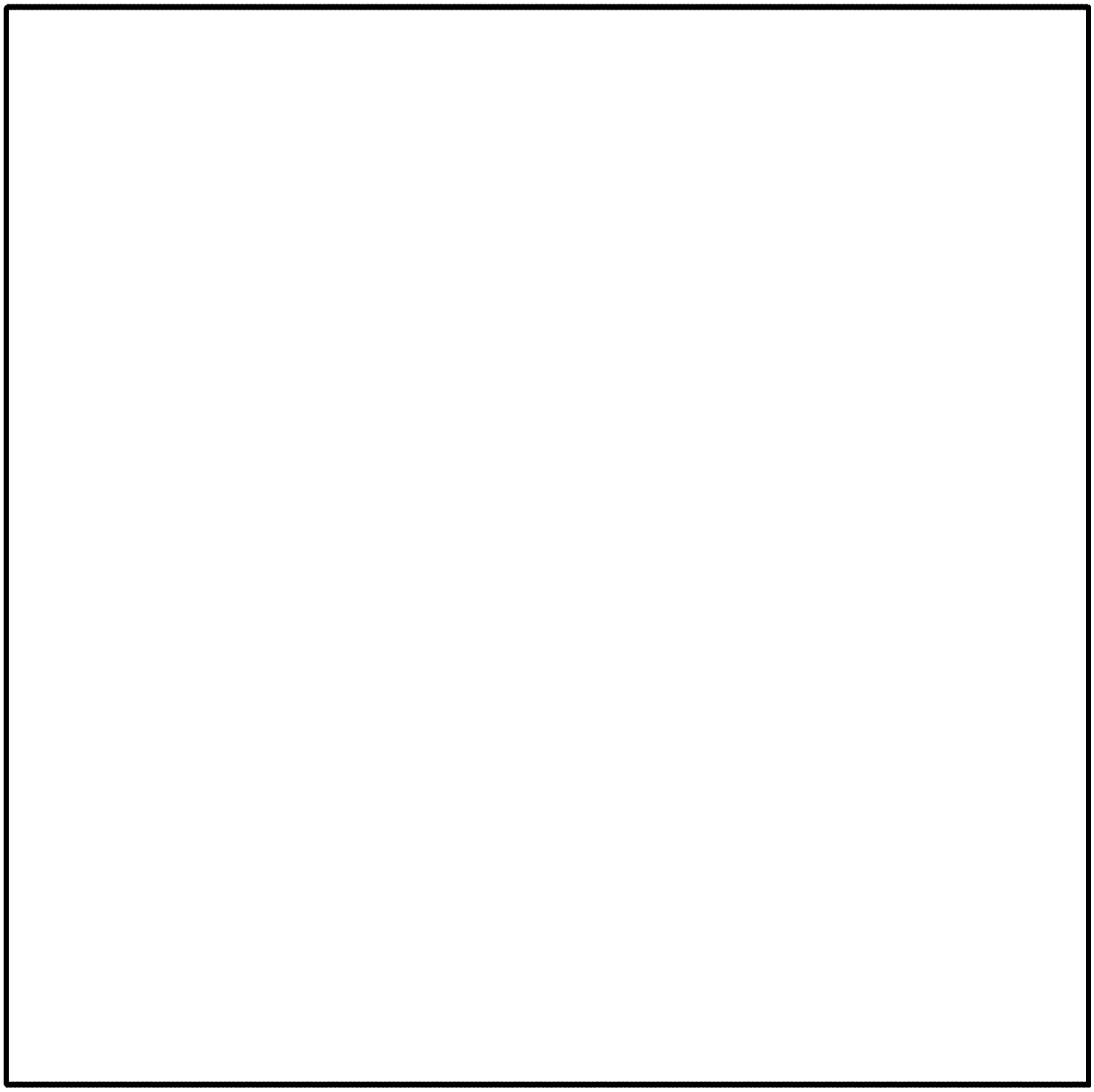

10.11 Authority of Manager to Vary Allocations to Preserve and Protect Members' Intent:

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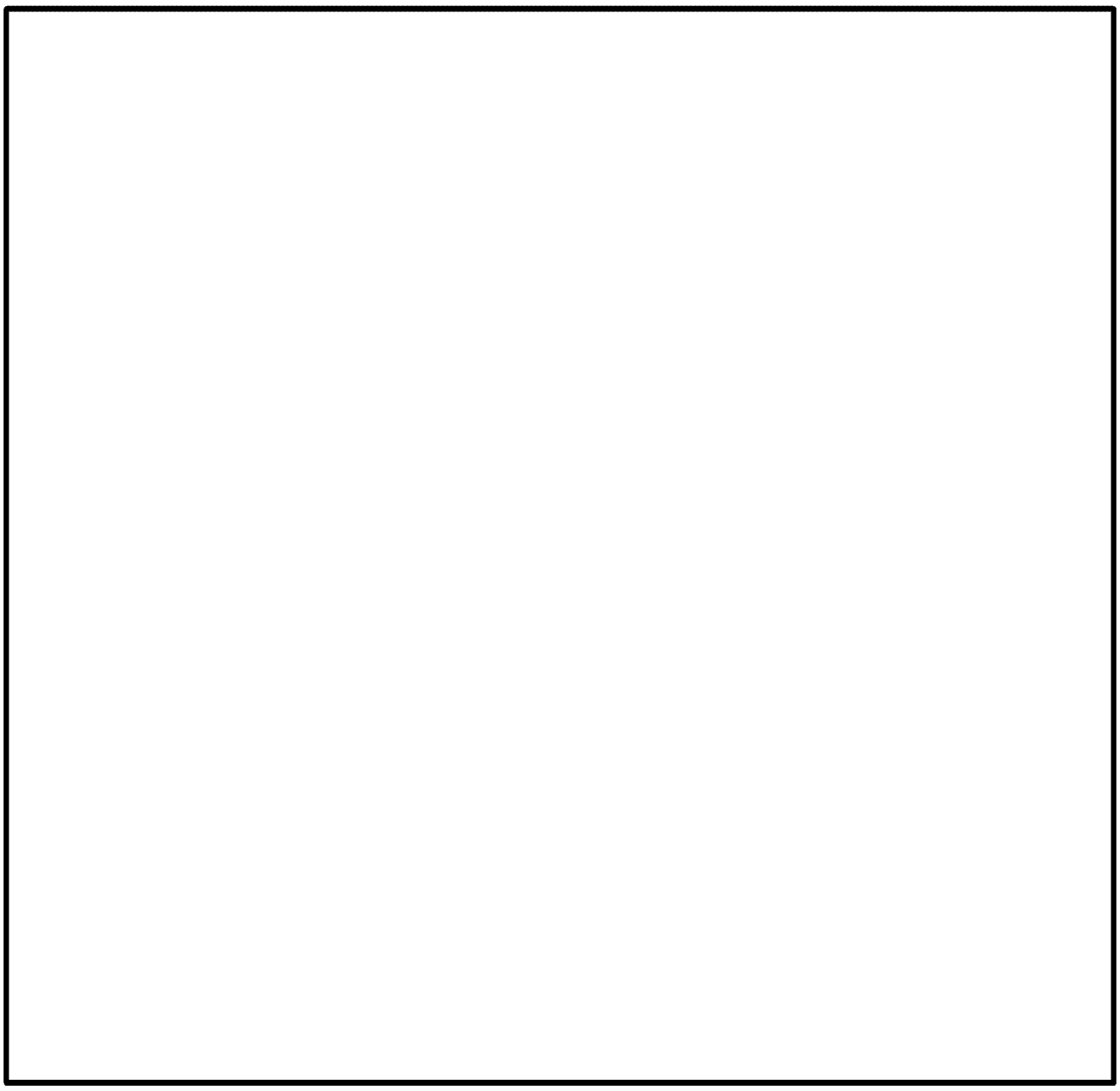

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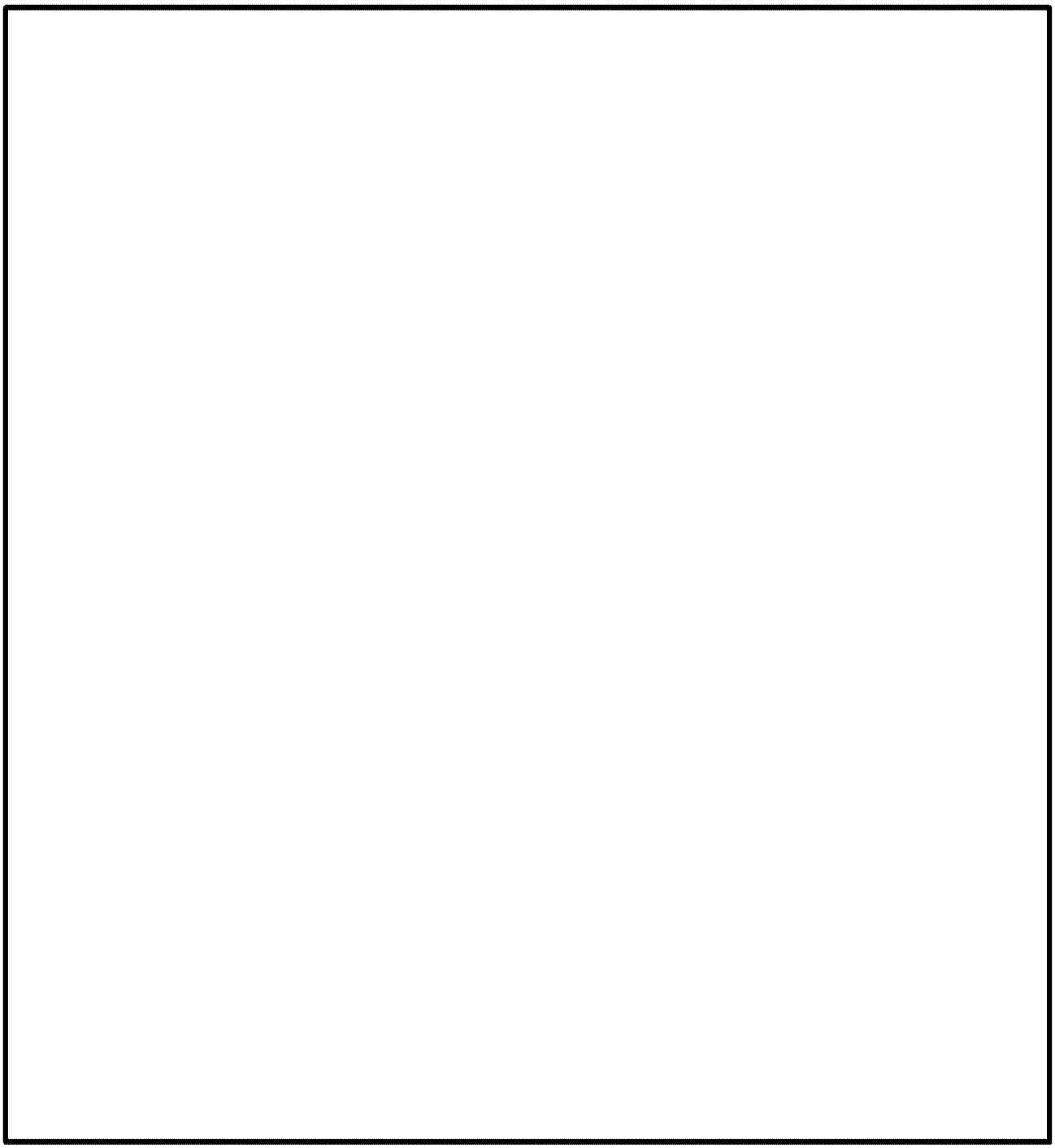

11. **SALE, DISSOLUTION AND LIQUIDATION.**

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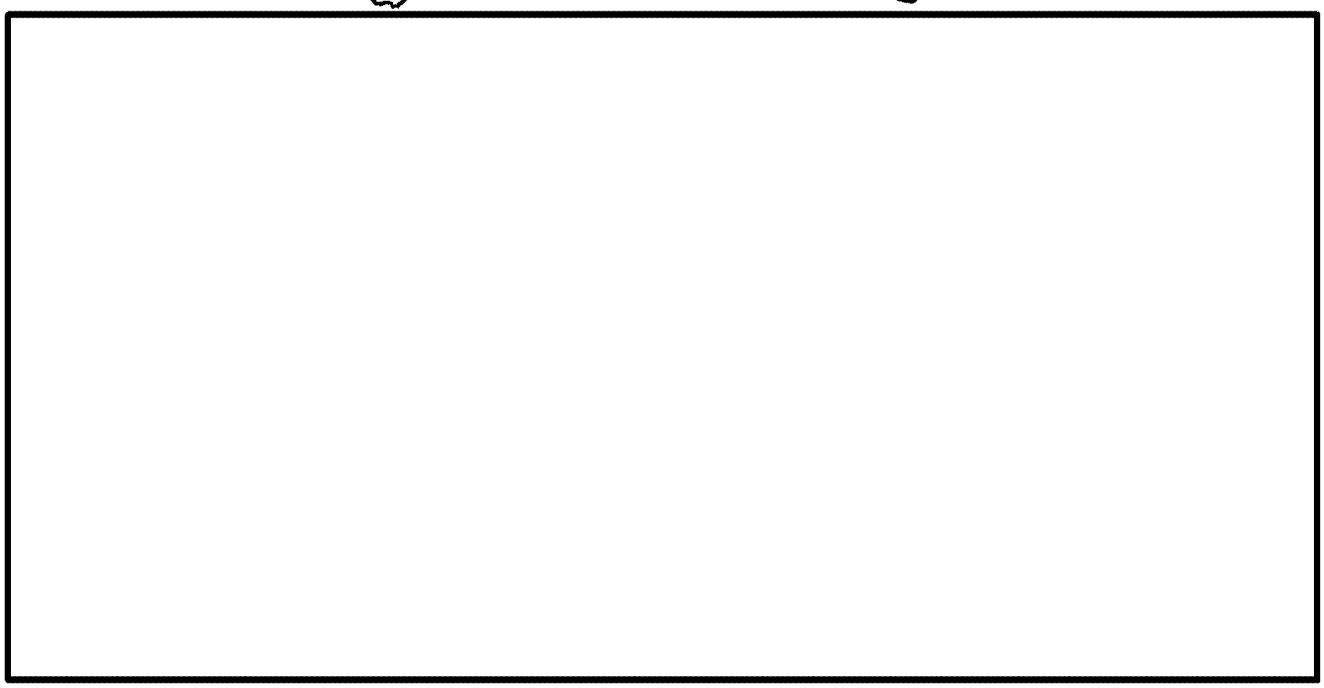
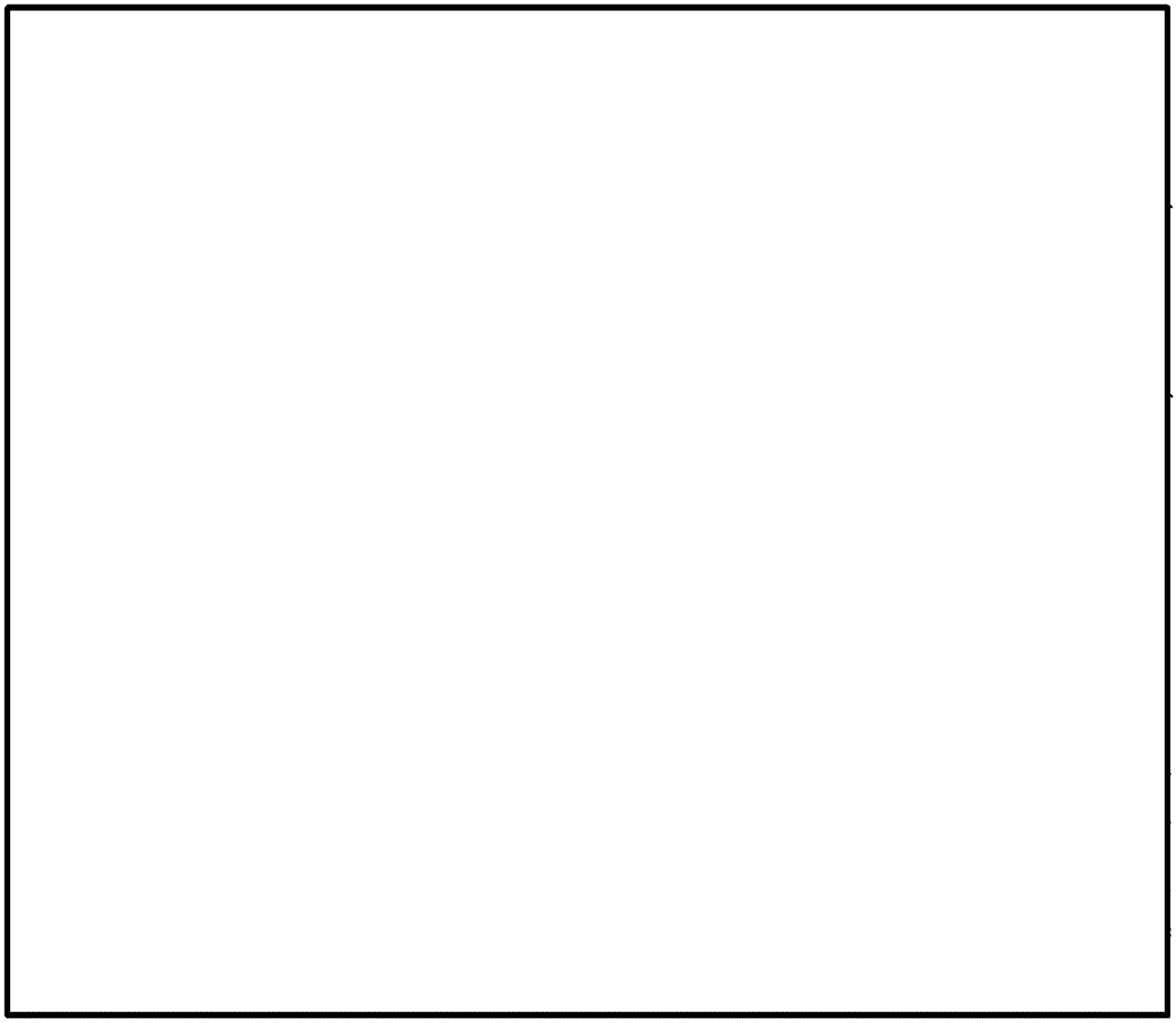


11.2 Winding Up and Distribution:

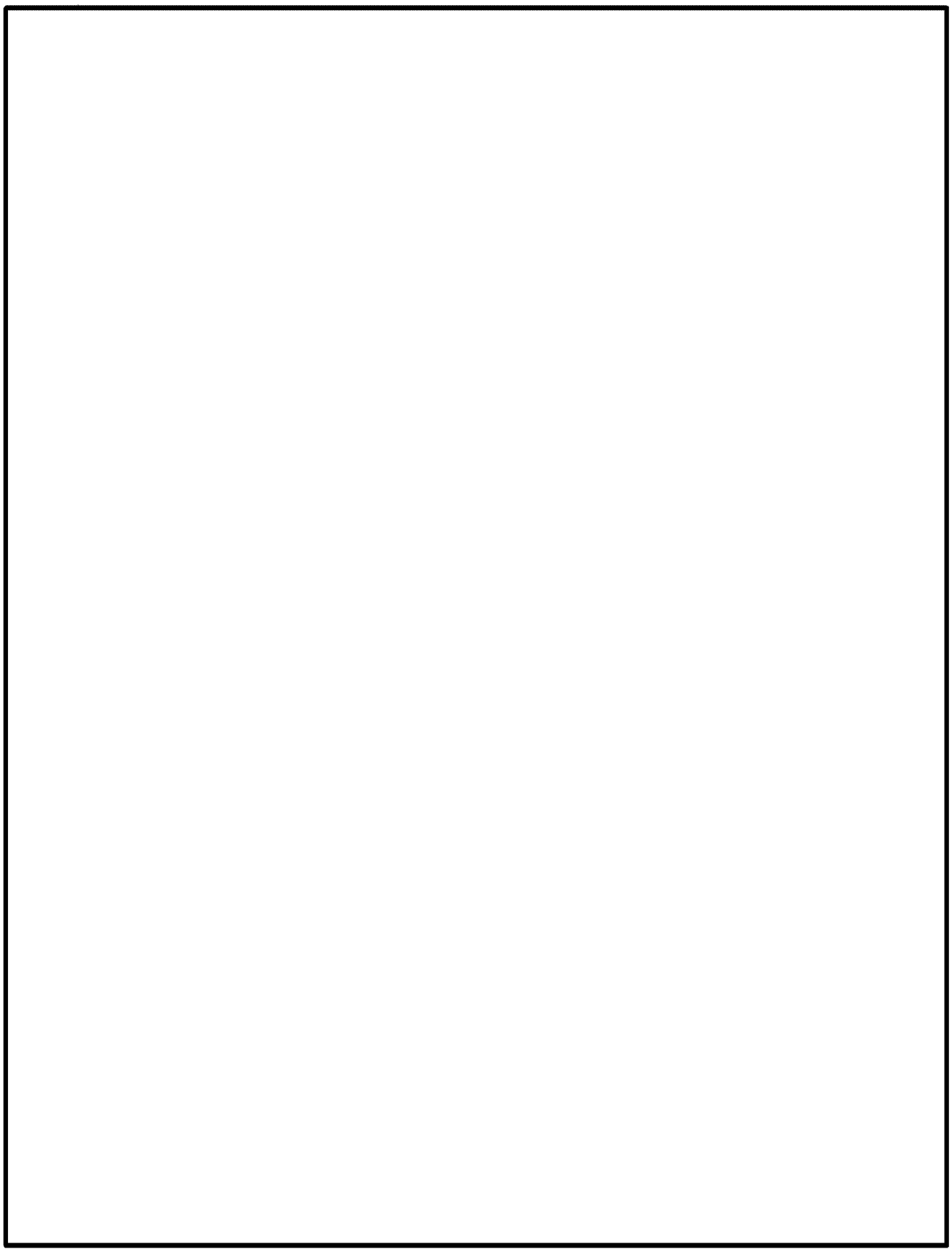
(b)(4)



12. INVESTING MEMBERS.

(b)(4)

12.1 Admission: The Manager is authorized to admit to the Company Investing Members.



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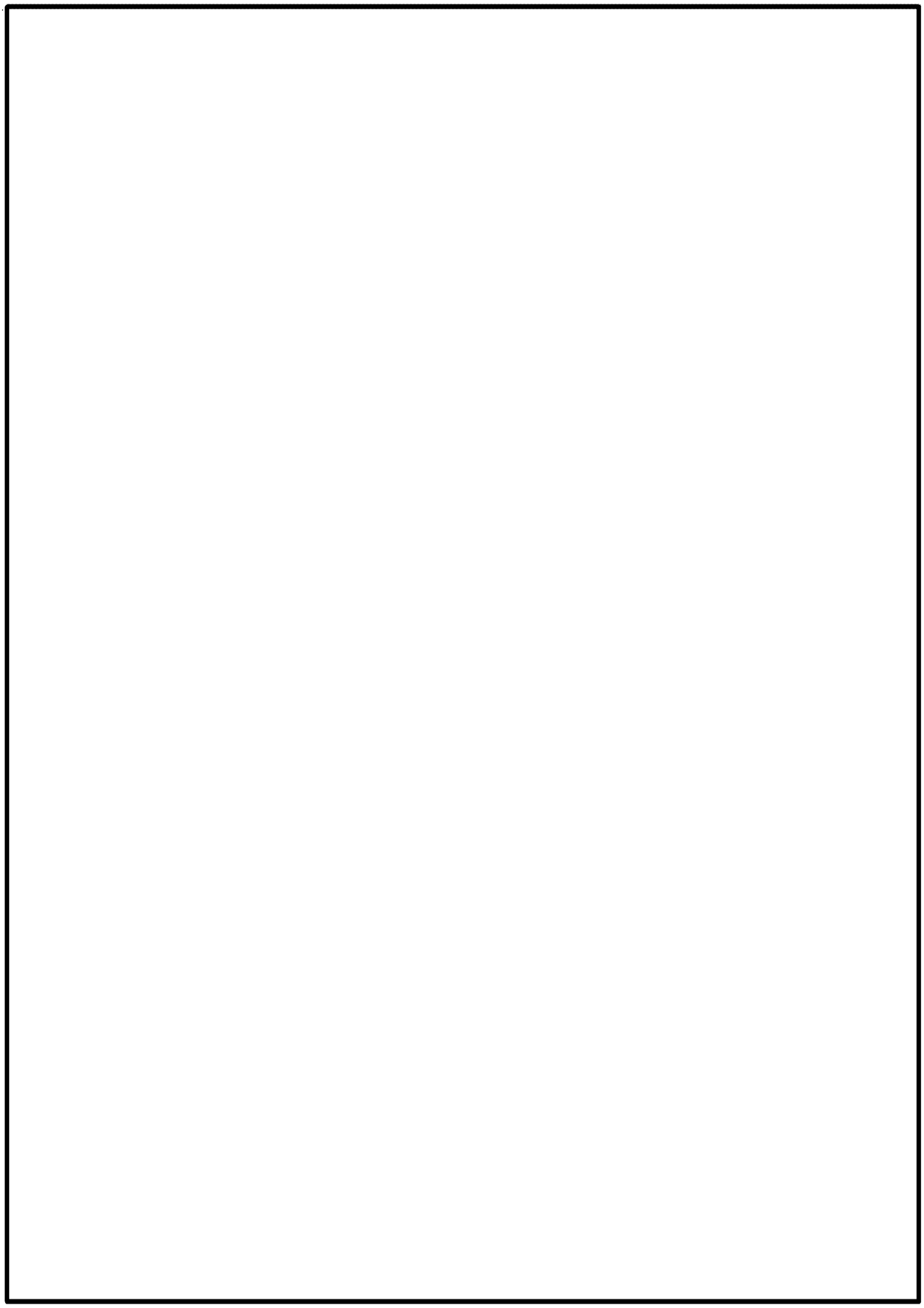

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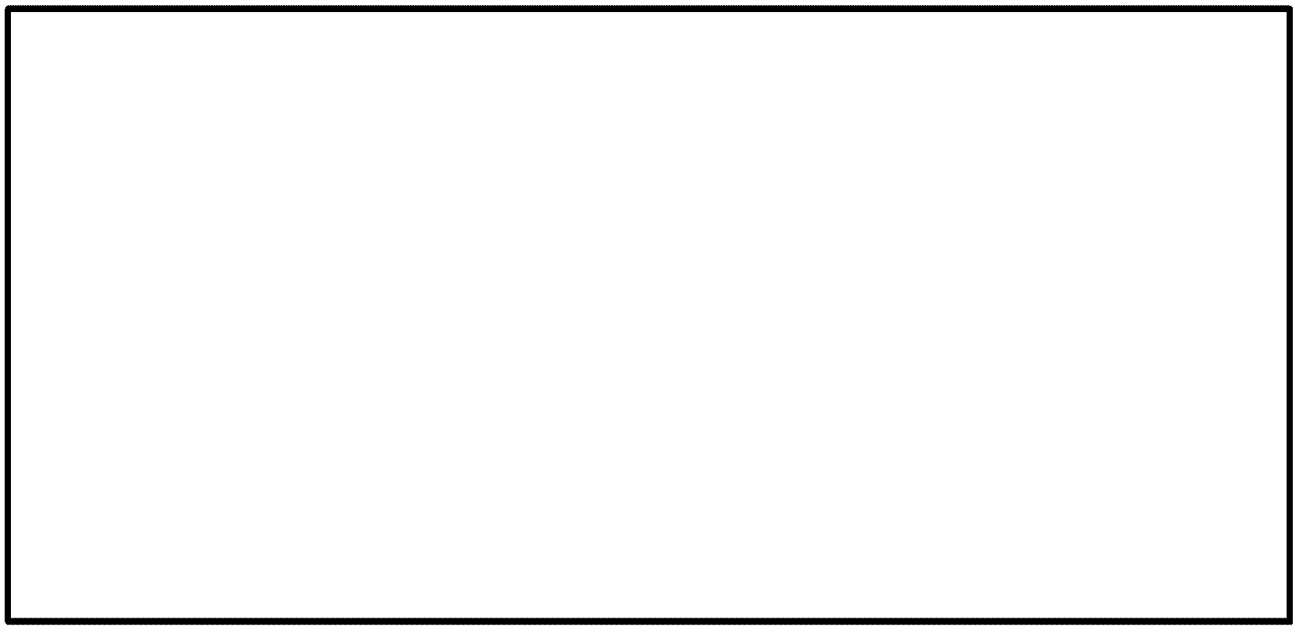
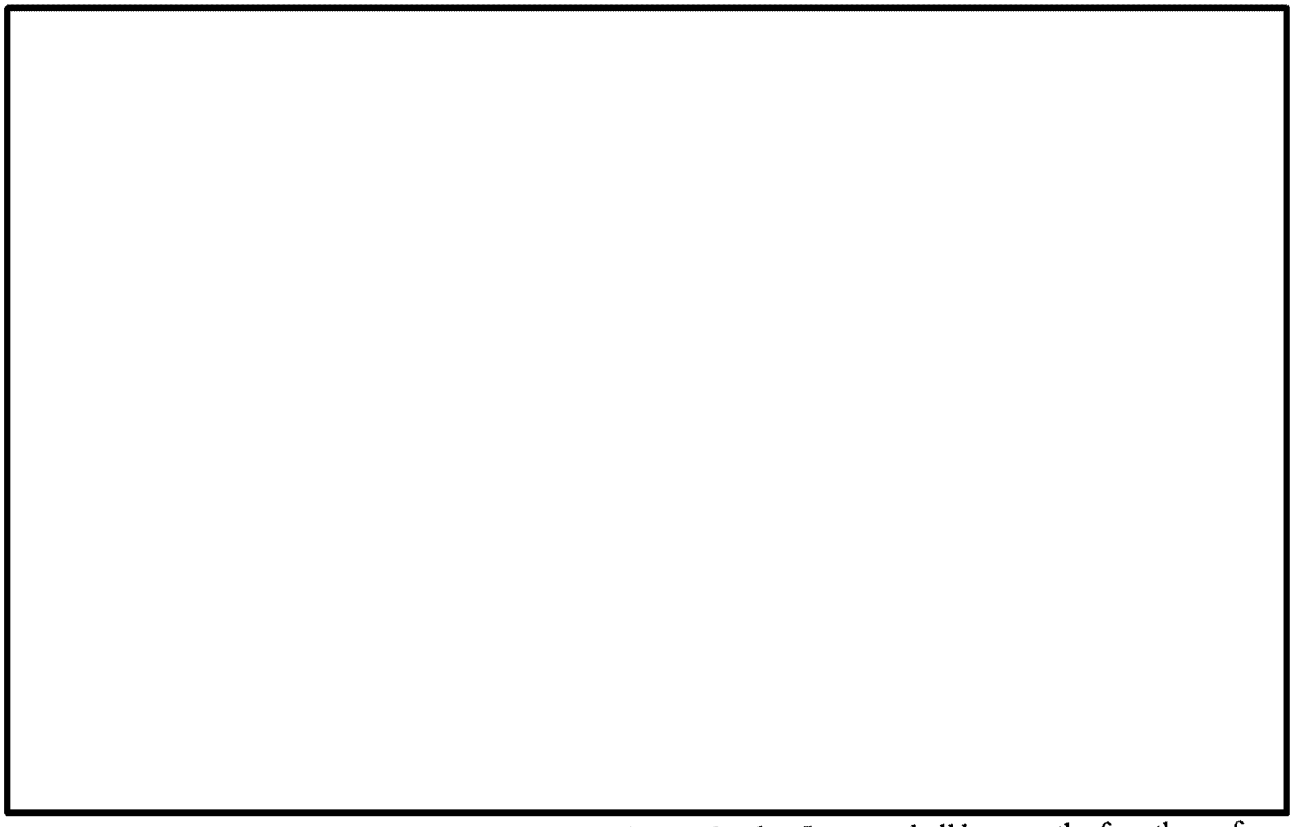


13. **RESTRICTIONS ON TRANSFER OF INVESTING MEMBER INTERESTS.**

(b)(4)



13.2 Legend: Any certificate representing a Member Interest shall bear on the face thereof legends substantially in the following form:

"THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), IN RELIANCE UPON THE EXEMPTIONS FROM REGISTRATION PROVIDED IN SECTIONS 3(B) AND 4(2) OF THE ACT AND IN REGULATION S PROMULGATED UNDER THE ACT, NOR WITH ANY

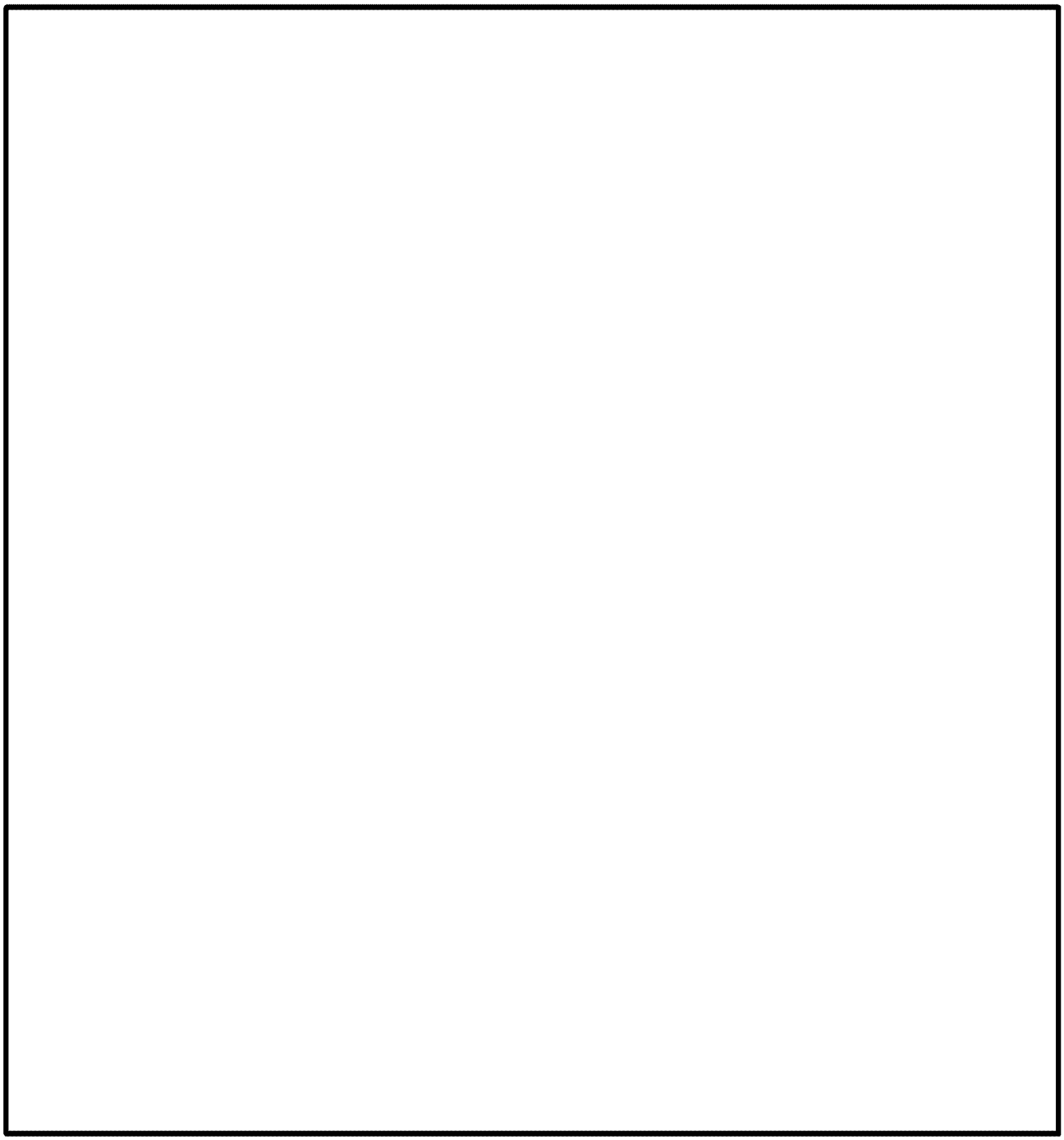
STATE SECURITIES REGULATORY AUTHORITY IN RELIANCE UPON PARTICULAR STATUTORY TRANSACTIONAL EXEMPTIONS. IT IS UNLAWFUL TO CONSUMMATE A SALE OR OTHER TRANSFER OF THIS SECURITY WITHOUT PRIOR RECEIPT OF AN OPINION OF COUNSEL FOR THE COMPANY TO THE EFFECT THAT SUCH PROPOSED SALE OR OTHER TRANSFER DOES NOT AFFECT THE EXEMPT STATUS OF THE ORIGINAL ISSUANCE AND SALE OF THIS SECURITY AND IS IN COMPLIANCE WITH ALL APPLICABLE STATE AND FEDERAL SECURITIES LAWS."

(b)(4)

14. **MISCELLANEOUS FINANCIAL AND ACCOUNTING MATTERS.**

(b)(4)

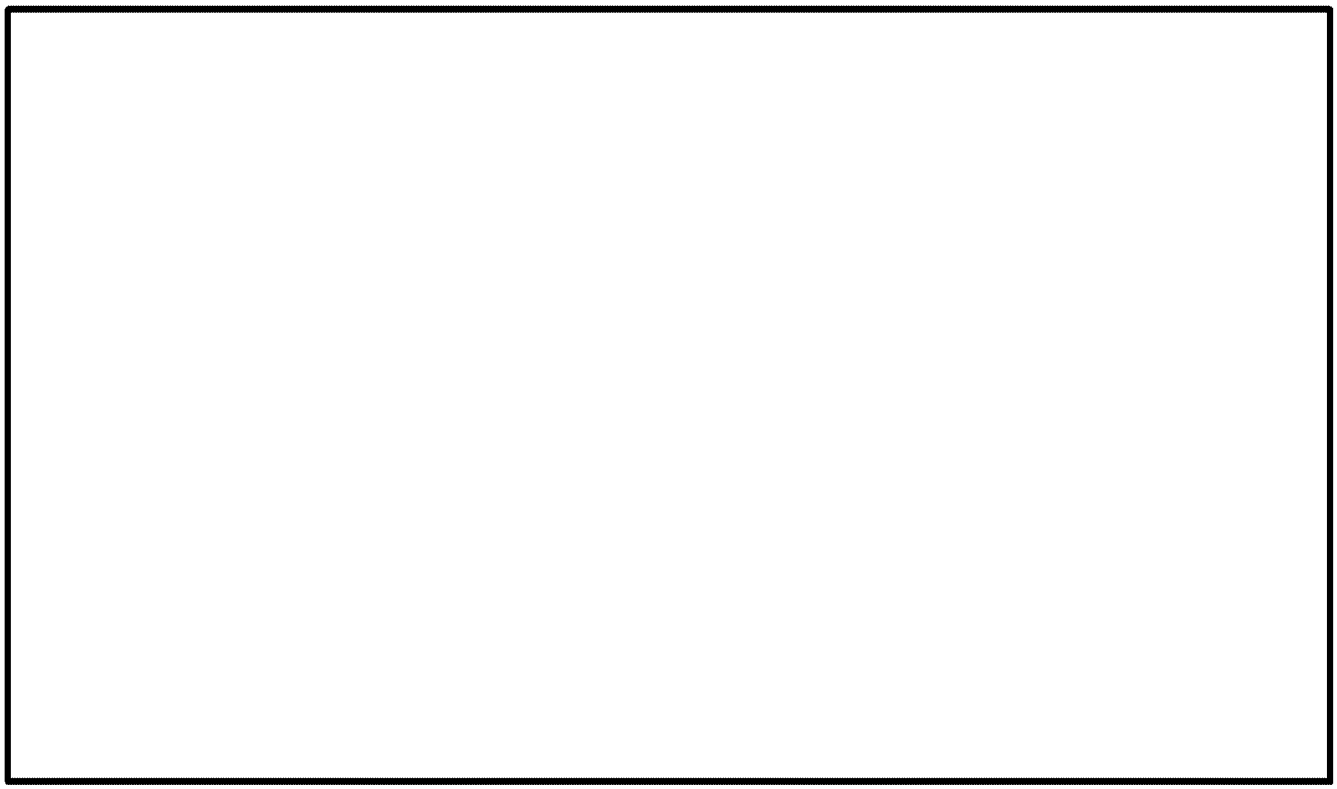
(b)(4)



15. **AMENDMENTS.**

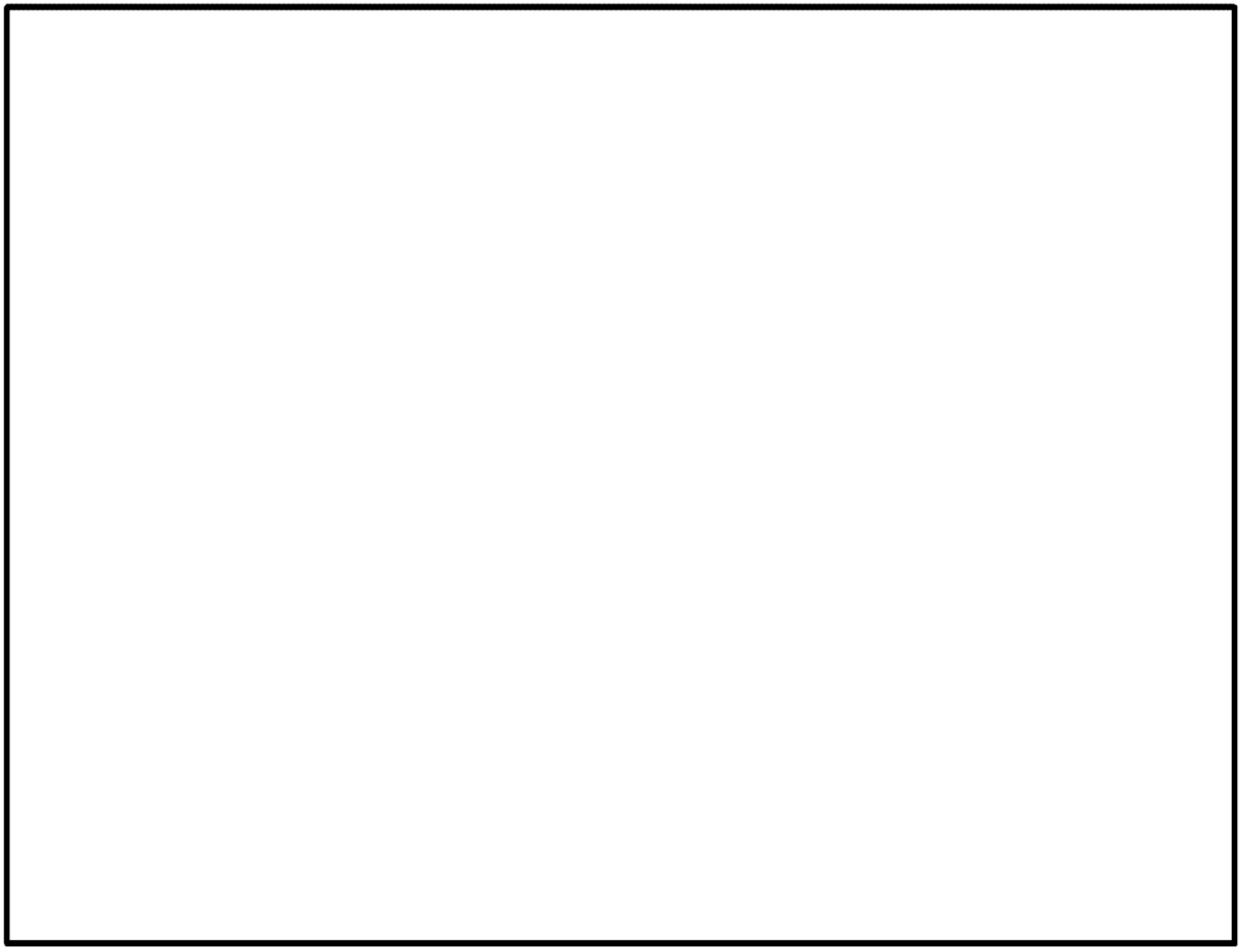
(b)(4)

(b)(4)



16. **POWER OF ATTORNEY.**

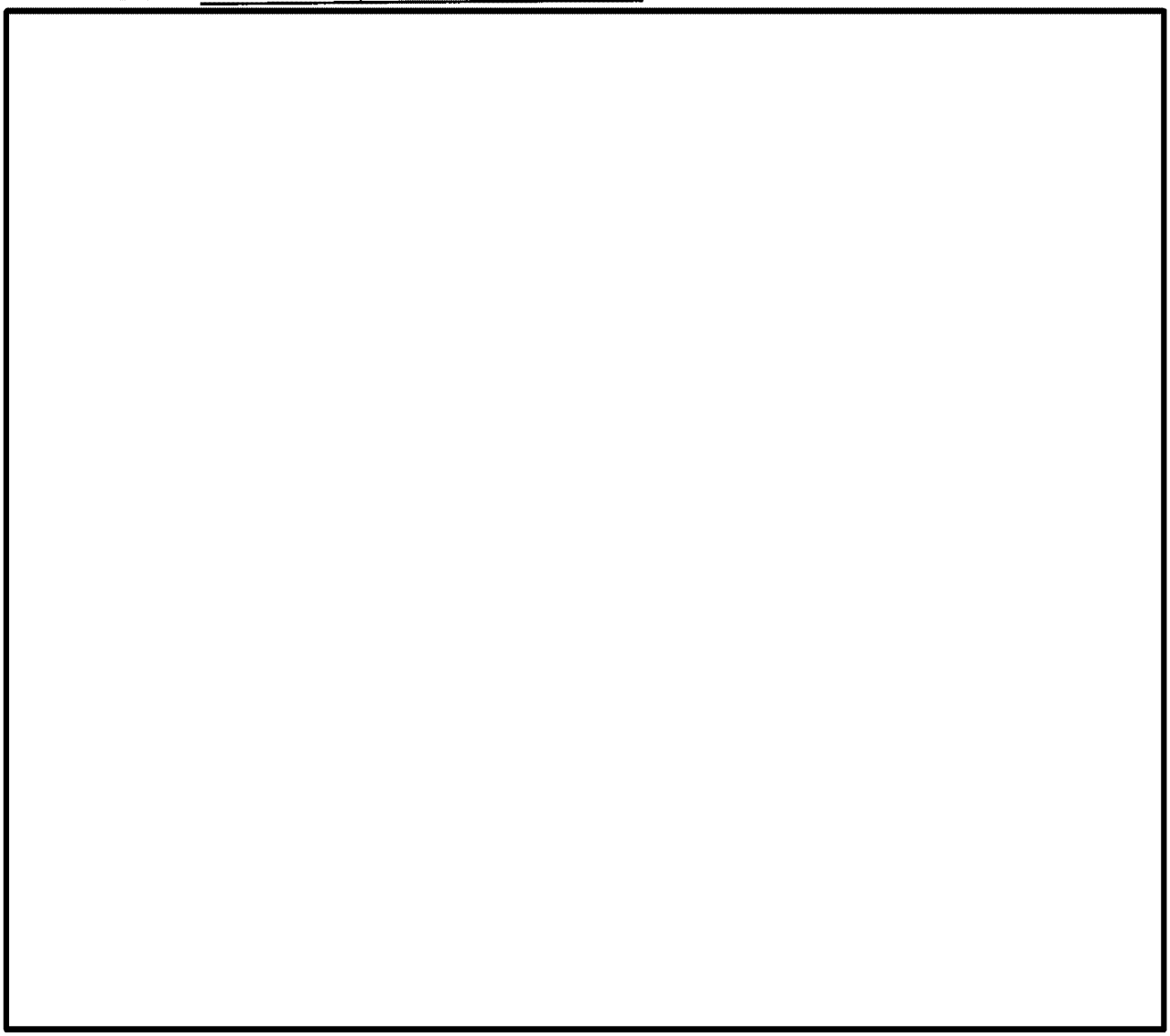
(b)(4)



(b)(4)

17. **MEETINGS; MEANS OF VOTING.**

(b)(4)



18. **WITHDRAWALS.**

(b)(4)

(b)(4) [redacted]

19. **REPRESENTATIONS OF THE MEMBERS.**

By their execution below, each Person as an inducement to be admitted to the Company as a Member represents and warrants to the Company as follows:

(a) The Person has the requisite legal and mental capacity to acquire the Member Interest and enter into this Agreement.

(b) The Person is an "accredited investor" (as such term is defined in Rule 501(a) of the Securities Act of 1933, as amended) and a sophisticated investor by virtue of his or her education, training and/or numerous prior investments made on his or her own behalf or through entities which it, alone or with others, controls. The Person is knowledgeable and experienced in financial and business matters. The Person is capable of evaluating the merits and risks of an investment in the Company. The Person is not a "U.S. Person" as such term is defined in Regulation S promulgated under the Securities Act of 1933, as amended. The Person did not receive an Offering Memorandum or any other offering materials, nor did the person receive an offer to purchase Member Interests in the Offering, while within the United States and did not execute their order to purchase Member Interests, by completing and delivering their Subscription Agreement and Capital Contribution as required by the Offering, from within the United States.

(c) The Person has been furnished or otherwise obtained all information necessary to enable it to evaluate the merits and risks of his or her prospective investment in the Company. The Person recognizes that the Developer has no prior operating history. The Person recognizes that the Project is in the development stage, there is no guarantee that the Project will be fully developed in accordance with current plans or if it is so developed that it will be developed in the levels and at the times currently predicted, and his or her future profitability or existence cannot be guaranteed. Even if the Project is completed and economically profitable, this does not assure that the Loan made by the Company will be repaid. An investment in the Company is highly speculative and the Person may suffer a complete loss of his or her investment.

(d) The Person has been furnished or has had access to any and all material documents and information regarding the Regional Center, the Company, the Developer and Management. The Person has had an opportunity to question the Developer and its officers, directors, members, trustees, or other Persons who control or manage the Developer, and receive adequate answers to such questions. The Person hereby acknowledges that the Regional Center has made available to the Person prior to any investment in the Company the Offering Memorandum and its exhibits, and all information requested by the Person and reasonably necessary to enable the Person to evaluate the risks and merits of an investment in the Company. The Person, after a review of this information and other information it has obtained, is aware of the speculative nature of any investment in the Company.

(e) The Person is aware that the Person will have to make the Capital Contributions required hereunder. The Person can bear the economic risk of the investment in the Company (including the possible loss of his or her entire cash payment) without impairing the Person's ability to provide for himself and/or his or her family in the same manner that the Person would have been able to provide prior to making an investment in the Company. The Person understands that it must continue to bear the economic risk of the investment in the Company for an indefinite period of time.

(f) The Person understands that the Member Interests have not been registered under the Securities Laws, inasmuch as the offering of Member Interests is being made to a limited group of potential investors and/or potential investors who are not residents of the United States, pursuant to applicable exemptions under the Securities Laws. The Person understands that it has no rights whatsoever to request, and that the Company is under no obligation whatsoever to furnish, a registration of the Member Interests under the Securities Laws.

(g) The Member Interest that the Person is acquiring is being acquired solely for his or her own account and is not being purchased with a view to, or for resale in connection with, any distribution within the meaning of the Securities Laws. The Person will not resell or offer to resell any Member Interests except in accordance with the terms of this Agreement and in compliance with all applicable Securities Laws, including Regulation S under the Securities Act of 1933, as amended, nor shall the Person conduct any hedging transactions involving the Member Interest except in compliance with the Securities Laws. Depending on the particular exemption from registration under the Securities Laws pursuant to which the Person acquires the Member Interests, as determined by the Company, such exemption may impose additional restrictions on the ownership and transferability of such Member Interest.

(h) The Person acknowledges that there is no current market for the Member Interests and none is anticipated to develop. Moreover, there are substantial restrictions on the Transfer of the Member Interests. Therefore, the Person has considered his or her prospective investment in the Company to be a long-term illiquid investment acceptable because the Person is willing and can afford to accept and bear the substantial risks of the investment for an indefinite period of time.

(i) The Person acknowledges that an investment in the Member Interests may be beneficial to foreign investors seeking lawful permanent residency in the United States pursuant to an EB-5 visa issued by USCIS, as more fully described in the Offering Memorandum. Failure of a Member to continue to own all the Member Interests it acquires may result in the denial of lawful permanent residence as an outcome of his or her investment in the Member Interests. There are other requirements of USCIS's EB-5 visa program which the Person must satisfy or risk denial of his or her EB-5 Petition Approval or his or her status as a conditional lawful permanent resident, as more fully described in the Offering Memorandum.

(j) The Person is aware that there is no assurance, representation or warranty, by any Person, that the Company will generate sufficient cash flow for Distribution to the Members.

(k) The Person understands that if it receives a Distribution from the Company in excess of that permitted by Law, the Person may be liable for the amount of such excess Distribution.

(l) The Person understands that major changes were made by tax laws enacted in the past, and more will likely be enacted in the future. The Person is aware that he should understand that the tax consequences of an investment in the Company are subject to change. The Person is further aware that this Agreement contains complex tax attribute allocations. The Person agrees that the Company and the Developer have not, will not, and cannot assure the Person that such allocations will be respected for federal income tax purposes by the United States Internal Revenue Service ("**IRS**"). Depending on which allocations were to be disregarded if challenged by the IRS, the Person's share of income, gains, losses, deductions and credits of the Company could be affected and could change. In such an event, the Person may have to amend his or her tax return for the year or years of such change(s).

(m) The Person understands that the income tax treatment of the Company and the ownership of Member Interests, whether direct or indirect, are complex and, in many cases, uncertain. Statutory provisions and administrative regulations have been interpreted inconsistently by the courts. Additionally, some statutory provisions remain to be interpreted by administrative regulations. It is possible that the IRS may successfully challenge the tax treatment accorded certain items by the Company.

(n) The Person is aware that the IRS may audit the income tax returns of the Company and may audit the Person's income tax return (if applicable) as the result of the Person's investment in or claimed deductions or losses from his or her investment in the Company. Such deductions and losses, when taken together with other items reported on the Person's tax return, may prompt the IRS to examine the Person's return, both as to income and deductions relating to the Company and as to other matters. The Company cannot assure the Person that such an audit or examination will not occur or that the Person will not incur additional liability and costs as a result of any such audit or examination.

(o) The Person understands that the Company may have the authority to negotiate, settle and compromise matters with the IRS relating to all Members of the Company. The Manager may take positions on issues or effect compromises binding on all Members which the Manager believes are in the best interests of the Company, but which may not be in the best interests of individual Members, including such Person. In the event of audit, each Person must consult with his or her own tax advisor with respect to such Person's rights and obligations.

20. MISCELLANEOUS.

20.1 Copies of Documents: Promptly upon the execution and delivery of this Agreement, the Manager shall deliver to each Investing Member a conformed copy of this Agreement and of the Certificate (in the form in which it has been filed) (by electronic delivery at the option of the Company).

20.2 Notices: Any notice, payment, demand, offer or other communication required or permitted to be given by any provision of this Agreement shall be deemed to have been delivered and

given for all purposes (a) if personally delivered, (b) whether or not actually received, if sent by registered or certified mail, postage prepaid, or (c) by electronic delivery, addressed as follows:

(1) if to the Company, at the mailing address of the Regional Center set forth below; and

(2) if to an Investing Member, at the address of such Investing Member set forth in Schedule 1 hereto or such other address as such Investing Member may designate by notice to the Company.

All notices except notices of change of address shall be deemed given when mailed, and notices of change of address shall be deemed given when received.

20.3 Arbitration: Any dispute, controversy or claim arising out of or in connection with, or relating to, this Agreement or any breach or alleged breach hereof, except allegations of violations of federal or state securities laws, shall, with the consent of the Manager (which must be given, if at all, in writing and within ten days of the date such matter matures), be submitted to and settled by arbitration in the State of Delaware, pursuant to the rules then in effect of the American Arbitration Association (or at any other place or under any other form of arbitration mutually acceptable to the parties so involved), with venue in Asheville, Buncombe County, North Carolina. Any award rendered shall be final and conclusive upon the parties, and a judgment thereon may be entered in the highest court of the forum, state or federal, having jurisdiction. The expenses of the arbitration shall be borne equally by the parties thereto provided that each party shall pay for and bear the cost of its own experts, gathering of evidence and counsel's fees, except that in the discretion of the arbitrator, any award may include the cost of the party's counsel fees if the arbitrator expressly determines that the party against whom such award is entered has caused the dispute, controversy or claim to be submitted to arbitration as a dilatory tactic or that such matter is frivolous.

20.4 Remedies; Specific Performance: The Company and the Members shall be entitled to all available legal and equitable remedies against each other, including specific performance of the obligations to make Capital Contributions on the terms set forth herein, and recovery of all damages or losses of the Company caused by any Member's default (including, without limitation, attorney's fees and costs paid or incurred in any legal or equitable action).

20.5 Severability: Each provision hereof is intended to be severable, and the invalidity or illegality of any portion of this Agreement shall not affect the validity or legality of the remainder hereof.

20.6 Captions: Paragraph captions contained in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or extend, or describe the scope of this Agreement or the intent of any provision hereof.

20.7 Person or Gender: The masculine gender shall include the feminine and neuter genders, the singular shall include the plural, and the word "person" shall include an individual, corporation, trust, partnership or other form of association.

20.8 Binding Agreement: Subject to the restrictions on assignment herein contained, the terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the successors, assigns, personal representatives, estates, heirs and legatees of the respective Members.

20.9 Applicable Law: Notwithstanding the place where this Agreement may be executed by any of the parties hereto, the parties expressly agree that all the terms and provisions hereof shall be construed under the laws of the State of Delaware as now adopted or as may hereafter be amended and same shall govern the Company aspects of this Agreement.

20.10 Entire Agreement: This Agreement constitutes the entire agreement of the parties hereto with respect to the matters set forth herein and supersedes any prior understanding or agreement, oral or written, with respect thereto. There are no agreements, understandings, restrictions, representations, or warranties among the parties other than those set forth herein or herein provided for.

20.11 Agreement in Counterparts: This Agreement may be executed in any number of counterparts and all so executed shall constitute one Agreement, binding on all the parties hereto, notwithstanding that all the parties are not signatories to the original or the same counterpart.

20.12 Qualification in Other Jurisdictions: In the event the business of the Company is carried on or conducted in one or more states in addition to the State of Delaware, the Company shall exist under the laws of each state in which business is actually conducted by the Company, and the parties will execute such further documents as may be appropriate in order that the Manager may legally qualify the Company in each such state. The power of attorney granted to the Manager by each Investing Member in Section 16, shall constitute the authority of the Manager to perform the ministerial duty of qualifying this Company under the laws of any state in which it is necessary to file documents or instruments of qualification. A Company office or principal place of business in any state may be designated from time to time by the Manager.

20.13 Waiver of Partition: Each of the parties hereto irrevocably waives during the term of the Company any right to maintain any action for partition with respect to any Company property.

20.14 Litigation: The Company shall prosecute and defend such actions at law or in equity as may be necessary to enforce or protect the interest of the Company. The Company shall respond to any final decree, judgment or decision of any court, Manager or authority having jurisdiction in the premises. The Company shall satisfy any such judgment, decree or decision, first out of any insurance proceeds available therefore, and next out of assets of the Company. The cost of defending any actions brought against the Company with respect to Company matters shall be borne by the Company except as otherwise provided in this Agreement.

20.15 Time: Time is of the essence to this Agreement.

20.16 Remedies Not Exclusive: Any remedies herein contained for a breach of obligation hereunder shall not be deemed to be exclusive, and shall not impair the right of any party to exercise any other right or remedy, whether for damages, injunction or otherwise.

20.17 Force Majeure: If any party is rendered unable, in full or in part, by Force Majeure, to carry out its obligations under this Agreement, other than the obligations to make distributions to the Members, the obligations of such parties, to the extent affected by such Force Majeure, shall be suspended during, but no longer than, its continuance. Any affected party shall use all reasonable diligence to remedy such Force Majeure as quickly as possible, provided that this obligation shall not require the settlement of strikes, lockouts, or other labor difficulties by such party and provided further that all such difficulties shall be handled entirely at the discretion of the Manager.

For purposes of this section, Force Majeure means an act of God, strike, lockout or other similar disturbance or interruption, act of a public enemy, war, blockage, public riot, lightning, fire, storm, flood, explosion, governmental restraint, unavailability of equipment and any other act or event, whether of the kind specifically enumerated above or otherwise, which is not within the control of the Manager.

20.18 Legal Counsel: Legal counsel for the Regional Center or one of its Affiliates may also represent the Company in connection with legal work or issues arising in connection with the Company. Each Member recognizes and acknowledges that any such counsel will be acting as legal counsel for the Company and the Regional Center with respect to each such matter and shall not be acting as the legal counsel of any individual Member. Each Member further recognizes and accepts that his or her interest with respect to any such matter may be adverse to the interests of the Regional Center and of the Company. Each Member nevertheless consents to the representation of the Company and the Regional Center by such counsel with respect to each such matter and waives for the benefit of the Regional Center of such counsel any potential or actual conflict of interest between or among such Members and between any such Members and the Company. Each Member acknowledges that in the event of any future dispute or litigation between or among the Members and/or between any of the Members and the Company, such counsel may continue to represent the Company, notwithstanding any such dispute and its prior representation of the Company.

20.19 Advice from Independent Legal Counsel; Voluntary Agreement: Notwithstanding Section 20.18, the Members represent and warrant that (a) each of them has had the opportunity to be represented by legal and tax counsel of its choice, (b) each of them has had the opportunity to consult with such counsel regarding this Agreement, and (c) except as set forth herein, each of them has not relied in any way on any representation or other statement made by any other Member (including the Manager) or its legal or tax counsel or by any other Person.

20.20 Patent Errors: The Members hereby authorize and direct the Manager to correct patent errors and to fill in any blanks, which blanks shall not be substantive to the terms hereof, in this Agreement or in any exhibit, instrument, document or agreement related hereto and to attach hereto or thereto any exhibits or schedules which are a part hereof or thereof.

20.21 Currency: All references to "dollars" in this Agreement shall mean U.S. dollars.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the date first above written.

MOUNTAIN AIR LENDERS, LLC,
a Delaware limited liability company

By: Mountain Air Manager, LLC,
a North Carolina limited liability company
it's Manager

By: _____
Name: _____
Title: _____
Dated: _____

MOUNTAIN AIR LENDERS, LLC
OPERATING AGREEMENT

SIGNATURE PAGE

_____
(Signature)

Print Name:_____

Address:_____

Telephone:_____

Tax I.D. or Social Security #:_____

Number of Units:_____

Email Address:_____

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SCHEDULE 1

SCHEDULE 2

Exhibit 9

Mountain Air EB-5 Job Allocation Agreement

EB-5 JOB ALLOCATION AGREEMENT

THIS EB-5 JOB ALLOCATION AGREEMENT ("Agreement") is made this _____ day of February, 2012 by and between **MOUNTAIN AIR LENDERS, LLC** ("**Company**"), a Delaware limited liability company having its principal place of business located in Asheville, Buncombe County, North Carolina; and _____ ("**Investor**").

WHEREAS, Company is a business with an investment opportunity associated with **APPALACHIAN EB-5, LLC** ("**Regional Center**"), where Regional Center has been or is in the process of obtaining designation by United States Citizenship and Immigration Services ("**USCIS**") as a regional center to participate in the EB-5 Immigrant Investor Pilot Program ("**EB-5 Program**"); (b)(4)

WHEREAS, Investor desires to be one of up to [redacted] limited liability members of the Company, which intends to distribute an investment loan of [redacted] or less to **MOUNTAIN AIR GLOBAL, LLC** ("**Developer**") to enable Developer to create ten (10) direct and/or indirect and/or induced full-time equivalent positions for qualifying employees for each $500,000.00 investment distributed to Developer pursuant to the EB-5 Program;

WHEREAS, Investor desires to become a member of the Company, which only shall occur upon USCIS' approval of the Investor's Form I-526 Immigrant Petition by Alien Entrepreneur ("**Form I-526**"), Company's receipt of Investor's minimum subscription amount of $500,000.00, Company's receipt of a fully executed Subscription Agreement, and written acknowledgement of Company's acceptance of Investor's subscription;

WHEREAS, a member of the Company who receives USCIS' approval of his/her Form I-526 while outside the United States obtains conditional lawful permanent residency status after filing Form DS-230 Application for Immigrant Visa Application and Registration Part I and Part II with the United States Department of State ("**EB-5 Visa**"), the processing of the EB-5 Visa at a United States Consulate abroad, and such member's admission to the United States on the EB-5 Visa;

WHEREAS, a member of the Company who receives USCIS' approval of his/her Form I-526 while in the United States on another United States visa obtains conditional lawful permanent residency status upon USCIS' approval of such member's Form I-485 Application to Register Permanent Residence or Adjust Status ("**Adjustment of Status**");

WHEREAS, the total number of full-time positions created for qualifying employees shall be allocated solely to those who have used the establishment of the Company as the basis of a petition on Form I-526; and

WHEREAS, each member of the Company will be required to demonstrate at the time of filing his/her respective Form I-829 Petition by Entrepreneur to Remove Conditions ("**Form I-829**"), within the 90-day period preceding the second anniversary of his/her (i) admission to the United States as a conditional lawful permanent resident or (ii) adjustment of status to that of a conditional lawful permanent resident, that ten (10) direct and/or indirect and/or induced full-time equivalent positions for qualifying employees have been created as a result of his/her $500,000.00 investment distributed to Developer.

NOW THEREFORE, Company and Investor hereby mutually agree as follows:

ARTICLE I
JOB ALLOCATION

Company shall take such action to meet the objective of allocating to Investor a minimum number of ten (10) direct and/or indirect and/or induced full-time equivalent positions for qualifying employees created by Developer due to Company's investment in Developer on the following basis: The assignment of full-time equivalent positions for qualifying employees created by Developer shall be allocated to members of the Company based on the sequential order of the date that each member either (i) entered the United States on an EB-5 Visa or (ii) received USCIS' approval of his/her Adjustment of Status.

ARTICLE II
DUTIES OF INVESTOR

Prior to Investor's entry into the United States based on Investor's EB-5 Visa, Investor shall notify Company of Investor's intent to enter the United States and provide Company with Investor's expected travel dates.

Within thirty (30) days after Investor's entry into the United States, based on Investor's EB-5 Visa, Investor shall provide Company with a copy of the I-551 Stamp located in Investor's passport.

Within thirty (30) days after Investor receives a Form I-797A Notice of Action indicating USCIS' approval of Investor's Adjustment of Status, Investor shall provide Company with a copy of such Form I-797A Notice of Action.

Within thirty (30) days after Investor either (i) entered the United States on an EB-5 Visa or (ii) received USCIS' approval of his/her Adjustment of Status, Investor shall provide Company Investor's electronic-mail address, new physical address, and telephone number where Company may contact Investor. Should Investor's electronic-mail address, physical address, or telephone number change at any point during the two years after Investor's entry into the United States on Investor's EB-5 Visa or USCIS' approval of Investor's Adjustment of Status, Investor shall notify Company of such change within thirty (30) days.

Within one hundred and twenty (120) days prior to the second anniversary of Investor's entry into the United States, based on Investor's EB-5 Visa, or USCIS' approval of Investor's Adjustment of Status, Investor shall notify Company of the name and physical address of the attorney retained by Investor who shall file Investor's Form I-829.

ARTICLE III
DUTIES OF COMPANY

Company shall maintain a record at its principal place of business that shall state the date that each member of the Company either (i) entered the United States based on such member's EB-5 Visa, or (ii) received USCIS' approval of such member's Adjustment of Status. Company shall further maintain at its principal place of business a record of the name and position of each direct full-time equivalent position for qualifying employees of Developer and update such record quarterly and upon request of Investor.

Within one hundred and twenty (120) days after Investor notifies Company that Investor (i) has entered the United States based on Investor's EB-5 Visa, or (ii) received USCIS' approval of Investor's Adjustment of Status, Company shall deliver to Investor a letter indicating Investor's sequential order for

job allocation, pursuant to Article I of this Agreement, and the corresponding full-time equivalent positions for qualifying employees to be allocated to Investor for inclusion in Investor's Form I-829.

Within ninety (90) days preceding the second anniversary of Investor's admission to the United States as a conditional lawful permanent resident, Company shall provide Investor and/or Investor's attorney with documentation regarding the full-time job creation by Developer due to Company's investment in Developer.

ARTICLE IV
NO GUARANTEES/INDEMNIFICATION

Investor hereby acknowledges, understands, and agrees that Company, Regional Center, and Developer have not guaranteed, nor can guarantee, that the EB-5 Program job requirements will be satisfied at the time Investor files his/her Form I-829. Investor further acknowledges and understands, as previously agreed to per the Private Placement Memorandum, that should Investor not be able to demonstrate that Investor has met the EB-5 Program job requirements at the time of filing his/her I-829, Investor will be asked to leave the United States.

Investor further acknowledges, understands, and agrees that Regional Center is not responsible to ensure Company's or Developer's compliance with any job creation requirement under the EB-5 Program as Regional Center is not directly responsible for hiring. Investor hereby acknowledges, understands, and agrees that upon approval of Investor's Form I-526 by USCIS, Investor's $500,000.00 investment will be irrevocably committed to the Company. If Company or Developer fails, or if Developer fails to create ten (10) direct and/or indirect and/or induced full-time equivalent positions for qualifying employees for each $500,000.00 investment distributed to Developer, all or part of the Investor's $500,000.00 investment may be lost and is thus "at-risk."

Investor agrees to hold Company and any agent, director, officer, or employee thereof harmless for any failure to create ten (10) direct and/or indirect and/or induced full-time equivalent positions for qualifying employees for each $500,000.00 investment distributed to Developer, so long as Company exercised reasonable business judgment in the fulfillment of Company's duties under this Agreement. Investor further agrees to hold Regional Center and any agent, director, officer, or employee thereof harmless for any failure to create ten (10) direct, indirect, or induced full-time equivalent positions for qualifying employees for each $500,000.00 investment distributed to Developer.

ARTICLE V
NOTIFICATIONS

Any notice or communication required or permitted to be given by any provision of the Agreement shall be deemed to have been sufficiently given or served for all purposes if (1) either by actual delivery of the notice or communication into the hands of the parties thereunto entitled; or (2) by the electronic mailing or facsimile transmission of the notice; or (3) by the mailing of the notice in the U.S. mail, certified mail, return receipt requested; or (4) sent by nationally recognized overnight delivery service. The notice shall be deemed to be received in cases (1) or (2) on the date of its actual receipt by the party entitled thereto and in cases (3) or (4) on the date of its mailing or deposit with such delivery service. The failure or refusal of any party to accept any notice given pursuant to this paragraph shall be conclusively deemed receipt thereof and knowledge of its contents.

The notices should be sent to the following:

If to Company: Mountain Air Lenders, LLC
c/o Andrew Dover
Odlum Tropaion LLC
45 Mountain Air Drive
Burnsville, North Carolina 28714
Telephone: (740) 704-3256
Facsimile: (305) 400-0679
E-Mail: andydover@odlumcapital.com

If to Investor: The most recent physical address or electronic-mailing address of Investor given to Company pursuant to Article II of this Agreement.

ARTICLE VI
MISCELLANEOUS

This Agreement may not be amended except in writing by the written agreement of the parties hereto. Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to, Acts of God, Government restrictions (including the denial or cancellation of any necessary license), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected. The validity, construction, and performance of this Agreement shall be governed and construed by the laws of the State of North Carolina. Headings used in this Agreement have been included for convenience and ease of reference only and will not in any manner influence the construction or interpretation of any provision of this Agreement. If any provisions of this Agreement are held by a court of competent jurisdiction to be invalid under any applicable statute or rule of law, they are to that extent to be deemed omitted, and the remaining provisions of this Agreement shall remain in full force and effect. This Agreement is binding and constitutes the entire agreement between the parties relating to this subject matter. This Agreement may be executed in one or more counterparts each of which taken together shall constitute one and the same Agreement. Any signature delivered by a party via facsimile or scanned and emailed shall be deemed to be an original signature hereto.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first abovementioned.

COMPANY:

MOUNTAIN AIR LENDERS, LLC

By: _____
Name: _____
Its: _____

INVESTOR:

By: _____
Name: _____

NOTICE REGARDING NATIVE LANGUAGE TRANSLATION

Investor hereby agrees that it is the sole responsibility of Investor to ensure proper translation of this Agreement into their native language if necessary for Investor's understanding of the rights and obligations contained herein. Any language translation of this Agreement provided by any of the parties hereto is not a binding legal document, and is being provided solely for the Investor's convenience, and shall not in any way be construed as a contract or any part of this Agreement as set forth in English. None of the parties hereto are liable for any inaccuracies in any language translation or for any misunderstandings due to differences in language usage or dialect. In the event of any inconsistencies between this Agreement as set forth in English and any language translation, this Agreement as set forth in English and as executed shall govern. The Investor assumes the responsibility for fully understanding the nature and terms of the rights and obligations under this Agreement.

Exhibit 10

Letter in support of the project from U.S. Congressman Heath Shuler, 11th Dist., North Carolina

HEATH SHULER
11TH DISTRICT, NORTH CAROLINA

229 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
PHONE (202) 225-6401
FAX (202) 226-6422

205 COLLEGE STREET, SUITE 100
ASHEVILLE, NC 28801
PHONE (828) 252-1651
FAX (828) 252-8734

Congress of the United States
House of Representatives
Washington, DC 20515–3311

CO-CHAIR
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT
COMMITTEE ON THE BUDGET
THE STEERING AND POLICY COMMITTEE
REGIONAL WHIP

January 4, 2012

Department of Homeland Security
U.S. Citizenship and Immigration Services
California Service Center
ATTN: EB-5 RC Proposal
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

Dear Examiner;

As a Member of Congress representing Western North Carolina, supporting initiatives that spur job growth in my district is of critical importance. Employment in the region fell by 10.7% in the recent recession and recovery is trailing behind both the state and nation. The rural sections of WNC face particularly slow economic development. Opportunities like the Appalachian Regional Center are critical to our economic growth and I am pleased to support the proposal for an EB-5 Investor Regional Center in my district.

Currently only one Regional EB-5 Investment Center is located in North Carolina in the Research Triangle area. A center based in Western North Carolina would greater serve the needs of the rural mountain communities by initiating projects locally. The Appalachian Regional Center coupled with our outstanding quality of life will guarantee investment where it is needed. The center aims to create 5000 jobs over the next five years with an initial project employing hundreds at the Mountain Air development in Yancey County, one of the 11th District's most economically distressed counties.

With the support of our region's economic leaders the center will provide an infusion of capital investment desperately needed in Western North Carolina and I respectfully request that all due consideration, and if possible, approval be granted to this application. Please feel free to contact me with any questions or concerns.

Thank you for your kind consideration of this matter.

Sincerely,

Heath Shuler, Member U.S. Congress (NC-11)

PRINTED ON RECYCLED PAPER

Exhibit 11

Subscription and Processing Fee Escrow Agreement between Mountain Air Lenders, LLC, Appalachian EB-5, LLC, NES Financial Corp., and SunTrust Bank

SUBSCRIPTION AND PROCESSING FEE ESCROW AGREEMENT

This Subscription and Processing Fee Escrow Agreement (the "Agreement") is made effective as of ~~February~~ March 13, 2012, by and among Mountain Air Lenders, LLC, a Delaware limited liability company ("LLC"), Appalachian EB-5, LLC, a North Carolina limited liability company (the "Subscriber Representative"), NES Financial Corp., a California corporation ("Administrative Agent") and **SUNTRUST BANK,** a Georgia banking corporation (the "Escrow Agent") (collectively the "Parties").

WITNESSETH:

WHEREAS, the LLC proposes to offer for sale (the "Offering") individual units of interest in the LLC (the "Interests"), at a subscription purchase price of FIVE HUNDRED THOUSAND AND 00/100 Dollars ($500,000.00) per Interest ("Subscription Proceeds"), plus payment of a processing fee in the amount of [redacted] Dollars [redacted] ("Processing Fees") payable in cash by each investor (the "Subscribers") pursuant to subscription agreements ("Subscription Agreements"); and (b)(4)

WHEREAS, the Interests in the LLC are proposed to be offered for sale to the Subscribers under the terms of the EB-5 visa program administered by the U.S. Citizenship and Immigration Service ("USCIS"), an agency of the United States government;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Deposits in Escrow.

(a) The LLC shall deposit or cause to be deposited with the Escrow Agent, to be held in escrow under the terms of this Agreement, all Subscription Proceeds and Processing Fees received from Subscribers (collectively the "Escrow Funds"). The Escrow Agent shall have no responsibility for the Escrow Funds until such proceeds are actually received, clear through normal banking channels and constitute collected funds. The Escrow Agent shall have no duty to collect or seek to compel payment of any Escrow Funds, except to place such proceeds or instruments representing such proceeds for deposit and payment through customary banking channels. Checks for Escrow Funds furnished by Subscribers shall be made payable to: "SunTrust Bank, as Escrow Agent for Subscriber Representative for Mountain Air Lenders, LLC".

(b) The LLC shall deliver to the Escrow Agent, in a form acceptable to the Escrow Agent, schedules disclosing the name, address and Tax Identification Number of each of the Subscribers, the number of Interests subscribed for by each Subscriber, the amount of Subscription Proceeds and Processing Fees received from each Subscriber, and such other information as will enable the Escrow Agent to attribute to a particular Subscriber all Escrow Funds received by the Escrow Agent.

2. Rejection or Withdrawal of Subscription Agreement.

(a) Any Subscription Agreement may be rejected by the LLC in whole or in part. The LLC shall promptly notify the Escrow Agent in writing in the event of any such rejection. Upon the receipt of a written notice of rejection pertaining to any Subscription Agreement, the Escrow Agent shall return to the Subscriber signing the rejected Subscription Agreement the Subscription Proceeds tendered by such Subscriber, without deduction or payment of interest; provided such Subscriber's Subscription Proceeds constitute collected funds, and distribute the Processing Fees according to written instructions from the LLC and the Subscriber Representative.

(b) In the event the Escrow Agent receives written notice from the LLC that a Subscription Agreement has been withdrawn by a Subscriber, the Escrow Agent shall return to such Subscriber who signed the withdrawn Subscription Agreement the Subscription Agreement (if then in the Escrow Agent's possession) and the Subscription Proceeds tendered therewith, without deduction or payment of interest. The Processing Fee will be distributed upon written instructions of the Subscriber Representative.

(b)(4)

3. Disbursements.

(a) If at least [redacted] are not subscribed for by termination of the Offering Period as defined in the Private Placement Memorandum for Mountain Air Lenders, LLC, the Offering will be terminated, and all funds received from Subscribers will be returned to them without deduction or payment of interest in accordance with written directions provided by the LLC.

(b) At such time as the Escrow Agent has received written notice from the LLC and the Subscriber Representative that (i) the Regional Center application has been approved by the USCIS, (ii) a minimum of [redacted] in the LLC have been subscribed for, and (iii) the I-526 applications for the Subscribers of each of those [redacted] Interests have been filed with the USCIS, the Escrow Agent shall, subject to the receipt of such funds, (b)(4)
disburse the Subscriber's Subscription Proceeds, less [redacted] which will be held in a holdback subaccount within the Escrow Account, to the account of the LLC in accordance with written directions provided by the LLC and Subscriber Representative. Funds held in the Subscription Holdback account shall be disbursed in [redacted] increments as each I-526 application is approved, however, a balance of at least [redacted] must be available in such account until the last I-526 application is either approved or denied by the USCIS. At the time the Subscription Proceeds are distributed to the account of the LLC and the Subscription Holdback account, the Processing Fees shall be distributed in accordance with written directions by the LLC and the Subscriber Representative. At such time as all Subscribers' Form I-526 applications have been either approved, denied or otherwise processed by the USCIS and all Escrow Funds either returned to the Subscriber or disbursed in accordance with directions provided by the LLC and the Subscriber Representative, this Agreement (except as otherwise provided herein) shall terminate.

(c) In the event the Escrow Agent receives written notice from the LLC that a Subscriber's Form I-526 Immigration Petition has been denied by the USCIS, the Escrow Agent shall return to the Subscriber the Subscription Agreement (if then in the Escrow Agent's possession) and the Subscription Proceeds, if such amount is available in the Subscription Holdback subaccount, without deduction or payment of interest. In the event the Subscriber's

Form I-526 Immigration Petition is denied by the USCIS, the Processing fees may only be partially refundable to such Subscriber. The Processing Fees, if not previously disbursed, shall be distributed in accordance with written directions from the LLC and the Subscriber Representative.

(d) The LLC shall provide a copy of this Agreement to each Subscriber.

4. Investment of Subscription Proceeds.

The Parties further covenant, warrant and agree that the Escrow Agent shall invest all Escrow Funds, at the written direction of the LLC, in a SunTrust Bank non-interest-bearing deposit account.

5. Escrow Administration.

All taxes in respect of any earnings on the Escrow Funds shall be the obligation of the Subscriber to the extent of its pro rata share thereof, which pro rata shares will be in the same proportion of the amounts deposited by each into the Escrow Account. The Subscriber Representative, as agent for the Subscribers and tax owner of record of the Escrow Funds, shall furnish the Escrow Agent with a completed Form W-9 for the Subscriber Representative. The Subscriber Representative and the Subscribers have agreed pursuant to a separate agreement that the Administrative Agent shall perform the sub-accounting services necessary for maintaining proper ownership records with respect to the Escrow Funds and shall issue IRS Form 1099s to the Subscribers with respect to their earnings, if any, on the Escrow Funds. The Administrative Agent and the Subscriber Representative understand that, if such tax reporting documentation is not so certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code of 1986, as amended, to withhold a portion of any interest or other income earned on the investment of monies or other property held by the Escrow Agent pursuant to this Agreement. The parties shall provide to Escrow Agent such information as Escrow Agent may reasonably require to enable Escrow Agent to comply with its obligations under the USA PATRIOT Act. Escrow Agent shall not credit any amount of interest or investment proceeds earned on the Escrow Funds, or make any payment of all or a portion of the Escrow Funds, to any person unless and until such person has provided to Escrow Agent such documents as Escrow Agent may require to enable Escrow Agent to comply with its obligations under such Act.

6. Duties of Escrow Agent; Indemnification.

(a) The Escrow Agent undertakes to perform only such duties as are expressly set forth herein and no additional duties or obligations shall be implied hereunder. In performing its duties under this Agreement, or upon the claimed failure to perform any of its duties hereunder, the Escrow Agent shall not be liable to anyone for any damages, losses or expenses which may be incurred as a result of the Escrow Agent's so acting or failing to so act; provided, however, that the Escrow Agent shall not be relieved from liability for damages arising from the Escrow Agent's proven gross negligence or willful misconduct. The Escrow Agent shall in no event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel, which may be counsel to either party hereto, given with respect to any question relating to the duties and responsibilities of the Escrow Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any instrument delivered to the Escrow Agent and believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The LLC warrants to and agrees with the Escrow Agent that there is no security interest in the Escrow Funds or any part of the Escrow Funds; no financing statement under the Uniform Commercial Code of any jurisdiction is on file in any jurisdiction claiming a security interest in or describing, whether specifically or generally, the Escrow Funds or any part of the Escrow Funds; and the Escrow Agent shall have no responsibility at any time to ascertain whether or not any security interest exists in the Escrow Funds or any part of the Escrow Funds or to file any financing statement under the Uniform Commercial Code of any jurisdiction with respect to the Escrow Funds or any part thereof.

(c) As an additional consideration for and as an inducement for the Escrow Agent to serve as escrow agent hereunder, it is understood and agreed that, in the event of any disagreement resulting in adverse claims and demands being made in connection with or for any money or other property involved in or affected by this Agreement, the Escrow Agent shall be entitled, at the option of the Escrow Agent, to refuse to comply with the demands of any parties so long as such disagreement shall continue. In such event, the Escrow Agent may elect not to make any delivery or other disposition of the Escrow Funds or any part of such Escrow Funds. Anything herein to the contrary notwithstanding, the Escrow Agent shall not be or become liable to such parties or any of them for the failure of the Escrow Agent to comply with the conflicting or adverse demands of such parties. The Escrow Agent shall be entitled to continue to refrain and refuse to deliver or otherwise dispose of the Escrow Funds or any part thereof or to otherwise act hereunder, as stated above, unless and until:

(i) the rights of such parties have been finally settled or duly adjudicated in a court having jurisdiction of the parties and the Escrow Funds and the Escrow Agent, has received written instructions as to disbursement thereof; or

(ii) the parties have reached an agreement resolving their differences and have notified the Escrow Agent in writing of such agreement and have provided the Escrow Agent with indemnity satisfactory to the Escrow Agent against any liability, claims or damages resulting from compliance by the Escrow Agent with such agreement.

In the event of a disagreement as described above, the Escrow Agent shall have the right, in addition to the rights described above and at the option of Escrow Agent, to tender into the registry or custody of any court having jurisdiction, all money and property comprising the Escrow Funds and may take such other legal action as may be appropriate or necessary, in the opinion of Escrow Agent or its legal counsel. Upon such tender, the Escrow Agent shall be discharged from all further duties under this Agreement; provided, however, that the filing of any such legal proceedings shall not deprive the Escrow Agent of its compensation hereunder earned prior to such filing and discharge of the Escrow Agent of its duties hereunder.

(d) The LLC agrees that in the event any controversy arises under or in connection with this Agreement or the Escrow Funds or the Escrow Agent is made a party to or intervenes in any litigation pertaining to this Agreement or the Escrow Funds, to pay to the Escrow Agent reasonable compensation for its extraordinary services and to reimburse the Escrow Agent for all costs and expenses, including legal fees and expenses, associated with such controversy or litigation. As security for all fees and expenses of Escrow Agent hereunder and any and all losses, claims, damages, liabilities and expenses incurred by the Escrow Agent in connection with its acceptance of appointment hereunder or with the performance of its obligations under this Agreement and to secure the obligation of the LLC to indemnify the

Escrow Agent as set forth herein, the Escrow Agent is hereby granted a security interest in and a lien upon the Escrow Funds, which security interest and lien shall be prior to all other security interests, liens or claims against the Escrow Funds or any part thereof.

(e) The Escrow Agent may resign at any time from its obligations under this Agreement by providing written notice to the LLC. Such resignation shall be effective on the date set forth in such written notice, which shall be no earlier than thirty (30) days after such written notice has been given. In the event no successor escrow agent has been appointed on or prior to the date such resignation is to become effective, the Escrow Agent shall be entitled to tender into the custody of any court of competent jurisdiction all assets then held by it hereunder and shall thereupon be relieved of all further duties and obligations under this Agreement; provided however, the Escrow Agent shall be entitled to its compensation earned prior thereto. The Escrow Agent shall have no responsibility for the appointment of a successor escrow agent hereunder.

(f) The Escrow Agent shall have no obligation to take any legal action in connection with this Agreement or its enforcement, or to appear in, prosecute or defend any action or legal proceeding which would or might involve the Escrow Agent in any cost, expense, loss or liability unless security and indemnity satisfactory to the Escrow Agent, shall be furnished.

(g) The LLC agrees to indemnify the Escrow Agent and each of its officers, directors, employees and agents and to save the Escrow Agent and each of its officers, directors, employees and agents harmless from and against any and all Claims (as hereunder defined) and Losses (as hereinafter defined) which may be incurred by the Escrow Agent or any of such officers, directors, employees or agents as a result of Claims asserted against Escrow Agent or any of such officers, directors, employees or agents directly or indirectly as a result of or in connection with Escrow Agent's serving in the capacity of escrow agent under this Agreement. For the purposes hereof, the term "Claims" shall mean all claims, lawsuits, causes of action or other legal actions and proceedings of whatever nature brought against (whether by way of direct action, counterclaim, cross action or interpleader) the Escrow Agent or any such officer, director, employee or agent, even if groundless, false or fraudulent, so long as the claim, lawsuit, cause of action or other legal action or proceeding is alleged or determined, directly or indirectly, to arise out of, result from, relate to or be based upon, in whole or in part: (a) the acts or omissions of the LLC, or (b) the appointment of the Escrow Agent as escrow agent under this Agreement, or (c) the performance by the Escrow Agent of its powers and duties under this Agreement. The term "Losses" shall mean all losses, costs, damages, expenses, judgments and liabilities of whatever nature (including but not limited to attorneys', accountants' and other professionals' fees, litigation and court costs and expenses and amounts paid in settlement), directly or indirectly resulting from, arising out of or relating to one or more Claims. Upon the written request of the Escrow Agent or any such officer, director, employee or agent (each referred to hereinafter as an "Indemnified Party"), the LLC agrees to assume the investigation and defense of any Claim, including the employment of counsel acceptable to the applicable Indemnified Party and the payment of all expenses related thereto and, notwithstanding any such assumption, the Indemnified Party shall have the right, and the LLC agrees to pay the costs and expense thereof, to employ separate counsel with respect to any such Claim and to participate in the investigation and defense thereof in the event that such Indemnified Party shall have been advised by legal counsel that there may be one or more legal defenses available to such Indemnified Party which are different from or additional to those available to the LLC. The LLC hereby agrees that the indemnifications and protections afforded Escrow Agent and the other Indemnified Parties in this

section shall survive the termination of this Agreement and any resignation or removal of the Escrow Agent.

(h) The LLC acknowledges that the Escrow Agent is serving as escrow agent for the limited purposes set forth herein and represents, covenants and warrants to the Escrow Agent that no statement or representation, whether oral or in writing, has been or will be made to any Subscriber to the effect that the Escrow Agent has investigated the desirability or advisability of investment in the Interests or approved, endorsed or passed upon the merits of such investment or is otherwise involved in any manner with the transactions contemplated hereby, other than as Escrow Agent under this Agreement. It is further agreed that the LLC shall not use or permit the use of the name "SunTrust," "SunTrust Bank," "SunTrust Banks, Inc." or any variation thereof in any sales presentation, placement or offering memorandum or literature pertaining directly or indirectly to the offering except strictly in the context of the duties of the Escrow Agent as escrow agent under this Agreement. Any breach or violation of the paragraph shall be grounds for immediate termination of this Agreement by the Escrow Agent.

(i) The Escrow Agent shall have no duty or responsibility for determining whether the Interests or the offer and sale thereof conform to the requirements of applicable Federal or state securities laws, including but not limited to the Securities Act of 1933 or the Securities Exchange Act of 1934. The LLC represents and warrants to the Escrow Agent that the Interests and the Offering will comply in all respects with applicable Federal and state securities laws and further represents and warrants that the LLC has obtained and acted upon the advice of legal counsel with respect to such compliance with applicable Federal and state securities laws. The LLC acknowledges that the Escrow Agent has not participated in the preparation or review of any sales or offering material relating to the Offering or the Interests. In addition to any other indemnities provided for in this Agreement, the LLC agrees to indemnify and hold harmless the Escrow Agent and each of its officers, directors, agents and employees from and against all claims, liabilities, losses and damages (including attorneys' fees) incurred by the Escrow Agent or such persons and which directly or indirectly result from any violation or alleged violation of any Federal or state securities laws.

7. Notices.

Any notices, elections, demands, requests and responses thereto permitted or required to be given under this Agreement shall be in writing, signed by or on behalf of the party giving the same, and addressed to the other party at the address of such other party set forth below or at such other address as such other party may designate in writing in accordance herewith. Any such notice, election, demand, request or response shall be addressed as follows and shall be deemed to have been delivered upon receipt by the addressee thereof:

(a) If to the LLC:

Mountain Air Lenders, LLC
_____
_____
Attn: _____
Phone: (___) ___-____
Fax: (___) ____-____
Email: _____

(b) If to the Subscriber Representative:

Appalachian EB-5, LLC
_____
_____
Attn: _____
Phone: (___) ___-_____
Fax: (___) ___-_____
Email: _____

(c) If to the Administrative Agent:

NES Financial Corp.
50 W. San Fernando Street
Suite 300
San Jose, CA 95113
Attn: Kelly E. Alton, General Counsel
Phone: 800-339-1031
Fax: 866-704-1031
Email: kalton@nesf.com

(d) If to the Escrow Agent:

SunTrust Bank
Escrow Services
919 E Main Street, 7th Floor
Richmond, VA 23219
Attn: Matt Ward
Phone: 804-782-7182
Fax: 804-782-7855

8. Successors and Assigns; Amendment.

The rights created by this Agreement shall inure to the benefit of and the obligations created hereby shall be binding upon the successors and assigns of the Escrow Agent and the LLC; provided, however, that neither this Agreement nor any rights or obligations hereunder may be assigned by any party hereto without the express written consent of the other party hereto. This Agreement may not be amended without the written consent of all parties in writing.

9. Construction.

This Agreement shall be construed and enforced according to the laws of the State of California.

10. Counterparts.

This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Delivery of executed signature pages by facsimile or electronic transmission

will constitute effective and binding execution and delivery of this Agreement and have the same effect as the delivery of an original executed counterpart. This Agreement shall become effective when each party to this Agreement shall have received a counterpart of this Agreement signed by each other party hereto.

11. Term.

This Agreement shall terminate and the Escrow Agent shall be discharged of all responsibilities hereunder at such time as the Escrow Agent shall have disbursed all Escrow Funds in accordance with the provisions of this Agreement; provided, however, that the provisions of Sections 6(g) and 6(i) hereof shall survive any termination of this Agreement and any resignation or removal of the Escrow Agent.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

"LLC"

Mountain Air Lenders, LLC

By: _____
Name: Andrew Dover
Title: Manager

"SUBSCRIBER REPRESENTATIVE"

Appalachian EB-5, LLC

By: _____
Name: Andrew Dover
Title: Manager

"ADMINISTRATIVE AGENT"

NES Financial Corp.

By: _____
Name:
Title:

"ESCROW AGENT"

SUNTRUST BANK

By: _____
Name:
Title:

EXHIBIT A

Certificate of Incumbency
(List of Authorized Representatives)

Client Name: Mountain Air Lenders, LLC

As an Authorized Officer of the above referenced entity, I hereby certify that the each person listed below is an authorized signor for such entity, and that the title and signature appearing beside each name is true and correct.

Name	Title	Signature	Contact Number
Andrew Dover	Manager- Mountain Air Manager, LLC	Andrew Dover	(740) 704-3256

IN WITNESS WHEREOF, this certificate has been executed by a duly authorized officer by:

By: Andrew Dover Andrew Dover Date 3/13/12
Title: Manager

EXHIBIT B
SunTrust Bank, as Escrow Agent

Mountain Air Lenders, LLC / NES Financial Corp.

(b)(4) **Schedule of Fees & Expenses**

Acceptance/Legal Review Fee: [redacted] one time only payable at the time of signing the escrow agreement
Waived

The Legal Review Fee includes review of all related documents and accepting the appointment of Escrow Agent on behalf of SunTrust Bank. The fee also includes setting up the required account(s) and accounting records, document filing, and coordinating the receipt of funds/assets for deposit to the Escrow Account. This is a one-time fee payable upon execution of the Escrow Agreement. As soon as SunTrust Bank's attorney begins to review the escrow agreement, the legal review fee is subject to payment regardless if the parties decide to appoint a different escrow agent or a decision is made that the escrow agreement is not needed.

(b)(4)

Administration Fee: [redacted] payable at the time of signing the escrow agreement and on the anniversary date thereafter, if applicable

Waived

The Administration Fee includes providing routine and standard services of an Escrow Agent. The fee includes administering the escrow account, performing investment transactions, processing cash transactions (including wires and check processing), disbursing funds in accordance with the Agreement (note any pricing considerations below), and providing trust account statements to applicable parties for a twelve (12) month period. If the account remains open beyond the twelve (12) month term, the parties will be invoiced each year on the anniversary date of the execution of the Escrow Agreement. Additional fees will be billed for processing claim notices and/or objections. Extraordinary expenses, including legal counsel fees, will be billed as out-of-pocket. The Administration Fee is due upon execution of the Escrow Agreement.

Out-of-Pocket Expenses: **At Cost**

Out-of-pocket expenses such as, but not limited to, postage, courier, overnight mail, insurance, money wire transfer, long distance telephone charges, facsimile, stationery, travel, legal (out-of-pocket to counsel) or accounting, will be billed at cost.

Note: This fee schedule is based on the assumption that the escrowed funds will be invested in SunTrust Bank's Non-Interest Deposit Option.

SunTrust Bank
Steve Miles
804-782-7084
s.miles@suntrust.com

Exhibit 12

Escrow Administration Services Agreement between Appalachian EB-5, LLC and NES Financial Corp.

ESCROW ADMINISTRATION SERVICES AGREEMENT

ABD

This Escrow Administration Services Agreement ("Agreement") is made effective as of ~~February~~ March 13, 2012 (the "Effective Date") by and between Appalachian EB-5, LLC, a North Carolina limited liability company ("Subscriber Representative"), and NES Financial Corp., a California corporation ("Administrative Agent"). The Subscriber Representative and Administrative Agent may be referred to hereinafter individually as a "Party" or collectively as the "Parties".

RECITALS

A. The Subscriber Representative and the Administrative Agent have or will enter into an escrow agreement with SunTrust Bank which provides for the appointment of SunTrust Bank ("Bank") as escrow agent and for the escrow agent to accept, hold, invest and disburse funds deposited with it and the earnings thereon in accordance with the terms of the escrow agreement for an escrow that will hold both the subscription proceeds for an offering of interests in Mountain Air Lenders, LLC pursuant to the U.S. Citizenship and Immigration Service EB-5 visa program and the associated processing fees for such offering ("Escrow Agreement"); and

B. The Subscriber Representative as agent for the subscribers of the offering of interests in Mountain Air Lenders, LLC ("Subscribers") and tax owner of record of the escrow funds needs sub-accounting and other administrative services of the type offered by Administrative Agent to handle its duties under the Escrow Agreement.

Now, therefore, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties, for themselves, their successors and assigns, hereby agree as follows:

AGREEMENT

1. Escrow Administration Services. The Administrative Agent will provide subaccounts and sub-accounting to Subscriber Representative for each Subscriber, IRS Form 1099 reporting, reconciliation and interest computations, and a 24/7 customer portal for each Subscriber in connection with the escrow funds to be held pursuant to the Escrow Agreement, and other services as set forth on Schedule A hereto (the "Escrow Administration Services"). The Administrative Agent will charge Subscriber Representative a fee for the Escrow Administration Services. The fees will be billed as follows: [redacted]ceptance fee due at the time of signing the Proposal and [redacted] per Subscriber for the first 10 Subscribers which will be invoiced monthly as each Subaccount is opened. (b)(4)

2. Confidentiality Obligations of the Administrative Agent. The Administrative Agent may receive or gain access to information from the Bank or from or for the Subscribers or Subscriber Representative that includes nonpublic information about the Subscribers or Subscriber Representative ("Confidential Information"). This may include (without limitation) information that is marked "confidential" and/or "proprietary" and information that the Administrative Agent should reasonably know is confidential. It does not include information that the Administrative Agent can demonstrate: (a) is or becomes a matter of public knowledge through no fault of the Administrative Agent; (b) has been identified in writing by the Subscriber Representative as not being confidential; (c) was rightfully in the possession of the Administrative Agent or was known to the Administrative Agent prior to its receipt from or for

the Bank or the Subscriber Representative; or (d) is lawfully obtained by the Administrative Agent from any third party who did not obtain the information directly or indirectly from the Administrative Agent. Consistent with Subscriber Representative's obligations to preserve Subscribers' confidentiality, the Administrative Agent agrees that it will not, without the prior written consent of the Subscriber Representative, disclose or describe the Confidential Information to any third party, directly or indirectly, under any circumstances or by any means. The Administrative Agent will not use, copy, transmit, reproduce, summarize or quote any of Confidential Information except as necessary to carry out the purposes of this Agreement. The obligations of confidentiality hereunder shall survive the expiration or termination of this Agreement.

3. Confidentiality Obligations of the Subscriber Representative. The Subscriber Representative may receive or gain access to information from or for the Administrative Agent that includes nonpublic information about the Administrative Agent, its customers, or their respective clients, accounts, plans, technology, systems, and/or policies ("Confidential Information"). This may include (without limitation) information that is marked "confidential" and/or "proprietary" and information that Subscriber Representative should reasonably know is confidential. It does not include information that the Subscriber Representative can demonstrate: (a) is or becomes a matter of public knowledge through no fault of the Subscriber Representative; (b) has been identified in writing by the Administrative Agent as not being confidential; (c) was rightfully in the possession of Subscriber Representative or was known to the Subscriber Representative prior to its receipt from or for the Administrative Agent; or (d) is lawfully obtained by the Subscriber Representative from any third party who did not obtain the information directly or indirectly from the Administrative Agent. The Subscriber Representative will not, without the prior written consent of the Administrative Agent, disclose or describe the Confidential Information to any third party, directly or indirectly, under any circumstances or by any means. If the Subscriber Representative is required by law or legal process to disclose any Confidential Information, the Subscriber Representative shall provide the Administrative Agent with prompt written notice of each such request so that the Administrative Agent may seek an appropriate protective order or confidential treatment.

At the direction of the Administrative Agent, the Subscriber Representative will destroy or return to the Administrative Agent all Confidential Information (in every form and format). Unless otherwise required by law, the Subscriber Representative will thereafter purge the Confidential Information from all systems under its control so that it is not readable or retrievable. The Subscriber Representative acknowledges that the Confidential Information contains trade secrets and other proprietary information, and that any disclosure or use of the Confidential Information other than as expressly permitted by this Agreement will cause irreparable harm to the Administrative Agent. Therefore, without limitation of any other remedy, upon any breach of this Section, the Administrative Agent may obtain equitable relief to prevent the disclosure of any Confidential Information and/or to obtain its return to the Administrative Agent. The obligations of confidentiality hereunder shall survive the expiration or termination of this Agreement.

4. Security. Specifically, and not by way of limitation, the Administrative Agent shall: (a) maintain Confidential Information in physically and electronically secure media and facilities, subject to commercially reasonable security procedures; (b) not use, nor permit its employees, agents, subcontractors or affiliates to use, such Confidential Information for any purpose whatsoever except strictly in connection with performance of its contractual duties to the Subscriber Representative; (c) neither use, nor permit use of, such data for any sales or marketing purposes; (d) make and enforce policies and procedures in hiring, training, supervision

and monitoring of its staff, agents and subcontractors in proper handling and protection of Confidential Information, including, at a minimum and not by way of limitation, written agreements for confidentiality to be signed personally by all such parties, training, and provision for disciplinary action where appropriate; and (e) not copy, nor permit copying of, the Confidential Information, in any manner, or in any medium, whatsoever, and return all such data immediately upon completion of the task for which it was received, or with Subscriber Representative's prior written approval, certify destruction of such data in writing.

The Administrative Agent agrees that it has and will continue to perform background and reference checks on employees, agents, consultants and sub-contractors who perform Escrow Administration Services or have access to Confidential Information. No person whose background check reveals a conviction for any criminal offense involving dishonesty or a breach of trust or money laundering, or who has agreed to enter into a pretrial diversion or similar program in connection with a prosecution for such an offense shall be assigned to Subscriber Representative's projects or be provided with access to Confidential Information. The Administrative Agent shall take appropriate measures to ensure that its employees, agents and subcontractors who perform Escrow Administration Services are competent to do so, that they abide by commonly accepted standards of business ethics, and that they do not breach any section of this Agreement.

5. Indemnity. The Subscriber Representative shall, to the fullest extent permitted by law, indemnify and hold harmless the Administrative Agent and each director, officer, employee, attorney, agent, shareholder, manager, partner or affiliate of the Administrative Agent (collectively, the "Administrative Agent Indemnified Parties") against any and all actions, claims (whether or not valid), losses, damages, liabilities, costs or expenses of any kind or nature whatsoever (including without limitation reasonable attorneys' fees, costs and expenses) incurred or suffered by or asserted against the Administrative Agent Indemnified Parties from and after the date hereof without their fraud, bad faith or willful misconduct, as a result of or arising from or in any way relating to any claim, demand, suit, action, or proceeding (including any inquiry or investigation) by any person, incurred while acting as the Administrative Agent or arising out of or in connection with the acceptance or administration of the Administrative Agent's duties hereunder, and to reimburse the Administrative Agent for all its reasonable third party expenses, including among other things, reasonable counsel fees and court costs incurred by reason of its positions or actions taken pursuant to this Agreement. The obligations of the Subscriber Representative under this Section shall survive any termination of this Agreement.

6. Notices. Any notices, elections, demands, requests, and responses thereto permitted or required to be given under this Agreement shall be in writing, signed by or on behalf of the party giving the same, and addressed to the other party at the address of such other party set forth below or at such other address as such other party may designate in writing in accordance herewith. Any such notice, election, demand, request or response shall be addressed as follows and shall be deemed to have been delivered upon receipt by the addressee hereof:

If to the Subscriber Representative:

Appalachian EB-5, LLC

_____

_____

Attn: _____

Phone: (___) ___-____

Fax: (___) ___-_____
Email: _____

If to the Administrative Agent:

NES Financial Corp.
50 W. San Fernando Street
Suite 300
San Jose, CA 95113
Attn: Kelly E. Alton, General Counsel
Phone: 800-339-1031
Fax: 866-704-1031
Email: kalton@nesf.com

7. Generally.

(a) Governing Law. This Agreement shall be construed and interpreted in accordance with the internal laws of the State of California without giving effect to the conflict of laws principles thereof.

(b) Entire Agreement. This Agreement, together with the Escrow Agreement, constitutes the entire agreement between the Parties relating to the administration of the escrow.

(c) Construction. Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the Escrow Agreement. To the extent of any inconsistency between the Escrow Agreement and this Agreement, the terms of this Agreement shall prevail.

(d) Amendment or Waiver. This Agreement may be changed, waived, discharged or terminated only by a writing signed by the Administrative Agent and the Subscriber Representative. No delay or omission by any party in exercising any right with respect hereto shall operate as a waiver. A waiver on any one occasion shall not be construed as a bar to, or waiver of, any right or remedy on any future occasion.

(e) Severability. To the extent any provision of this Agreement is prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(f) Binding Effect. All of the terms of this Agreement, as amended from time to time, shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and the assigns of each of the Parties hereto.

(g) Execution in Counterparts. This Agreement may be executed in electronic form or by facsimile transmission and in two or more counterparts, which when so executed shall constitute one and the same agreement or direction.

(h) Termination. Upon the disbursement of all escrow funds held pursuant to the Escrow Agreement, this Agreement shall terminate.

This Agreement is effective as of the Effective Date.

Administrative Agent:	**Subscriber Representative:**
NES Financial Corp. a California corporation	Appalachian EB-5, LLC a North Carolina limited liability company
By: _____	By: Andrew Dover
Name: _____	Name: Andrew Dover
Title: _____	Title: Manager

Schedule "A" to Escrow Administration Services Agreement

Services:	**Escrow Administration Services**
Customer:	**Subscriber Representative**
NESF (Administrative Agent) responsibilities:	
- Subaccounting infrastructure*	X
- Form 1099 generation	X
- 24/7 customer portal	X
- Audit trail	X
- Reconciliation	X
- Interest computations	X
- Privacy requirements	X
- KYC (OFAC screening)	X
- Disbursement package	X
- Deposit tracking	X

*Subaccounting infrastructure	NESF provides the subaccounting infrastructure that supports the following: • Master account tied to a bank account titled for use as an escrow account • Unlimited subaccounts under the master account • Each subaccount has 24/7 online access for account balance and transaction information • Interest accrued to the master account is automatically distributed on a pro rata basis to each subaccount • Documents and information can be attached to each subaccount. For example, legal documents, canceled checks or completed wires • Daily reconciliation of each subaccount to the master account • KYC of each subaccount is limited to OFAC screening • Administrative Agent is not to be considered a Financial Institution for the purposes of OFAC screening • Account statement for each subaccount that provides a complete financial record • Disbursement package preparation supports both checks and wires. It includes subaccount balance verification.

Exhibit 13

Letter in support of the project from the North Carolina Department of Commerce

North Carolina
Department of Commerce

J. Keith Crisco, Secretary **Beverly Eaves Perdue, Governor** **Dale B. Carroll, Deputy Secretary**

December 21, 2011

Department of Homeland Security
U.S. Citizenship and Immigration Services
California Service Center
ATTN: EB-5 RC Proposal
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

Dear Examiner:

The NC Dept. of Commerce is the lead agency working with the EB-5 Immigrant Investor Program throughout our state's seven economic development regions and 100-counties. One of my responsibilities as a gubernatorial appointee has been to direct this effort for North Carolina, including the development of resources and tools that can be found at http://www.nccommerce.com/business/tools/eb-5-immigrant-investor-program-tea to assist regional centers and economic developers with potential projects.

Today, I write to show my strong support that the Appalachian EB-5 Regional Center application be approved by the United States Customs and Immigration Services as a regional center. Approval will spur foreign investment and create much needed jobs in my state which just reported an unemployment rate of 10.0 %. It is my understanding the Appalachian Center's first priority will be the proposed Mountain Air project.

(b)(4)

According to prominent economist Jeff Carr, the Mountain Air project could create [redacted] permanent jobs in the state and this is part of the regional center's goal to create [redacted] obs in five years in western North Carolina. It's exactly this type of investment that can help move North Carolina's economy forward and why the Appalachian EB-5 Regional Center and Mountain Air project have my full endorsement.

My direct number is 919-733-1374 and you can also reach me at dcarroll@nccommerce.com with any questions. Thank you for your consideration of this matter.

Sincerely,

Dale B. Carroll
Deputy Commerce Secretary
Chief Operating Officer

Exhibit 14

Memorandum of Understanding Between Appalachian EB-5 Regional Center, LLC, Mountain Air Global, LLC, and Mountain Air Lenders, LLC

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (the "Agreement") is made this 19th day of March 2012 by and between the **APPALACHIAN EB-5, LLC**, a North Carolina limited liability company (the "Regional Center"), **MOUNTAIN AIR GLOBAL, LLC**, a North Carolina limited liability company (the "Developer") and **MOUNTAIN AIR LENDERS, LLC**, a Delaware limited liability company (the "Sponsor").

A. The Regional Center has received or is in the process of receiving regional approval certification (the "Regional Approval") by United States Citizenship and Immigration Services ("USCIS") to sponsor capital investment projects, as defined by USCIS, in a defined territory (the "Territory") that allow investment by foreign entrepreneurs as a means of obtaining an EB-5 visa to reside in the U.S. (the "EB-5 Program");

B. The Developer is the developer of the redevelopment of a private country club and gated community located in the Burnsville area of western North Carolina known as "Mountain Air Country Club (the "Project"), as more fully described in the Private Placement Memorandum (the "PPM") to raise capital for the Regional Center and the Project;

C. The Developer has been advised by its economist that the Project should qualify for the lower investment amount based upon the Targeted Employment Area ("TEA") qualification of the Project;

D. The Regional Center desires to work with the Developer for the purpose of bringing to the Regional Center the Project that qualifies for EB-5 financing and in that regard, the Regional Center and the Developer have assisted the Regional Center to create a separate limited liability company (the "Sponsor") for the purpose of serving as the lender to the Project.

NOW THEREFORE, the parties agree as follows:

1. Access to the EB-5 Program. The Developer hereby provides the Regional Center with the opportunity to administer the Project and qualifies the Project for funding thereof, under the EB-5 Program. The Regional Center reserves the right to approve (i) the business plan of the Project sponsored by the Developer and determined by the Regional Center to qualify for EB-5 funding, (ii) the offering documents proposed to be used to solicit investment from foreign investors under the EB-5 program for the Project, (iii) the loan documents between the new commercial enterprise formed to conduct an offering to foreign investors under the EB-5 program and the Developer of the Project seeking EB-5 funding, and (iv) any and all filings with USCIS with respect to the Project. The foregoing approvals shall not be unreasonably withheld. Oversight of the Project by the Regional Center shall continue until the conditions on the visas received by all foreign investors in the Sponsor to the Project shall have been removed.

2. Duties of the Developer and the Regional Center. With the assistance of the Developer, the Sponsor and the Regional Center will prepare a PPM and all associated legal and promotional documents pursuant to which Sponsor will solicit foreign investors to invest in the Project (the "Offering") and loan the proceeds of the Offering to the Developer of the Project on terms as set forth below under Section 5 (the "Loan"). The parties acknowledge that the Project can accommodate up to [redacted] in EB-5 investment based on an economic impact report prepared by an independent economist, and that the Developer has completed the principal planning activities necessary for the Sponsor to prepare the PPM, file the Exemplar with USCIS, and undertake the Offering for the Project.

(b)(4)

3. Legal Fees and Costs. The Developer shall pay all legal fees arising from this Agreement, the Offering to solicit investors for the Project and the Loan.

4. Administrative Fees. In connection with the Project, the Developer shall pay or cause to be paid to the Regional Center the compensation set forth in Schedule A attached hereto:

5. Terms of EB-5 Loan. The Developer has proposed the following terms for the loan between the Sponsor and the Project, subject to final negotiation of terms with the placement agents and brokers:

(b)(4)

[redacted]

6. Plan of Distribution. Sponsor plans to distribute the securities in a Regulation S Offering under the Securities Act of 1933 (the "Act") to foreign investors as well as Regulation D of the Act for sales made to U.S. Persons (as defined in Regulation S).

7. Binding Agreement. The parties intend to be bound to the provisions of this letter agreement until the execution and delivery of other definitive agreements. Such agreements shall contain customary terms and conditions, including the following:

a. Finalization of the PPM;

b. Finalization of agreements with sales agents and migration brokers;

c. The Sponsor's completion of the due diligence review to conform to the Summary Business Plan and PPM securities offering requirements;

d. Representations and warranties of the parties being true in all material

respects at the closing date of the PPM; and

e. Such other agreements contemplated by this Agreement.

8. Designation – Representations and Warranties by Regional Center regarding Regional License. The Regional Center represents and warrants as follows:

a. The Regional Center's designation as an approved regional center is in good standing, has not been terminated by USCIS and is not currently subject to an outstanding notification of violation or possible termination of designation by USCIS.

b. The Regional Center is in full compliance with all reporting requirements to USCIS.

c. There has been no material change in any of the representations made to USCIS in the regional center designation application or any exemplar I-526 petitions filed with USCIS.

d. The Regional Center has in place the administrative staff necessary to track all investors' capital investments and to track allocation of jobs created through the investments to each individual investor.

e. The Regional Center is in full compliance with all laws of the United States and any foreign jurisdiction, including all corporate and securities laws.

9. Representations and Warranties by the Regional Center. The Regional Center represents and warrants to it is (a) duly organized and existing under the laws of the State of North Carolina, (b) it has full right, power and authority to execute and perform this Agreement, (c) the execution and performance of this Agreement do not and will not violate any law, rule, regulation, order, writ, injunction or decree of any court or government, domestic or foreign, or any commission, bureau or administrative agency, or any agreement or instrument by which the Regional Center is bound and (d) upon its execution, this Agreement will constitute the binding obligation of the Regional Center enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting the enforcement of creditors' rights generally or by limitations on the availability of equitable remedies.

10. Representations and Warranties by the Developer. The Developer represents and warrants to the Regional Center that (a) it is duly organized and existing under the laws of the State of North Carolina, (b) it has full right, power and authority to execute and perform this Agreement, (c) the execution and performance of this Agreement do not and will not violate any law, rule, regulation, order, writ, injunction or decree of any court or government, domestic or foreign, or any commission, bureau or administrative agency, or any agreement or instrument by which the Developer is bound and (d) upon its execution, this Agreement will constitute the binding obligation of the Developer enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting the enforcement of creditors' rights generally or by limitations on the availability of equitable remedies.

11. Indemnification. The parties shall mutually indemnify and hold each other, including their officers, directors, shareholders and employees, harmless against any and all claims arising directly or indirectly from, as a result of a breach by one party of any obligation under this Agreement, including costs and attorney's fees of defending any claim that may be brought against one party as a result of a breach by the other party.

12. General Provisions.

A. Entire Agreement. This Agreement sets forth the entire understanding and agreement between and among the parties hereto with reference to the subject matter hereof, and may not be modified or terminated orally, nor shall any oral waiver be binding.

B. Benefits. This Agreement shall be binding upon and inure to the benefit of all of the parties hereto and their respective heirs, legal representatives, successors and assigns hereunder.

C. Severability. In the event that any one or more provisions of this Agreement shall be deemed to be illegal or unenforceable, such illegality or unenforceability shall not affect any of the remaining legal and enforceable provisions hereof which shall be construed as if such illegal or unenforceable provisions had not been inserted.

D. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand or mailed, certified or registered mail, return receipt requested, with postage prepaid, to the address of each of the parties set forth above or to such other person and place as any party shall furnish to the other party in writing.

E. Litigation. In the event that any of the parties to this Agreement institutes suit against any other party or parties to this Agreement to enforce any of their rights hereunder or under any document executed or delivered in connection herewith, the prevailing party in such action shall be entitled to recover from the other party or parties all reasonable costs thereof, including, without limitation, reasonable attorneys' fees and costs (including appeals).

F. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile executions of this Agreement shall constitute a legal and binding signature.

G. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, with venue for any action to be in the applicable state or federal court in Asheville, Buncombe County, North Carolina.

H. Interpretation. This Agreement shall be deemed to have been prepared with the input of all parties hereto, and any ambiguity related hereto shall not be construed against any party to this Agreement.

I. Conflict Waiver. The parties hereby acknowledge and agree that (i) Arnstein & Lehr LLP ("Firm") has only represented the Regional Center in the preparation of

this Agreement and may hereafter represent the Sponsor, the Regional Center and the Developer in other matters; (ii) the Firm has also represented certain parties hereto in the past and may do so in the future; (iii) each party has waived any conflict of interest that exists as a result of such representation; and (iv) each party to this Agreement has been advised by the Firm to consult with independent legal counsel before entering into this Agreement.

J. Further Assurances. From time to time, as and when reasonably requested by either party or their successors or assigns, the other party shall execute and deliver, or cause to be executed and delivered, such documents and instruments and shall take, or cause to be taken, such further or other actions as may be reasonably necessary to carry out the purposes set forth herein.

K. Assignment. This Agreement shall inure to the benefit of and be binding on the successors and assigns of each of the parties. This Agreement may not be assigned by either party without the prior written consent of the other party.

(Signature Page Follows)

SCHEDULE A

Appalachian EB-5, LLC, Compensation Fee Schedule

The Regional Center shall provide supervisory services for the benefit of the Project in consideration for receiving the following:

(b)(4)

1.
2.
3.
4.
5.
6.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

REGIONAL CENTER:

APPALACHIAN EB-5, LLC,
a North Carolina limited liability company

By: Andrew Dover
Name: Andrew Dover
Title: Managing Member
Date: March 19, 2012

DEVELOPER:

MOUNTAIN AIR GLOBAL, LLC,
a North Carolina limited liability company

By: Andrew Dover
Name: Andrew Dover
Title: Managing Member
Date: March 19, 2012

SPONSOR:

MOUNTAIN AIR LENDERS, LLC,
a Delaware limited liability company

By: Andrew Dover
Name: Andrew Dover
Title: Managing Member
Date: March 19, 2012

Exhibit 15

Articles of Correction for Mountain Air Global, LLC, 10/21/2011 (North Carolina)

NORTH CAROLINA
Department of The Secretary of State

To all whom these presents shall come, Greetings:

I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF CORRECTION

OF

APPALACHIAN MOUNTAIN AIR GLOBAL, LLC
WHICH CORRECTED ITS NAME TO
MOUNTAIN AIR GLOBAL, LLC

the original of which was filed in this office on the 21st day of October, 2011.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 21st day of October, 2011

Elaine F. Marshall

Secretary of State

Document Id: C201129300199

SOSID: 1225593
Date Filed: 10/21/2011 10:05:00 AM
Effective: 10/13/2011
Elaine F. Marshall
North Carolina Secretary of State
C201129300199

State of North Carolina
Department of the Secretary of State

ARTICLES OF CORRECTION

Pursuant to §55D-14 of the General Statutes of North Carolina, the undersigned entity hereby submits these Articles of Correction for the purpose of correcting a document filed by the Secretary of State.

1. The name of the entity is: APPALACHIAN MOUNTAIN AIR GLOBAL, LLC.

2. The type of business entity is: ☐Domestic Corporation, ☐Foreign Corporation,
☐Domestic Nonprofit Corporation, ☐Foreign Nonprofit Corporation,
☒Domestic Limited Liability Company, ☐Foreign Limited Liability Company
☐Domestic Limited Partnership, ☐Foreign Limited Partnership
☐Domestic Limited Liability Partnership, ☐Foreign Limited Liability Partnership.

3. On the 13th day of October 2011, the business entity filed:

   a. The following described document: Articles of Organization.

   -OR-

   b. The attached document (*Check here ____ if applicable*).

4. This document was incorrect in the following manner (*specify the incorrect statement and the reason it is incorrect or the manner in which the execution was defective*):

   Name of the limited liability company is incorrect as shown:
   1. The name of the limited liability company is: APPALACHIAN MOUNTAIN AIR GLOBAL, LLC

5. The incorrect matters stated in Item 4 above should be revised as follows or the corrected document may be attached:

   The correct name of the limited liability company is as follows:
   1. The name of the limited liability company is: MOUNTAIN AIR GLOBAL, LLC

This the 18th day of October, 2011.

APPALACHIAN MOUNTAIN AIR GLOBAL, LLC
Name of Entity

Signature

Ronald R. Fieldstone, Organizer
Type or Print Name and Title

NOTES:
1. Filing fee is $10. This document must be filed with the Secretary of State.
2. For effective date of these Articles of Correction, see N.C.G.S. §55D-14.

CORPORATIONS DIVISION P.O. BOX 29622 RALEIGH, NC 27626-0622
(Revised January 2002) *(Form BE-02)*

Exhibit 16

Articles of Organization of Appalachian Mountain Air Global, LLC, 10/13/2011 (North Carolina)

NORTH CAROLINA
Department of the Secretary of State

To all whom these presents shall come, Greetings:

I, Elaine F. Marshall, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF ORGANIZATION

OF

APPALACHIAN MOUNTAIN AIR GLOBAL, LLC

the original of which was filed in this office on the 13th day of October, 2011.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 13th day of October, 2011.

Elaine F. Marshall

Secretary of State

SOSID: 1225593
Date Filed: 10/13/2011 10:15:00 AM
Elaine F. Marshall
North Carolina Secretary of State
C201128500175

State of North Carolina
Department of the Secretary of State

Limited Liability Company
ARTICLES OF ORGANIZATION

Pursuant to §57C-2-20 of the General Statutes of North Carolina, the undersigned does hereby submit these Articles of Organization for the purpose of forming a limited liability company.

1. The name of the limited liability company is: Appalachian MOUNTAIN AIR GLOBAL, LLC.

2. If the limited liability company is to dissolve by a specific date, the latest date on which the limited liability company is to dissolve: (*If no date for dissolution is specified, there shall be no limit on the duration of the limited liability company.*)

3. The name and address of each person executing these articles of organization is as follows: *(State whether each person is executing these articles of organization in the capacity of a member, organizer or both. Note: This document must be signed by all persons listed here).* Ronald R. Fieldstone, Organizer – 200 S. Biscayne Boulevard, Suite 3600, Miami, FL 33131

4. The street address and county of the initial registered office of the limited liability company is:

   Number and Street: 45 Mountain Air Drive

   City, State, Zip Code: Burnsville, NC 28714 County: Yancey

5. The mailing address, ***if different from the street address,*** of the initial registered office is:

   P. O. Box 1037, Burnsville, NC 18714

6. The name of the initial registered agent is: William R. Banks.

7. Principal office information: (*Select either a or b.*)

   a. ☒ The limited liability company has a principal office.

   The street address and county of the principal office of the limited liability company is:

   Number and Street: 45 Mountain Air Drive

   City, State, Zip Code: Burnsville, NC 28714 County: Yancey

   The mailing address, ***if different from the street address***, of the principal office of the corporation is:

   P. O. Box 1037, Burnsville, NC 18714

b. ☐ The limited liability company does not have a principal office.

8. Check one of the following:

_____(i) ***Member-managed LLC***: all members by virtue of their status as members shall be managers of this limited liability company.

✓ (ii) ***Manager-managed LLC***: except as provided by N.C.G.S. Section 57C-3-20(a), the members of this limited liability company shall not be managers by virtue of their status as members.

9. Any other provisions which the limited liability company elects to include are attached.

10. These articles will be effective upon filing, unless a date and/or time is specified:

This is the 11th day of October, 2011.

Signature

Ronald R. Fieldstone, Organizer

Type or Print Name and Title

Exhibit 17

Articles of Correction for Mountain Air Manager, LLC, 10/21/2011 (North Carolina)

NORTH CAROLINA
Department of The Secretary of State

To all whom these presents shall come, Greetings:

I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF CORRECTION

OF

APPALACHIAN MOUNTAIN AIR MANAGER, LLC
WHICH CORRECTED ITS NAME TO
MOUNTAIN AIR MANAGER, LLC

the original of which was filed in this office on the 21st day of October, 2011.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 21st day of October, 2011

Elaine F. Marshall

Secretary of State

Document Id: C201129300197

SOSID: 1225590
Date Filed: 10/21/2011 10:29:00 AM
Effective: 10/13/2011
Elaine F. Marshall
North Carolina Secretary of State
C201129300197

State of North Carolina
Department of the Secretary of State

ARTICLES OF CORRECTION

Pursuant to §55D-14 of the General Statutes of North Carolina, the undersigned entity hereby submits these Articles of Correction for the purpose of correcting a document filed by the Secretary of State.

1. The name of the entity is: APPALACHIAN MOUNTAIN AIR MANAGER, LLC.

2. The type of business entity is: ☐Domestic Corporation, ☐Foreign Corporation,
☐Domestic Nonprofit Corporation, ☐Foreign Nonprofit Corporation,
☒Domestic Limited Liability Company, ☐Foreign Limited Liability Company
☐Domestic Limited Partnership, ☐Foreign Limited Partnership
☐Domestic Limited Liability Partnership, ☐Foreign Limited Liability Partnership.

3. On the 13th day of October 2011, the business entity filed:

   a. The following described document: Articles of Organization.

   -OR-

   b. The attached document (*Check here ____ if applicable*).

4. This document was incorrect in the following manner (*specify the incorrect statement and the reason it is incorrect or the manner in which the execution was defective*):

   Name of the limited liability company is incorrect as shown:
   1. The name of the limited liability company is: APPALACHIAN MOUNTAIN AIR MANAGER, LLC

5. The incorrect matters stated in Item 4 above should be revised as follows or the corrected document may be attached:

   The correct name of the limited liability company is as follows:
   1. The name of the limited liability company is: MOUNTAIN AIR MANAGER, LLC

This the 18th day of October, 2011.

APPALACHIAN MOUNTAIN AIR MANAGER, LLC
Name of Entity

Signature

Ronald R. Fieldstone, Organizer
Type or Print Name and Title

NOTES:
1. **Filing fee is $10. This document must be filed with the Secretary of State.**
2. **For effective date of these Articles of Correction, see N.C.G.S. §55D-14.**

CORPORATIONS DIVISION P.O. BOX 29622 RALEIGH, NC 27626-0622
(Revised January 2002) *(Form BE-02)*

Exhibit 18

Articles of Organization of Appalachian Mountain Air Manager, LLC, 10/13/2011 (North Carolina)

NORTH CAROLINA
Department of the Secretary of State

To all whom these presents shall come, Greetings:

I, Elaine F. Marshall, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF ORGANIZATION

OF

APPALACHIAN MOUNTAIN AIR MANAGER, LLC

the original of which was filed in this office on the 13th day of October, 2011.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 18th day of October, 2011.

Elaine F. Marshall

Secretary of State

Certification# C201128500176-1 Reference# C201128500176-1 Page: 1 of 3
Verify this certificate online at www.secretary.state.nc.us/verification

SOSID: 1225590
Date Filed: 10/13/2011 10:05:00 AM
Elaine F. Marshall
North Carolina Secretary of State
C201128500176

State of North Carolina
Department of the Secretary of State

Limited Liability Company
ARTICLES OF ORGANIZATION

Pursuant to §57C-2-20 of the General Statutes of North Carolina, the undersigned does hereby submit these Articles of Organization for the purpose of forming a limited liability company.

1. The name of the limited liability company is: Appalachian MOUNTAIN AIR MANAGER, LLC.

2. If the limited liability company is to dissolve by a specific date, the latest date on which the limited liability company is to dissolve: (*If no date for dissolution is specified, there shall be no limit on the duration of the limited liability company.*)

3. The name and address of each person executing these articles of organization is as follows: (*State whether each person is executing these articles of organization in the capacity of a member, organizer or both. Note: This document must be signed by all persons listed here).* Ronald R. Fieldstone, Organizer – 200 S. Biscayne Boulevard, Suite 3600, Miami, FL 33131

4. The street address and county of the initial registered office of the limited liability company is:

   Number and Street: 45 Mountain Air Drive

   City, State, Zip Code: Burnsville, NC 28714 County: Yancey

5. The mailing address, ***if different from the street address,*** of the initial registered office is:

   P. O. Box 1037, Burnsville, NC 18714

6. The name of the initial registered agent is: William R. Banks.

7. Principal office information: (*Select either a or b.)*

   a. ☒ The limited liability company has a principal office.

   The street address and county of the principal office of the limited liability company is:

   Number and Street: 45 Mountain Air Drive

   City, State, Zip Code: Burnsville, NC 28714 County: Yancey

   The mailing address, ***if different from the street address***, of the principal office of the corporation is:

   P. O. Box 1037, Burnsville, NC 18714

b. ☐ The limited liability company does not have a principal office.

8. Check one of the following:

_____(i) ***Member-managed LLC***: all members by virtue of their status as members shall be managers of this limited liability company.

__✓__(ii) ***Manager-managed LLC***: except as provided by N.C.G.S. Section 57C-3-20(a), the members of this limited liability company shall not be managers by virtue of their status as members.

9. Any other provisions which the limited liability company elects to include are attached.

10. These articles will be effective upon filing, unless a date and/or time is specified:

This is the 11th day of October, 2011.

Signature

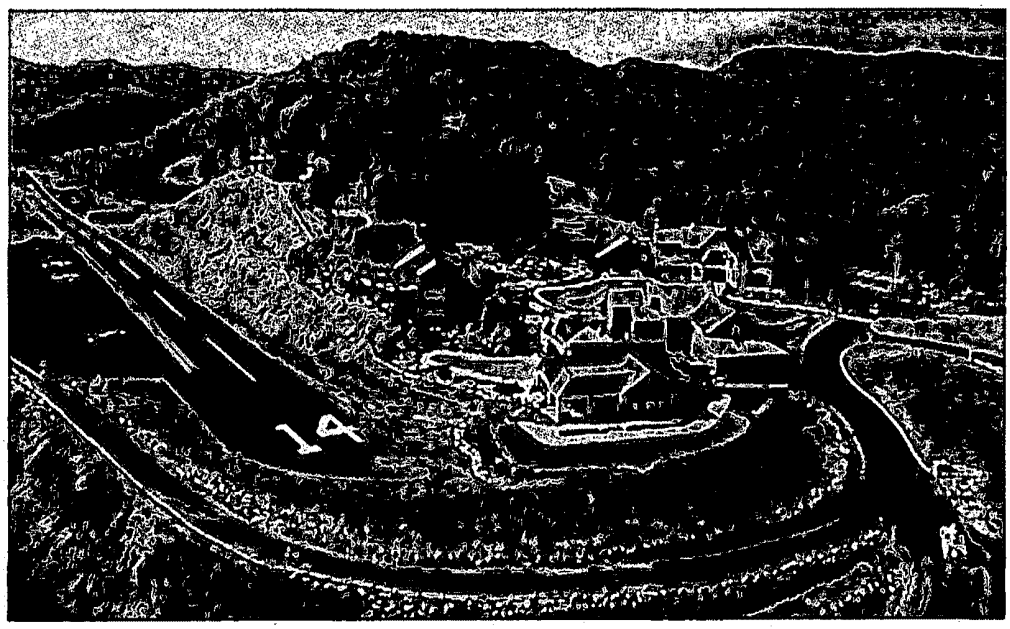
Ronald R. Fieldstone, Organizer

Type or Print Name and Title

Exhibit 19

Comprehensive EB-5 Project Business Plan

APPALACHIAN EB-5, LLC REGIONAL CENTER
EB-5 PROJECT BUSINESS PLAN



REGIONAL CENTER DESIGNATION/PROJECT APPROVAL APPLICATION

SPONSOR:
Appalachian EB-5, LLC Regional Center
45 Mountain Air Drive
Burnsville, North Carolina 28714

Email: info@AppalachianEB5.com
Web Site: http://www.AppalachianEB5.com

This document contains confidential and proprietary information belonging exclusively to: the Appalachian EB-5, LLC Regional Center. This is a business plan. It does not imply an offering of securities.

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1.1 Purpose

Regional Center (RC) Designation Application for the region including seventy-nine counties in the States of North Carolina and Tennessee under the regulations at *8 CFR §104.6(m).* The application also seeks project approval for the Mountain Air EB-5 project.

1.2 Sponsor/Applicant Company

Appalachian EB-5, LLC Regional Center on behalf of the
Mountain Air Lenders, LLC
c/o Mr. Andrew Dover
Odlum Tropaion LLC
45 Mountain Air Drive
Burnsville, North Carolina 28714

Telephone: (740) 704-3256
FAX: (305) 400-0679
Email: andydover@odlumcapital.com

Web Site: http://www.AppalachianEB5.com

1.3 Industry Focus

The focus of the proposed regional center will be the improvement and expansion of a unique mountain retirement-based community in the North Carolinian Appalachian Mountains. The development consists of single family homes, residential condominiums, a country club, and a village center featuring upscale lodging and dining, a spa, fitness center, theater, children's activity center, and other amenities that serve the small community. The Mountain Air EB-5 project will expand the residential base to include an additional: 37 single-family home sites, 70 developer-built homes, and 82 condominiums. The visitor activity base will be expanded with the sale of 150 new social memberships to the award winning country club that anchors the community.

Project development and operations activities and the positive economic impacts and net new job creation associated with them will cut across a large number of industry categories under the North American Industry Classification System (NAICS).[1] Within the proposed Appalachian EB-5, LLC Regional Center, these jobs will be created within a large number of NAICS categories. All of those jobs will be estimated through the development of a customized and extensive input-output model to measure economic activity and job impacts through the seventy-nine

[1] 2007 NAICS industry categories are used in this description.

county economy[2] of the prospective Appalachian EB-5, LLC ("AEB-5") Regional Center and for the U.S. economy as a whole.

The input-output model inputs capture the increase in investment associated with new construction well as the increase in direct employment and wages planned to accompany the expansion of the Mountain Air community. These occur in several NAICS sectors, as outlined in the inputs in the economic and job impact study. As a result of the expected EB-5 capital investment, net new jobs will be created in these and across a wide array of NAICS sectors and subsectors beyond those of the direct increases modeled as inputs. These total region-wide and national jobs impacts are presented in the economic and job impact assessment analysis completed by Economic & Policy Resources, Inc. as described herein.

However, it should be noted that the jobs that will be created by the EB-5 project, as presented in the economic and job impact study from Economic & Policy Resources, Inc., will not occur at Mountain Air Lenders, LLC—which is the EB-5 project business entity into which EB-5 investors are expected to make their equity investment. According to EB-5 project management, Mountain Air Lenders, LLC will provide financing to Mountain Air Global, LLC to develop and open the Mountain Air EB-5 project. The job creation from the expected EB-5 investor dollars will occur as a result of the development, construction, and operations of the EB-5 project—and this net new economic activity and new job creation will not occur at the EB-5 business enterprise into which EB-5 investors will be making an equity investment. **Because the positive economic activity and job creation impacts will be occurring at a different company than the EB-5 commercial business enterprise, all incremental economic activity and the net new jobs that will be created by the EB-5 project will be indirect for EB-5 program purposes.**

It follows from the discussion above that the Appalachian EB-5, LLC Regional Center, through its Mountain Air EB-5 project, is requesting USCIS approval of the following five NAICS activities under this regional center application:

(1) **NAICS 236 Construction of Buildings**—construction of buildings including: new work, additions, alterations, and maintenance and repairs,

(2) **NAICS 531 Real Estate**—renting or leasing real estate, managing real estate, selling, buying and renting real estate, and providing other related services such as real estate appraisal,

(3) **NAICS 541 Professional, Scientific, and Technical Services**—sector in which human capital is the primary input. Establishments make the specialized knowledge and skills of their employees available to the client,

(4) **NAICS 221 Utilities**—provide electric power, natural gas, steam, water and sewage services through a system of established infrastructure, and

[2] This consists of 50 counties in Tennessee and 29 counties in North Carolina. The project falls near the center of this region, in Yancey County, NC.

(5) **NAICS 811 Repair and Maintenance**—restoration of machinery, equipment and other products into working order. Establishments often do routine maintenance in addition to repair of damage.

If approved, the full development and operations associated with the Mountain Air EB-5 project will create jobs in industries across the list of NAICS sectors listed above and across a wide range of other NAICS sectors and subsectors of significance in both the seventy-nine county regional economy (which includes parts of North Carolina and Tennessee) and in the U.S economy as a whole—or beyond the requested geographic boundaries of the proposed Appalachian EB-5, LLC Regional Center.

1.4 Geographic Focus

The focus of the regional center will be the seventy-nine county area in western North Carolina and Eastern Tennessee. The proposed regional center encompasses a total land area of approximately 31,000 square miles, or about 64% the size of North Carolina.

1.5 Regional Center Contacts

Regional Center Principals:

Mr. Andrew Dover
c/o Odlum Tropaion, LLC
45 Mountain Air Drive
Burnsville, North Carolina 28714

Phone: (740) 704-3256
Fax: (305) 400-0679
Email: abdover@odlumcapital.com

Immigration Counsel:

H. Ronald Klasko
Klasko, Rulon, Stock & Seltzer, LLP
1800 John F. Kennedy Blvd.
Suite 1700
Philadelphia, PA 19103

Phone: (215) 825-8646
Fax: (215) 825-8699
Email: RKlasko@klaskolaw.com
Web: www.klaskolaw.com

SEC Counsel:

Ronald R. Fieldstone, Rebecca Abrams Sarelson
Arnstein & Lehr, LLP
200 S. Biscayne Blvd.
Suite 3600
Miami, FL 33131

Phone: (305) 428-4500
Fax: (305) 374-4744
Email: rrfieldstone@arnstein.com
Web: http://www.arnstein.com

Economic and Job Creation Impacts/Modeling:

Jeffrey B. Carr.
Economic & Policy Resources, Inc.
400 Cornerstone Drive, Suite 310
P.O. Box 1660
Williston, VT 05495-1660

Phone: (802) 878-0346

Email: jbc@epreconomics.com
Web: www.eb5economics.com

Accounting/Tax Planning:

At this point, the selection of an outside, independent accountant has not been made. This selection will be made by the end of the third quarter of calendar year 2012.

Business Plan Development:

Jeffrey B. Carr (see address and contact information above under **Economic and Job Creation Impacts/Modeling)**

EB-5 Marketing:

Mr. Jorge Cordova
Platinum Capital Investments, LLC
3219 E. Camelback, Suite 497
Phoenix, AZ 85018

Phone: (928) 380-3969
Email: Jorgekalm@aol.com

Investor Solicitation:

The selection of a firm or firms to handle investor solicitations is also underway. The firm or firms that could be employed in addition to Platinum Capital Investments, LLC (if any) will be designated by the end of the third quarter of calendar year 2012.

1.6 Total Anticipated Domestic Capital Investment

(b)(4)

Through the EB-5 program, Mountain Air Lenders, LLC intends to raise up to [redacted] in EB-5 capital to fund the development and operation expansion planned in the Mountain Air EB-5 project in Yancey County, North Carolina. These expansions will result in the creation of new economic activity and new jobs for the prospective regional center economy and beyond.

1.7 Investor Program Summary

Summary of the Project

The focus of the regional center's investment program will be residential construction and expansion of the existing Mountain Air community that comprises the EB-5 project. The community is an award winning private village with its own country club, air strip and village center. Great value is contributed to the community by the existing infrastructure which includes: roads, sewer service, phone, electric, and cable internet provision. The expansion of the community will include new single family homes, developer-built homes and residential condominiums in addition to growth in the country club by 150 social members. The new housing construction, expanded population, and increase in country club visitors associated with the EB-5 project will expand the regional economy and create new jobs across a myriad of expected NAICS activity areas as listed in Section 1.3 (above) and then through additional sectors by way of the economic multiplier or "ripple" effect. The EB-5 project intends to use the development expertise of the regional center and the development company principal, Andy Dover, and a senior management team to develop the project.

Investor Program Summary

(b)(4)

A portion of the investment capital for the initial project (with an expected minimum offering of up to [redacted] will be raised through an EB-5 Investment Program, offered exclusively to international investors seeking to gain the benefits of the program:

- Living and working anywhere in the U.S.,
- No employment authorization requirement to accept employment,
- Ability to develop and run a business,

- Ability to sponsor green cards for a spouse and minor children,
- Ability to travel outside of the United States and return to the United States without a visa,
- Education benefits of permanent residents such as admission to state universities at resident costs,
- Become a U.S. citizen once the investor has been a permanent resident for more than five years.

(b)(4) A total of up to [redacted] investors, with a minimum investment of $500,000 each, will be solicited through the program. In exchange, each investor will be offered the opportunity to receive conditional permanent residency which can be converted to unconditional permanent residency after a period of 21 months. It is projected that investors will receive periodic income from the project but on a deferred basis, with an expectation for loan repayment in 5 years—with two 1 year extension options. See Section 3 for a full description of the investment project and the regional center's development plans.

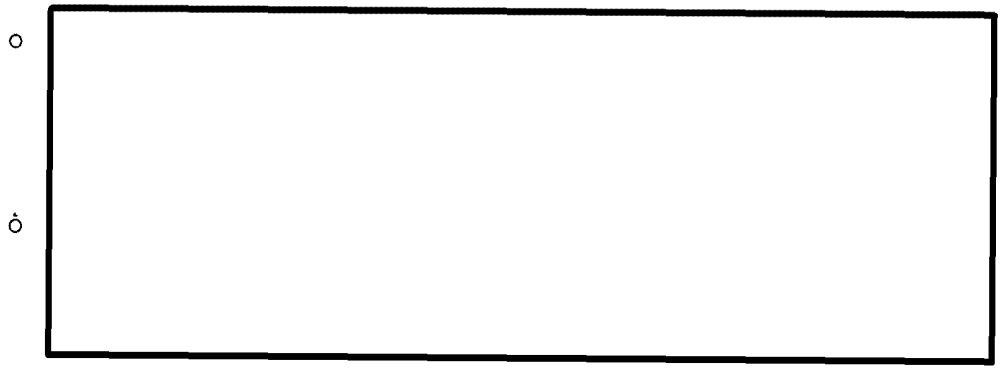
1.8 Economic Impact Analysis Summary

The economic and job impact assessment analysis report prepared by Economic & Policy resources, Inc. is the result of a significant study by the firm. Economic & Policy Resources, Inc. has considerable experience in evaluating and preparing impact assessment reports in support of EB-5 Regional Center and project approval applications that demonstrate the economic and job creation impacts of activities on a specific geographic area such as the proposed regional center.

The impact study completed by Economic & Policy Resources, Inc. used a REDYN dynamic input-output model tool—one of the generally accepted approaches for measuring net job creation by the U.S. Citizenship and Immigration Services. A summary of the job-generating results of the initial investment projects follows:

- The Economic & Policy Resources, Inc. impact assessment concluded that the development and construction of the Mountain Air EB-5 project in the Appalachian EB-5, LLC Regional Center will generate significant and positive economic benefits for the U.S. economy.

(b)(4)



- The planned Mountain Air EB-5 Project, if developed and operated as planned, will also have a positive impact on the regional economy of the AEB-5 Regional Center.

(b)(4)

Table 1 (below) displays the summary inputs and economic impacts of the planned development, construction and operation of the Mountain Air EB-5 Project in both the proposed AEB-5 Regional Center and the U.S. economy as a whole.

Table 1. Summary Model Inputs and Results - Mountain Air EB-5 Project

		Year 1	Year 2	Year 3	Year 4
Timeline		Construction			
		On-Going Operations			
Model Inputs	**NAICS**				
Construction					
Residential Construction	23331				
Other Developmental Costs	541	(b)(4)			
Employment					
Mountain Air Development	5313				
Mountain Air Realty	5312				
Mountain Air Utility	2213				
Mountain Air Legacy Homes	233				
Mountain Air Maintenance	811				
Professional Services	541				
Model Output [1]					
Total U.S. Economy					
Output ($2012, 000s)					
Disposable Income ($2012, 000s)					
Household Earnings ($2012, 000s)					
Jobs					
Regional Center Economy					
Output ($2012, 000s)					
Disposable Income ($2012, 000s)					
Household Earnings ($2012, 000s)					
Jobs					
Jobs Impact in RC for EB-5 Purposes					
Total Indirect Jobs					
Millions of Expenditures to Indirect Jobs Multiplier					
In the Regional Center Geography, Year 3					
In the Total U.S., Year 3					

Notes:
[1] Economic activity was modeled at the county level.

Prepared by: Economic & Policy Resources, Inc.

- The above described job and output impact totals are comprised in part from impacts in key subsectors. These include: NAICS 541 Professional, Scientific and Technical (Business) Services, NAICS 221 Utilities, NAICS 811 Maintenance and Repair, and NAICS 23 Construction. Detailed predictions of impacts associated with the Mountain Air EB-5 project are reported for inside and outside the pending regional center and for the U.S. economy in total.

- Table 2 (below) shows the year-by-year impacts expected **within the pending regional center** economy for each USCIS-requested subsector.

(b)(4)

(b)(4)

Table 2. Subsector Impacts Within the Regional Center—Mountain Air EB-5 Project

Within the Regional Center	NAICS	Industry Name	Year 1	Year 2	Year 3	Year 4
Employment Impacts	---	Total (industries below)				
	221	Utilities				
	23	Construction				
	233	Building, Developing, and General Contracting				
	234	Heavy Construction				
	235	Special Trade Contractors				
	541	Professional, Scientific, and Technical Services				
	811	Repair and Maintenance				
Output Impacts (2012$, thousands)	---	Total (industries below)				
	221	Utilities				
	23	Construction				
	233	Building, Developing, and General Contracting				
	234	Heavy Construction				
	235	Special Trade Contractors				
	541	Professional, Scientific, and Technical Services				
	811	Repair and Maintenance				

(b)(4)

- Table 3 (below) shows the year-by-year impacts expected **outside the pending regional center** economy for each USCIS-requested subsector.

(b)(4)

Table 3. Subsector Impacts Outside the Regional Center—Mountain Air EB-5 Project

Outside the Regional Center	NAICS	Industry Name	Year 1	Year 2	Year 3	Year 4
Employment Impacts	---	Total (industries below)				
	221	Utilities				
	23	Construction				
	233	Building, Developing, and General Contracting				
	234	Heavy Construction				
	235	Special Trade Contractors				
	541	Professional, Scientific, and Technical Services				
	811	Repair and Maintenance				
Output Impacts	---	Total (industries below)				
(2012$, thousands)	221	Utilities				
	23	Construction				
	233	Building, Developing, and General Contracting				
	234	Heavy Construction				
	235	Special Trade Contractors				
	541	Professional, Scientific, and Technical Services				
	811	Repair and Maintenance				

Prepared by: Economic & Policy Resources, Inc.

(b)(4)

- Table 4 (below) shows the year-by-year impacts expected for the **U.S. economy as a whole** for each USCIS-requested subsector. These impacts are equal to the sum of the inside the regional center and outside the regional center impacts.

(b)(4)

Table 4. Subsector Impacts on the U.S. Economy in Total—Mountain Air EB-5 Project

Total United States	NAICS	Industry Name	Year 1	Year 2	Year 3	Year 4
Employment Impacts	---	Total (industries below)				
	221	Utilities				
	23	Construction				
	233	Building, Developing, and General Contracting				
	234	Heavy Construction				
	235	Special Trade Contractors				
	541	Professional, Scientific, and Technical Services				
	811	Repair and Maintenance				
Output Impacts	---	Total (industries below)				
(2012$, thousands)	221	Utilities				
	23	Construction				
	233	Building, Developing, and General Contracting				
	234	Heavy Construction				
	235	Special Trade Contractors				
	541	Professional, Scientific, and Technical Services				
	811	Repair and Maintenance				

Prepared by: Economic & Policy Resources, Inc.

(b)(4)

2.1 Summary of the Program for the EB-5 Project

Mountain Air Lenders, LLC has been organized to provide financing to Mountain Air Global, LLC pursuant to a Memorandum of Understanding entered into with the Appalachian EB-5, LLC Regional Center to develop the Mountain Air EB-5 project. Appalachian EB-5, LLC will enter into a Memorandum of Understanding with Mountain Air Global, LLC to utilize the EB-5 Regional Center designation to develop the EB-5 Project. The regional center shall provide administrative, supervisory, due-diligence and other services as needed for the benefit of the EB-5 Project in consideration for receiving a supervisory/management fee related thereto.

The Mountain Air EB-5 Project consists of the expansion of an existing private residential community outside Burnsville, North Carolina. The community, which began as a getaway for close friends and acquaintances, has evolved into a 1,300 acre, more inclusive private residential development. The community centers on Slickrock Village, which includes the country club, community pool, restaurants, a spa and activity center, theater, and lodge. The Project expansion will add 37 homesites (to the existing 183), 70 developer-built homes (to the existing 123), and 82 condominiums (to the existing 210) for a total of 189 new residences. In addition to this residential expansion, Mountain Air Global will expand the country club membership by 150 social members and enter into conservation easement agreements, which will both raise funds and preserve the natural setting Mountain Air residents enjoy.

Since the Community is largely self-contained and provides some of its own infrastructure, utilities services, and administration, an expansion in the residential base will motivate an expansion of the supporting services provided by the community. Therefore, as shown in the economic report and Section 3.6 of this business plan, the project also includes the hiring of staff in a number of industries. These include real estate sales, utility provision, and professional support services required by the growing community.

The Mountain Air development is situated on the peak of 4,919 foot high Slickrock Mountain in the Appalachians of western North Carolina. While the property benefits from a remote atmosphere, it is still accessible. The property is just outside of Burnsville, North Carolina, a mountain community that is home to more artists and craftspeople per capita than anywhere else in the U.S. Thirty minutes away sits Asheville, North Carolina. This city of about 83,000 is known for its thriving downtown, artistic community, and livability. Enhancing the accessibility of the community is its 2,875 foot, VASI-equipped runway and aircraft parking area.

Appalachian EB-5, LLC has also arranged for the Klasko, Rulon, Stock & Seltzer, LLP immigration law firm to file an EB-5 Application and a Form I-526 on behalf of each Subscriber, which will be done promptly following acceptance of the subscription and admission of the Subscriber as an Investing Member of the EB-5 Company. It is anticipated that the USCIS will act on each EB-5 Application within approximately one hundred eighty (180) to two hundred forty (240) days after the completed EB-5 Application is filed. If the EB-5 Application is granted, the Subscriber will become a regular Member of the EB-5 Company. If a Temporary EB-5 Application is denied, without appeal or after denial of any appeal, the Company will cancel such subsidiary Member's Interest by returning to the Member the five hundred thousand dollar ($500,000) subscription price (whichever is applicable), less the [redacted] deposit for legal, administrative, and marketing fees.

(b)(4)

The EB-5 Company will continue in existence during the time that it maintains its investment in Mountain Air Global, LLC unless sooner terminated as provided in the Operating Agreement.

2.2 Qualification for Regional Development Center Designation

The program has been developed under the following USCIS requirements: (b)(4)

- Investors will be required to make an investment of at least $500,000, plus $[redacted]n legal, administrative, and marketing costs and other fees.
- Each investor's contribution to the Mountain Air Lenders, LLC will generate at least 10 EB-5 program eligible jobs within the defined geographic area of the regional center.
- Funds may come from any legal foreign or U.S. source, including gifts, loans, executive pension funds, trusts, and divorce settlements.
- The investment must be received from the person seeking the visa, from clearly identifiable and legal funds.
- Borrowed investment funds qualify as long as they are not secured by the assets of the target U.S. investment.

The EB-5 Offering has been structured so that a Subscriber will have made an investment that qualifies for an EB-5 Visa entitling such Subscriber, assuming the Subscriber otherwise satisfies the non-investment criteria for an EB-5 Visa, to conditional permanent United States residency and, ultimately, to apply for U.S. citizenship without conditions. The planned EB-5 Project is located in a prospective regional center which is applying to be designated as an EB-5 regional center by the United States Citizenship and Immigration Services ("USCIS"). Since investors must wait to file their EB-5 petitions until after regional center approval validates the arrangements, should be able to show such approval and avoid further adjudication of the project arrangements. Accordingly, in the absence of unexpected circumstances, the factors that will lead to granting or denial of the EB-5 Visa will focus on personal facts and circumstances of each Subscriber, particularly relating to showing legitimate source of his or her funds. The Company has arranged to work with experienced immigration attorneys to file the EB-5 Petition for an EB-5 Visa on behalf of and at each Subscriber's expense promptly following acceptance of the subscription and admission of the Subscriber as a Member in the LLC. It is anticipated that USCIS will act on each Petition within six (6) to eight (8) months after the completed Petition is filed, although a longer or shorter time period may apply in a particular case. If the Petition is granted, the Subscriber will become a regular Member of the Company. The Subscriber shall be responsible for all cost of travel and fees to USCIS.

2.3 Managerial Role—Active vs. Passive Investment

Mountain Air Lenders, LLC, the business enterprise into which EB-5 subscribers will invest is a Delaware Limited Liability Company. Under EB-5 regulations, the EB-5 immigrant investor is expected to participate in the management of the new enterprise by assisting in the formulation of the enterprise's business policy, by participating in one or more of the activities permitted in

the Delaware Limited Liability Company Act,[3] and as otherwise set forth in the Operating Agreement. Investors in an EB-5 enterprise must have all the rights and duties usually accorded to members applicable under the Delaware Limited Liability Company Act. The rights of the Members under the Operating Agreement are consistent with rights normally granted to Members under the Act.

2.4 Company Privacy Policy

It is the company policy of Appalachian EB-5, LLC, **and all subsidiary business enterprises,** to protect the privacy of its investors. Therefore, the Company will not disclose the names of investors to those outside of the Company that each investor is invested in, unless required to do so by law. However, each investor has the legal right of access to names, contact information, and percentage of ownership of the other investors within his/her limited liability company.

2.5 Project Selection

The current EB-5 project represents an important business opportunity, and is only the first of a number of projects the proposed regional center is expected to undertake. The selection of this project is based on the strong likelihood that the new jobs will be created within the geographic boundaries of the proposed regional center if this application is approved. The EB-5 project seeking approval has provided a detailed economic and job creation impact assessment analysis based on this business plan specifying its employment requirements, which were carefully reviewed and evaluated by the regional center's management prior to recommendation of the project to investors. Throughout the life of the first EB-5 project, these newly added EB-5 qualifying jobs will be closely monitored by the regional center's management. This will be done using the regional center's own job reporting forms, and will be supplemented by the project's employment records. These data will be collected and reported according to USCIS requirements including through the Form I-924A process as outlined in the Regional Center Operations Business Plan. Estimates of indirect job creation were determined by the economic and job creation impact assessment study that accompanies this application. These estimates were based on the EB-5 qualifying jobs that were to be added by the expansion of the completion of the EB-5 project within the geographic boundaries of the proposed regional center Memorandum of Understanding for each project which itemizes the rights and requirements for a regional center—sanctioned EB-5 project. A draft copy of the regional center's proposed Memorandum of Understanding for project participation within the proposed regional center is provided in the Regional Center Operations Business Plan, Section 1.5.

[3] Mountain Air Lenders LLC, the company into which the Investors will join as Members is a Delaware LLC.

3.1 Business Structure Overview

As noted above, Mountain Air Lenders, LLC (the EB-5 business enterprise) has been organized to provide financing to Mountain Air Global, LLC (the development company creating EB-5 jobs), a North Carolina limited liability company. The EB-5 development company has acquired the 1,300 acre Mountain Air community in addition to an adjacent property known as Mountain Spirit. This acquisition included all assets of the Mountain Air community. The property strikes a balance between the privacy of remote beauty and access to the small nearby (36 miles) town of Burnsville, NC and the larger Asheville, NC, which is noted for the character of its downtown.

The Mountain Air EB-5 Project consists of the expansion of the existing private residential community. The Project expansion will add 37 home sites (to the existing 183), 70 developer-built homes (to the existing 123), and 82 condominiums (to the existing 210) for a total of 189 new residences. In addition to this residential expansion, Mountain Air Global will expand the country club membership by 150 social members and enter into conservation easement agreements, which will both raise funds and preserve the natural setting Mountain Air residents enjoy.

Mountain Air Lenders, LLC will provide the above-referenced financing to Mountain Air Global, LLC pursuant to a Memorandum of Understanding entered into with Appalachian EB-5, LLC, a prospective regional center, to develop the EB-5 Project. The Mountain Air EB-5 Project will receive each Investor's $500,000 contribution, and will provide development/construction financing in connection with the EB-5 Project.

The EB-5 project location is in Yancey County, North Carolina. This is part of the proposed regional center area consisting of seventy-nine counties in western North Carolina and eastern Tennessee. The regional center boundaries were defined, in part, based on the boundaries used by the Appalachian Regional Commission. The commission is a federal, state, and local government partnership focused on economic development in Appalachia, a region of unique economic need and opportunity. The regional center encompasses about 31,000 square miles and contains the cities of Knoxville, TN and Asheville and Winston-Salem, NC. It is an area known for its natural beauty and Appalachian culture. This culture is recognized for distinctive craftsmanship and music in particular, and the regional center is home to many festivals celebrating this local personality. Economically, the region faces transportation barriers and declines in the textile, furniture, and tobacco manufacturing industries on which it has depended in the past. The high technology-biotechnology and tourism industries are up-and-coming.

The chart below describes the overall corporate structure of the various subsidiaries for the prospective regional center and the prospective EB-5 project.

OVERVIEW STRUCTURE

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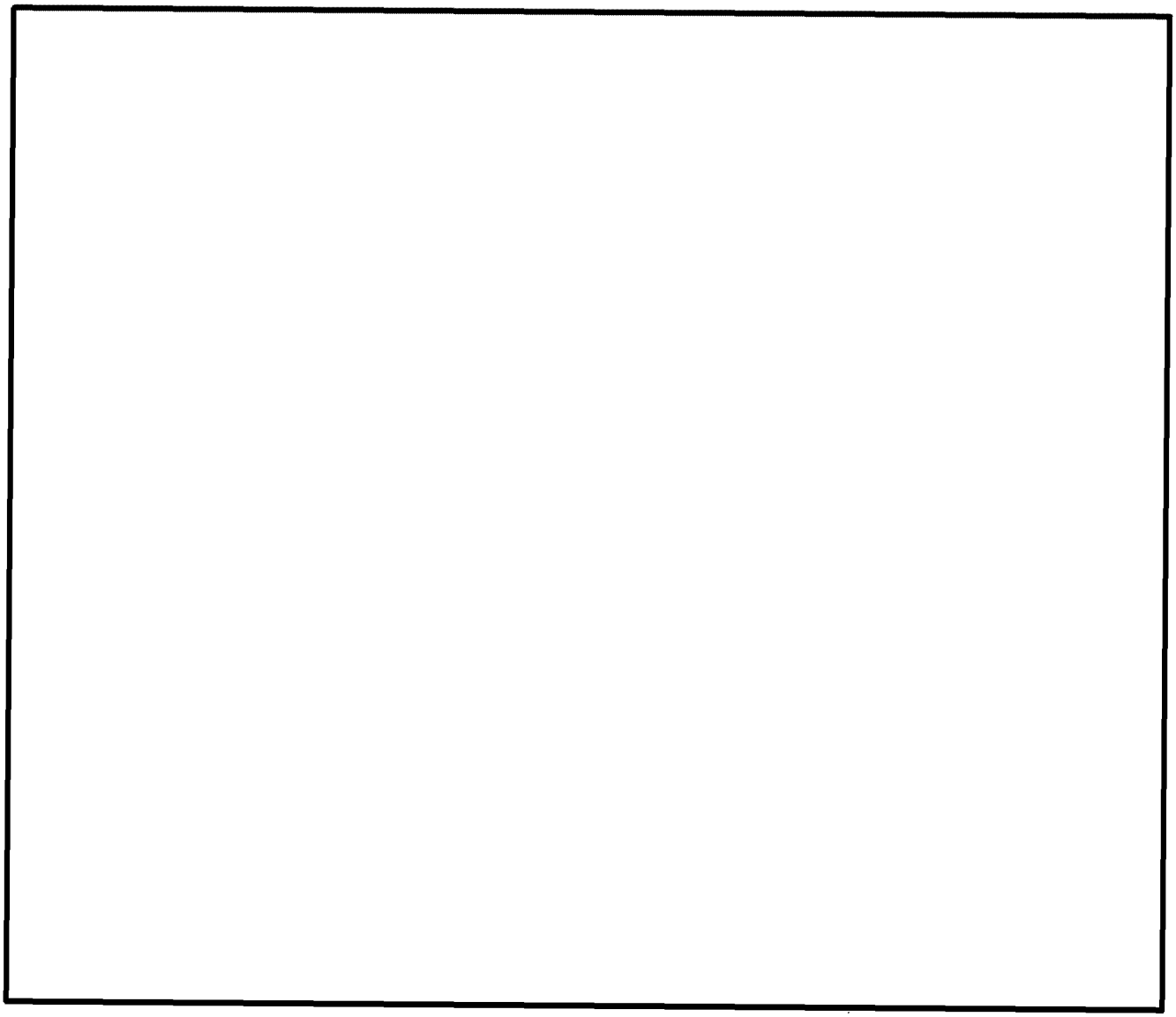
MOUNTAIN AIR LENDERS, LLC
(THE "EB-5 COMPANY")



* Principals include Andrew Dover and William R. Banks.

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** Excludes [redacted] er Investor for Offering costs, migration services and immigration legal fees and costs.

*** Manager is owned by the Regional Center.

**** Certain parties shall be appointed by the Company to serve as agents of the Company.

***** Principals include Andrew Dover, William R. (Randy) Banks and John Mccallum.

Footnotes:

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1. Excludes [redacted] per unit for Cost Allocation Amount. The Cost Allocation Amount shall be funded into an expense escrow account ("Expense Escrow Account"), and the $500,000 per Unit Project amount shall be funded in a project escrow account ("Project Escrow Account") as described herein.

2. Certain parties shall be appointed by the Company to serve as agents of the Company, including a Construction Disbursement Agent.

3. Appalachian EB-5, LLC will enter into a Memorandum of Understanding with the Developer to utilize the EB-5 Regional Center designation to develop the Project which will, in turn, create jobs. The Regional Center shall provide supervisory services for the benefit of the Project in consideration of receiving a portion of the Interest paid on the Loan. The Regional Center is affiliated with the Developer.

4. The Regional Center has an Advisory Board that includes Ronald Heifetz, Peter Salovey, Joe Vittoria, Jim Hindman and Tom Wicky.

3.2 Detailed Description—Mountain Air EB-5 Project[4]

Mountain Air started with a desire to create a special mountaintop retreat for the Banks and Young families. It was originally conceived as a getaway for close friends and acquaintances, but quickly blossomed into a 1,300 acre award-winning private residential development complete with 18 holes of mountaintop golf and its own airstrip. The community is unique as a destination-oriented development with $100 million of amenities and infrastructure in place. The Mountain Air EB-5 project includes the property acquisition followed by expansion of residences and amenities within the community as well as the sale of conservation easements on surrounding land parcels, which will both retain the natural environment and improve Mountain Air property values.

Since the early 1990s, Mountain Air has sold more than 600 properties consisting of home sites, cabins, condominiums, and custom homes. In addition, there have been 400 resale properties with sales in excess of $400 million. Growth in the residential base of the community associated with the EB-5 project will be based on the sale of new homesites, developer-built single family homes, and condominiums. Historically, these have ranged in price from the mid-$100,000s for lots and smaller condominiums to over $5 million for custom homes. The construction of 189 new residential units is planned for the community.

[4] The Mountain Air EB-5 Project is comprised of the first four years of a larger Master Plan for Mountain Air. It is possible that there are additional EB-5 projects that will be developed and applied for over the next ten years.

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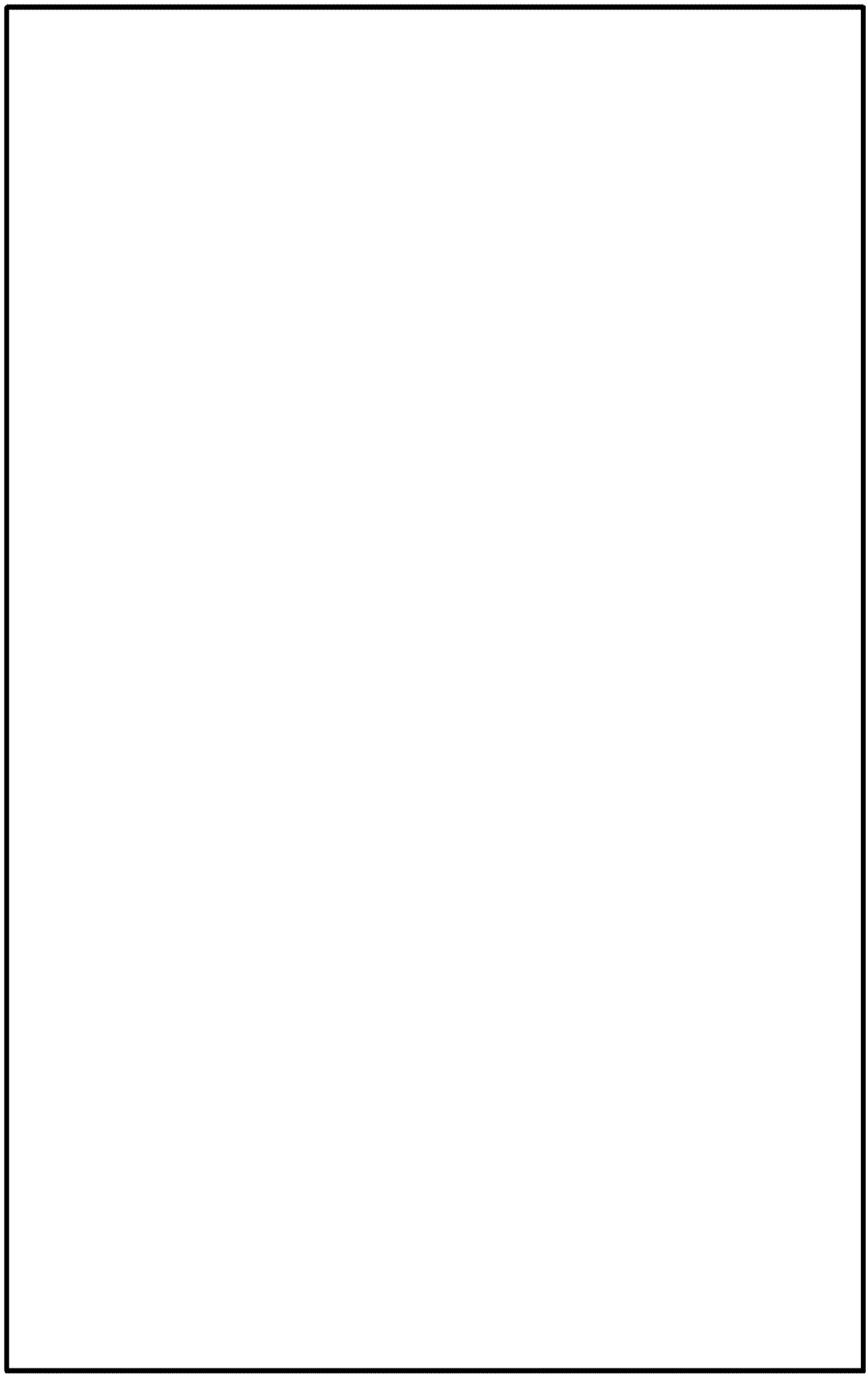

(b)(4)

The community rests on a solid base of physical infrastructure, including:

- 17 miles of completed roads;
- Onsite water wells, water treatment, and distribution network;
- City sewer service provided by the town of Burnsville;
- Underground electric, phone, cable (high speed internet) service;
- 2,875 feet of paved runway with VASI (specialized, certified runway lighting) and a parking area for 30 aircraft; and
- 8.5 miles of maintained hiking trails.

As part of this EB-5 project, improvements to this infrastructure will be undertaken. These improvements will integrate the newly constructed units into the community's roadway, water, and sewer systems as well as improving existing infrastructure used by current residents. The developers have planned construction of a lift station, road repairs and resurfacing, water system repairs and upgrades, city water tie-in, and sanitary system repairs and upgrades. These improvements will require a [redacted] investment.

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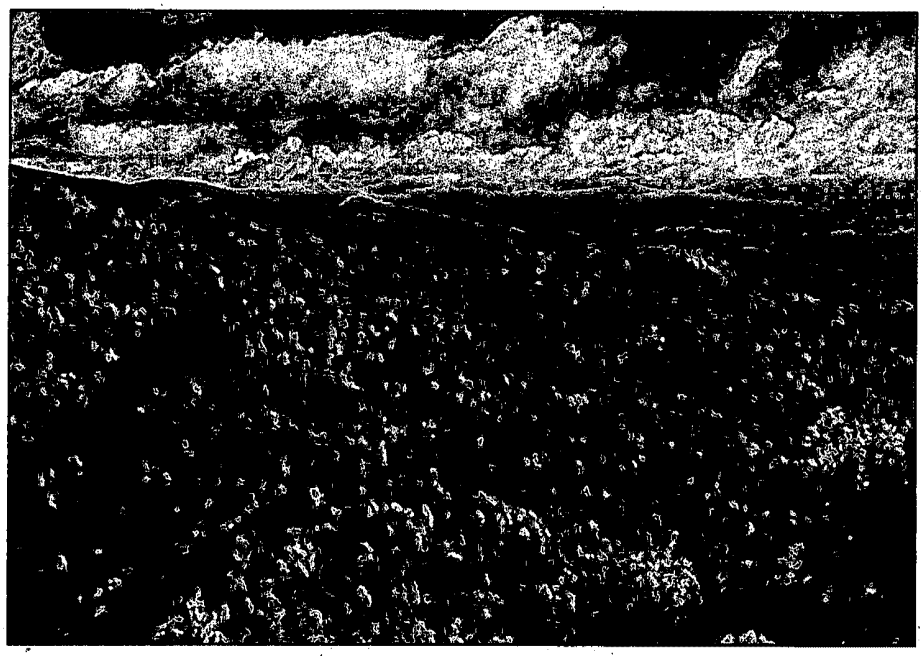
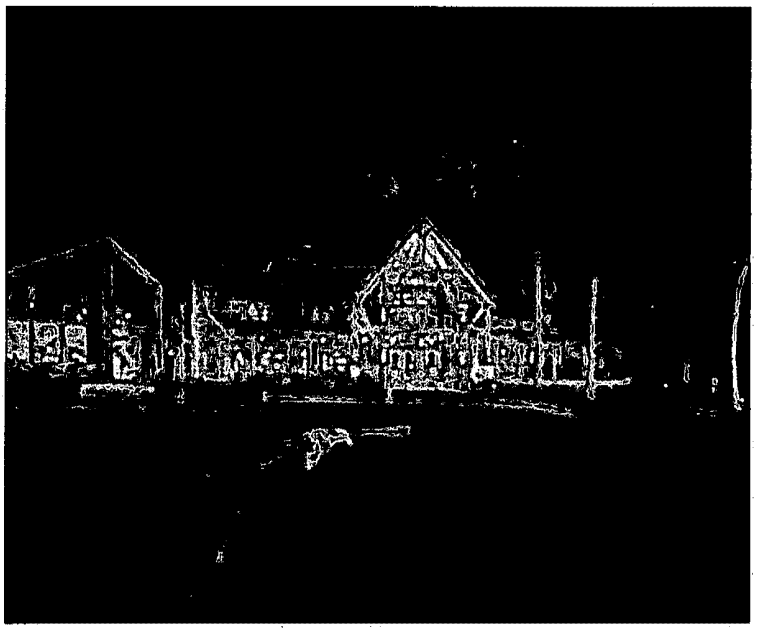


The success of Mountain Air is directly linked to the success of Yancey County, North Carolina. The vast majority of new property owners (over 80%) come from states other than North Carolina. Once complete Mountain Air will represent nearly

(b)(4)

At the center of Mountain Air is Slickrock Village, the community's gathering place where residents can enjoy amenities such as five-star lodging and dining, a spa and fitness center, a theater, a children's activity center, and a heated pool. Through a compelling combination of meeting places and gathering spaces, Mountain Air offers a truly authentic mountain village experience. It sustains the heritage of family togetherness that runs deep through the community, and it reflects a profound respect for the mountain's natural beauty.



Slickrock Village, as mentioned above, features an attractive array of amenities available to residents and visitors. These include:

- Falling Leaf Lodge
  - Seven five-star hotel suites with fireplaces and large deck areas
  - Lounge with bar and fireplace
  - Community Concierge
  - Mountain Market for sandwiches, snacks, beer, wine, and gifts
  - Pro Shop for apparel and golf equipment

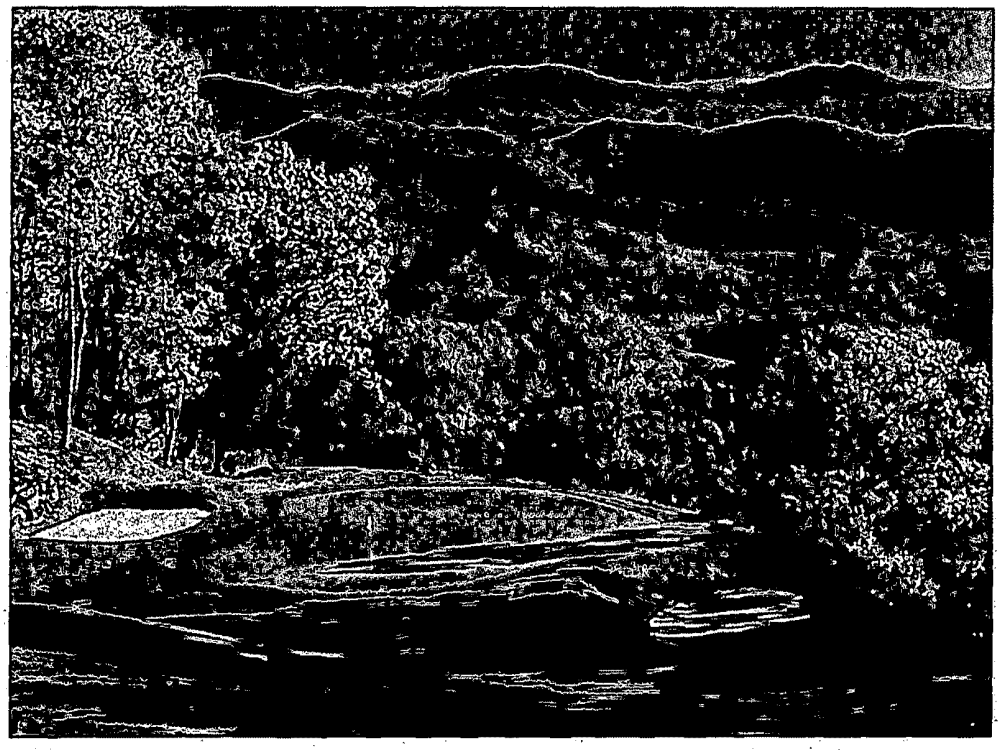
- Chautauqua Activity Center
  - Slickrock Cinema
  - Kids activity and game rooms
  - Fitness room overlooking the mountains
  - Men's and women's spa rooms

- Community pool
  - Large deck
  - Waterfall
  - Cabanas

- Orville & Wilburs Restaurant
  - Casual dining

- Mountain Air Country Club
  - Formal dining and bar
  - Administrative offices, business center, and conference room
  - Naturalist office and store
  - 18 (expanding to 27) hole golf course
  - Tennis courts

The Mountain Air Country Club is an important amenity and social center of the Mountain Air community. Originally, the club was planned for 850 members comprised of 550 full golf memberships, 150 associate golf memberships, and 150 social memberships. A [redacted] investment in golf facilities are bringing about an expansion to bring the course from 18 to 27 holes, and an additional $[redacted] will be invested in other club upgrades. Along with these (b)(4) expansions, the development team intends to add an additional 150 social memberships to bring the total to 1,000 members. These additional memberships will allow new residents of Mountain Air to make use of the club.



The EB-5 project also includes investments in amenities in other areas of the property. A teen center, a cabin in the Settler's Edge parcel, a sports complex in the Lost Chimneys parcel, and a shelter in the Old Growth forest park will be constructed with a [redacted] investment. (b)(4)

Mountain Air has a history of success at placing land into permanent conservation easements. Originally, Mountain Air earmarked a 100-acre easement known as Old Growth Forest Preserve. In December 2001, the first 25 Old Growth Forest acres were set aside for permanent conservation at a value of over $3.5 million. Then in November 2006, an additional 41 acres of Old Growth Forest were preserved at a value of over $18.0 million. An additional 34 acres, valued at over $17.0 million, was prepared for conservation in 2007. Going forward, the developers will continue to pursue the conservation easement strategy that shows community commitment to the environment. The plan calls for up to 1,200 acres to be placed in permanent conservation easements. This will ensure future generations have an opportunity to enjoy the Old Growth Forest in its natural state and will raise an additional [redacted] (b)(4) sales from the conservation investor programs.

In this time of economic transition, Mountain Air is well-positioned to take advantage of the growth in the private resort sector that is expected to accompany economic recovery. Its successful history gives it a competitive advantage in the real estate market, and the timing of the purchase presents a financial opportunity for investors.

3.3 Strategic Approach

The recent economic turbulence has devastated many of the nation's resorts and private communities. The sharp economic downturn that has wreaked havoc among the established resort community has virtually abolished the "coming soon" communities. Early-stage/on-the-drawing-board communities will not be viable for years to come, if ever. While there are a handful of mature developments, Mountain Air stands above the competition with its built-out infrastructure, debt-free amenities, and a track record of over 600 lots and homes sold to date.

Mountain Air's proven track record gives it a competitive advantage, but it has not been enough to make it immune to the economic reality of the past three years. Like the rest of the second home/resort industry, Mountain Air has suffered financial stress due to the decline in market activity. This has presented new investors with a significant opportunity to benefit from a highly collateralized, short term investment with above market rate returns. In addition to the competitive advantages specific to Mountain Air, the state of North Carolina has three of the top ten housing markets in the United States, as reported by *Builder* magazine's annual Healthy Markets Index.

These favorable market trends in combination with a proven management team speak to the anticipated commercial success of the Mountain Air EB-5 Project. It is clear that potential EB-5 investors are discerning in a market that provides a number of investment opportunities. Confidence in the anticipated commercial success and the resulting job creation that a successful real estate transactions and community operation will provide will be key in marketing the project to these investors.

A detailed plan of how the regional center and its initial project will be marketed to investors is found in section 5 of this business plan and the Region Center Operations Plan. The marketing effort will be undertaken in partnership with Platinum Capital LLC, an experienced firm with relationships in the major Asian EB-5 markets in addition to specialization in Mexico and Central America. The up-and-coming Middle Eastern market will also be an area of focus in regional center investor recruiting.

(b)(4)

3.4 Statement of Sources and Uses of Funds

The following table highlights the Mountain Air EB-5 project's expected sources and uses of funds over the four years of the proposed project's development and operations timeline. From the

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Chart of Sources and Uses of Funds—Mountain Air EB-5 Project

(b)(4)

3.5 Development Timeline Summary

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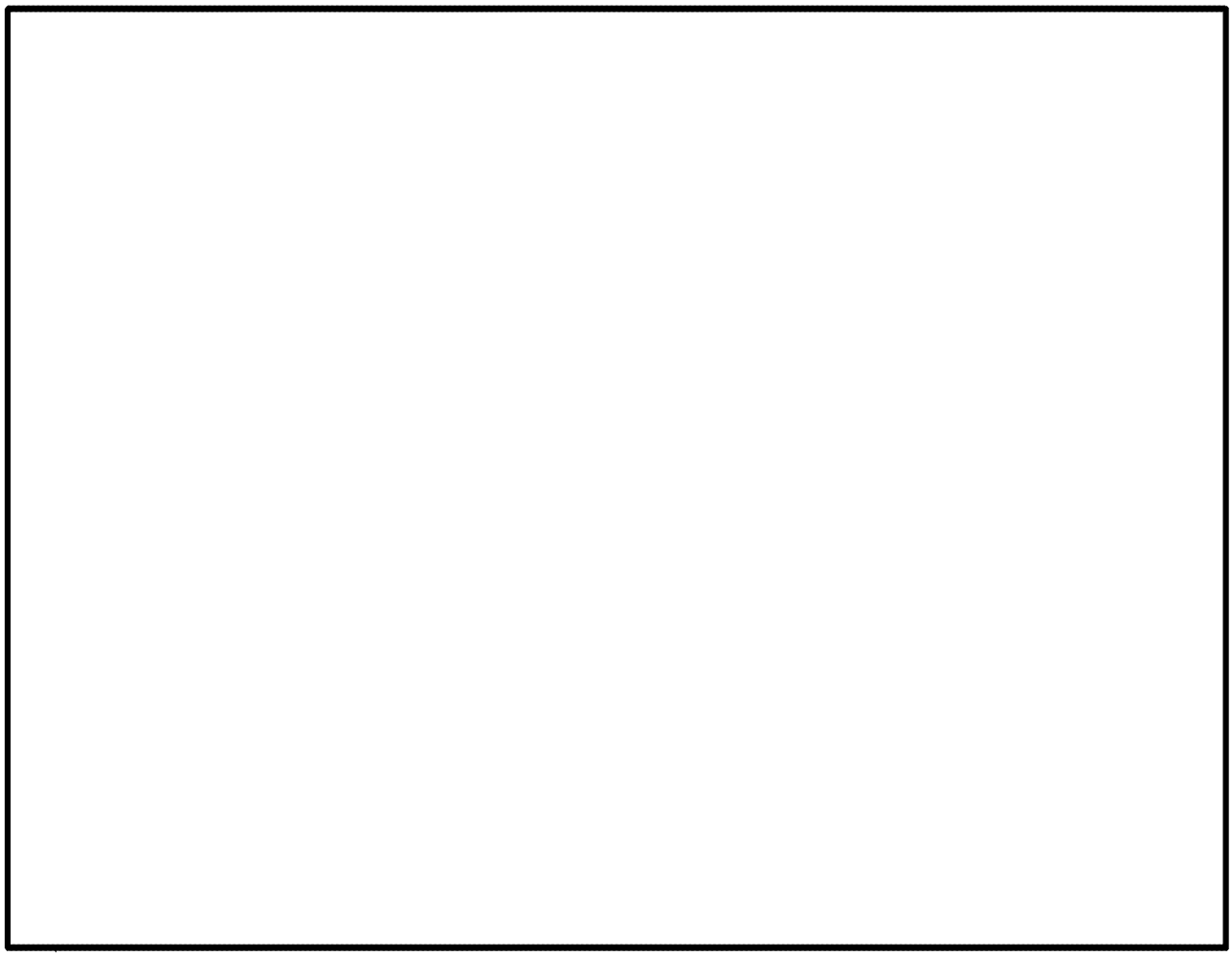


3.6 Development Pro-Forma

The following figure is a detailed pro-forma describing income and costs anticipated by the Mountain Air EB-5 project development team.

Figure 3-3: Mountain Air Development Pro-Forma

EB-5 PROJECT BUSINESS PLAN

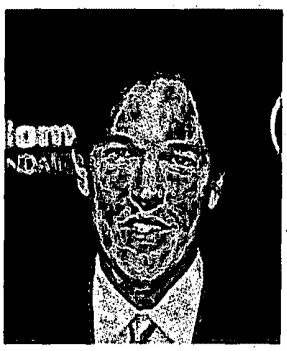
(b)(4)

	Year 1	Year 2	Year 3	Year 4	Year 5
Income					
Real Estate Sales					
Homesites					
Single Family Homes					
Condos					
Vertical Construction Margin					
Gross Real Estate Sales					
Less Selling Expenses:					
Commission					
Closing Costs					
Total Selling Expense					
Net Margin from Real Estate Sales					
Club Membership Sales					
Real Estate Broker Operations					
Conservation Easement Sales					
Total Additional Revenues					
Total Revenues					
Costs					
Development Costs					
Direct Infrastructure					
Community Infrastructure					
Amenities					
Total Development Costs					
Indirect Costs					
General & Administrative					
Marketing					
Sales Administration					
Club Subsidy					
Total Indirect Costs					
Bank Debt & Interest					
Debt Buy-Out					
Other Debt Obligations					
Interest					
WIP Interest (Vertical Construc					
Total Debt Principal & Interest					
Total Costs					
Net Cashflow/(Deficit)					

4.1 The Appalachian EB-5, LLC Regional Center Team

A number of highly-qualified professionals have been carefully selected in order to implement and manage the activities of the Appalachian EB-5, LLC Regional Center in compliance with USCIS regulations.

Regional Center Principal—Mr. Andrew B. Dover



Mr. Dover is the founder and managing partner of Odlum Capital. He is responsible for setting the firm's global asset strategy and managing the overall operations of the firm.

Prior to founding Odlum, Mr. Dover was the CEO of the Joe Torre Foundation in New York City. Before his tenure as CEO, he served as a senior vice-president at UBS. He started his investment career at Merrill Lynch.

Mr. Dover holds a BA in Philosophy from Yale University, an MPA from Harvard University's John F. Kennedy School of Government, and a Diploma in Organizational Leadership from the University of Oxford. In addition, he was a Fellow of the Center for Social Innovation (CSI) at the Stanford Graduate School of Business.

Regional Center Principal—Mr. William R. (Randy) Banks

Mr. Banks is President and Chief Executive Officer of Mountain Air Country Club and Mountain Air Development Corporation. Mr. Banks is an expert in developing, operating and managing of resort and residential communities, Mr. Banks has been employed by such well-known development companies as Gulfstream Development Corporation, The Hilton Head Company, and Wintergreen Development, Inc. He has served on the President's Council and Board of Directors of the National Association of Home Builders and as a local President and State Director of Home Builders Association of Georgia. Mr. Banks currently serves as Chair of the Urban Land Institute's National Recreational Development Council, Gold Flight. He was named the North Carolina Chapter's Developer of the Year in 2009 by the American Resort Development Association and the Community Association Institute.

Mr. Banks earned a BA in Political Science from the University of North Carolina-Charlotte.

Immigration Counsel: Klasko Immigration and Nationality Law

Klasko, Rulon, Stock and Seltzer, LLP has a team of nine full-time attorneys, all dedicated exclusively to immigration law. The firm's partners, headed by H. Ronald Klasko, are nationally recognized for their skills and field-leading law practice. The group serves companies and institutions large and small in addition to individual and family immigration cases.

Under Mr. Klasko's leadership, the firm was chosen with five other firms by ***Chambers Global*** in 2006, 2007, 2008 and 2009 as the top U.S. business, hospital and university immigration law firm. Ron, himself, was named as the world's most respected corporate immigration lawyer (The International Who's Who of Business Lawyers 2007 and 2008) and one

of the country's top immigration lawyers by clients and other immigration lawyers who said he is "revered for coming up with unique arguments that can save a client" ***(Chambers Global)***.

At the request of members of Congress and their staffs, Ron has testified before the U.S. House of Representatives Committee on the Judiciary and the U.S. Commission on Immigration Reform. He has been invited to lecture and provide training to staff members and lawyers of the U.S. Department of Labor, U.S. Department of State, INS General Counsel Management Conference, Immigration Judges Association and U.S. Department of Justice. In addition, he has been an Adjunct Professor of Immigration Law at Villanova University Law School and is a frequent lecturer on immigration law subjects.

A member of the prestigious Alliance of Business Immigration Lawyers, Ron is the co-author of the two volume ***Employers' Immigration Compliance Guide*** (Matthew Bender 1985).

For the last 18 years, Ron has been included in the highly regarded Best Lawyers in America (Woodward and White). He is one of only three practicing attorneys ever honored with the AILA Founders Award for his contributions to immigration jurisprudence.

SEC Counsel: Arnstein & Lehr, LLP

Arnstein & Lehr LLP is one of the country's oldest and most respected law firms. Since its founding in 1893, the Firm has served clients – large and small – throughout the United States and in many foreign countries. More than a century later, Arnstein & Lehr has established itself as a sophisticated, full-service practice that addresses the diverse and complex needs of its clients with vision, expertise, and a commitment to quality and service. The company practices in five main service groups – Business, Litigation, Local Government, Tax and Estate Planning, and Real Estate.

Ronald R. Fieldstone is a partner in the Miami office of Arnstein & Lehr LLP, specializing in corporate/securities and taxation law.

Mr. Fieldstone is a member of the Real Property, Probate and Trust and the Tax Law Sections of The Florida Bar. He served as a panel member of the American Arbitration Association for 17 years and is a title agent of several title insurance companies. Mr. Fieldstone has published numerous articles and has been a lecturer in the fields of real estate, corporate, tax law and franchise law for the past 37 years. He currently practices primarily in the areas of corporate/securities and taxation law.

Since 2009 Mr. Fieldstone has actively been involved in serving as corporate/securities counsel for multifaceted industries involving real estate funds and specializing more recently on EB-5 immigrant visa investor offerings ("EB-5"). The EB-5 visa is a United States visa created by the Immigration Act of 1992. This visa provides a method of obtaining a green card for foreign nationals who invest money in the United States. Mr. Fieldstone represents a vast number of Regional Centers

in EB-5 offerings, involving in excess of 40 matters. Mr. Fieldstone's corporate/securities work includes the preparation of private placement memoranda and related documents. Mr. Fieldstone actively lectures and publishes in the EB-5 corporate/securities fields.

Mr. Fieldstone was a principal in a Blockbuster Video franchise that operated 25 stores in eight states from 1987 until October, 1995, when the business was sold to the franchisor. He is a principal of a multi-state lithotripsy company and a Miami-based medical diagnostic company. He was also a principal of Barnie's Coffee and Tea, Inc., the owner of the Barnie's operating system with approximately 80 corporate units and 20 franchised units.

Mr. Fieldstone has extensive real estate holdings in the state of Florida and serves as a managing partner of Landmark Residential, which has served as the sponsor and manager of approximately 20,000 multi-family units in the states of Florida, Alabama, Georgia, Texas and North Carolina.

Associate Rebecca Abrams Sarelson, in the firm's Miami office, focuses her practice on international and domestic corporate transactions, taxation, wealth preservation, estate planning, tax-exempt organizations, and real estate transactions. Ms. Sarelson handles complex business and tax planning and counsels clients in entity selection, joint ventures, general corporate and partnership matters and advises on complex tax and estate planning matters, asset protection, gift planning and trust administration.

During her undergraduate and law school career, Ms. Sarelson volunteered as a Guardian ad Litem in Alachua County, Florida and completed an externship in the Eighth Judicial Circuit. After earning her J.D. from the University of Florida, she completed a tax internship with a well-known tax boutique in Miami, Florida, and after earning her LL.M in Taxation in 2004, she joined Fieldstone Lester Shear & Denberg, LLP, and now works with Mr. Fieldstone at Arnstein-Lehr.

Ms. Sarelson is a member of the International Law, Real Property, Probate and Trust Law, and Tax sections of the Florida Bar, as well as the Young Lawyers Division.

Economic and Job Creation Impact Modeling: Economic & Policy Resources, Inc.

Since the company's founding in 1983, the professionals of Economic & Policy Resources have been providing clients with objective research, analysis, forecasting, and advisory services in multiple aspects of economics, finance, public policy, and strategic planning. The firm has completed successful projects for government, business, and institutional clients, allowing clients to move forward decisively to embrace their opportunities or address their problems.

The Company's experience includes a wide range of assignments. Completed projects range from performing economic impact analyses for clients who need to understand how their industry or project will affects a state, regional, or community economy to developing solutions and implementation strategies for dealing with the most complex economic, financial, or public policy problems. The firm also evaluates and drafts business plans for the EB-5 Immigrant Investor VISA

Program.

Jeffrey B. Carr, EPR, Corporate President & Economist, has more than 30 years of experience in economic analysis, economic forecasting, regional economic and fiscal impact analysis (including a growing national practice under the U.S. Citizenship and Immigration Service's EB-5 Immigrant Investor Program), financial analysis, economic-tax revenue forecasting, and preparing and presenting state economic-fiscal data to Wall Street bond rating agencies. In addition to more than 200 completed regional impact assessment assignments in his consulting practice, Mr. Carr has served as the consulting State Economist and Principal Tax Revenues Analyst-Forecaster for the past five Governors of Vermont, including the newly elected Vermont Governor Peter Shumlin, 8 years for former Governor James H. Douglas, and 12 years for former Vermont Governor Howard B. Dean. He has been the State Economic Forecast Manager for Vermont the past 20 years for the New England Economic Partnership (NEEP).

EB-5 Program Marketing Plan Development: Jorge Cordova, Platinum Marketing, LLC

The EB-5 marketing program will be handled by representatives of the regional center and Platinum Capital Investments, LLC utilizing their extensive network of international contacts in Mexico, Central America and South America. In addition, EB-5 project management will also potentially work with a third party with broad EB-5 program experience and reliable past performance for these services and will be paid according to a legally structured compensation agreement.

Business Plan Preparation: Economic & Policy Resources, Inc.

Please refer to the company description for Economic & Policy Resources, Inc. and Mr. Jeffrey B. Carr above.

Regional Center Escrow Agent: JP Morgan Chase Bank

The regional center's escrow agent will be JP Morgan Chase Bank. J.P. Morgan offers escrow services for an increasingly complex global economy, helping their customers and clients to successfully mitigate risk for critical transactions. JP Morgan Chase's dedicated escrow team offers reliable and dependable service to ensure that transactions close quickly, accurately and securely.

J.P. Morgan's suite of escrow services has been built on experience and customized to cover the needs that arise in your business including, but not limited to, escrow structures for mergers & acquisitions, regulatory/litigation, payments and raising capital. When risk management is critical, rely on a trusted provider-the escrow professionals of J.P. Morgan provide: (1) Quick services turnaround: Escrow Services provides rapid turnaround on escrow agreements, enabling clients to close deals without delay; (2) Fast, easy document preparation: JP Morgan walks customers through the steps to complete the escrow transaction, and then provides customers with a form of a contract that can be customized to meet the needs of the

transaction and then quickly reviewed with a dedicated team of document specialists; (3) Dedicated escrow professionals: J.P. Morgan has a team of dedicated escrow specialists, who understand the nuances of escrow and its many applications, including translating a customer's unique risk mitigation requirements into a simple, workable solution; (4) Global reach: Including escrow specialists and offices across the globe; (5) Financial strength: J.P. Morgan's fortress balance sheet, strong capital base and rigorous risk management policies provide a strong complement to our leadership in escrow services. This is especially important as clients navigate through turbulent markets, and (6) Integrated solutions: JP Morgan Chase clients of Escrow Services have access to a broad range of related capabilities, such as foreign exchange services to address currency risk in cross-border transactions.

4.2 Initial EB-5 Project Development Team

This section profiles the key team members that have worked to develop the Appalachian EB-5, LLC Regional Center's vision for the regional center and its subisiary business enterprises. Each will be involved in the development and operations of the new businesses and projects in the current regional center program.

Mr. Andrew Dover, Regional Center Principal.

See Mr. Dover's biographical information in Section 4.1 above.

Mr. William R. (Randy) Banks, Regional Center Principal.

See Mr. Bank's biographical information in Section 4.1 above.

Senior Development Team Biographies for the Mountain Air EB-5 Project

The development team for the Mountain Air EB-5 Project and the Appalachian EB-5, LLC Regional Center includes a number of skilled, senior professionals that will oversee the development, construction, and operations of the Appalachian EB-5, LLC Regional Center's first EB-5 project. These professionals bring together an impressive range of practical and successful experience in the development of such projects. Among the key professionals include:

Dr. Ronald Heifetz, Regional Center Board Member-Advisory Board

Dr. Heifetz is a Board Member of Odlum Capital and Appalachian EB-5, LLC Regional Center. Dr. Heifetz is the King Hussein bin Talal Senior Lecturer in Public Leadership at Harvard University's John F. Kennedy School of Government, where he also co-founded the Center for Public Leadership. His book "Leadership Without Easy Answers" (Belknap/ Harvard University Press, 1994) is currently in its 13th printing. Dr. Heifetz is co-founder of Cambridge Leadership Associates. Dr. Heifetz earned his Bachelors of Arts degree from Columbia University, an MD from Harvard Medical Schoolm and an MPA, John F. Kennedy School of Government, Harvard University/

Mr. Peter Salovey, Regional Center Board Member-Advisory Board

Dr. Salovey is a Board Member of Odlum Capital and Appalachian EB-5, LLC Regional Center. Dr. Salovey is Provost at Yale University and the Chris Argyris Professor of Psychology. Dr. Salovey is also a Professor of Management, Epidemiology and Public Health at Yale, where he directs the Health, Emotion and Behavior Laboratory. Dr. Salovey has published more than 300 articles and chapters, and he has authored, coauthored, or edited 13 books.

D. Salovey earned his AB in Psychology and co-terminal MA in Sociology from Stanford University. He earned his MS, MPhil and PhD in Psychology from Yale University.

Mr. Joe Vittoria, Regional Center Board Member-Advisory Board

Mr. Vittoria is a Board Member of Odlum Capital. He was Chairman and CEO of Avis, Inc., where he created the Avis Employee Stock Ownership Trust, the largest ESOP at the time and a model for other companies. As an adviser to the United Airlines board, Mr. Vittoria would later spearhead the creation of UAL's landmark ESOP. In 1997, Mr. Vittoria founded Travel Services International, a public company that changed the industry's traditional distribution system. Selling it in 2000, Mr. Vittoria became an investor and Chairman of Puradyn Filter Technologies, Inc. In 2006, he became Puradyn's CEO, a position he holds today. Mr. Vittoria is also Chairman of the Board of Great Wolf Resorts and Greenjets, Inc.

Mr. Vittoria earned his BS in Civil Engineering from Yale University, and an MBA from Columbia University.

Mr. James Hindman, Regional Center Board Member-Advisory Board

Mr. Hindman is a Board Member of Odlum Capital. Mr. Hindman founded Jiffy Lube in 1979 and grew it to 1,000 units internationally. Upon the sale of Jiffy Lube in 1989, Mr. Hindman founded Youth Services International, a private agency serving more than 3,000 juveniles from 35 states and operating residential and community-based educational programs for adjudicated and at-risk youth. Today, Mr. Hindman is the co-founder and former Chairman of Avatech Solutions, a software consulting company. He was awarded the Entrepreneur of the Year Award in 1987 by the International Franchise Association.

Mr. Hindman earned his BA from Western Maryland College.

Mr. Tom Wicky, Regional Center Advisory Board

Mr. Wicky is a distinguished hotel management executive responsible for making Mountain Air a five-star experience. Mr. Wicky began his management career in Europe, bringing the highest standards of hospitality to premier resorts and luxury urban hotels. Returning to the U.S., Mr. Wicky earned the coveted Mobil 5-Star or AAA 5-Diamond awards at four renown properties: The Boca Raton Hotel & Club, The Breakers Palm Beach, The Cloister at Sea Island (Ga.), and Hotel Intercontinental. Mr. Wicky has served on the Board of Directors of privately owned, corporate and equity member ownership properties. Mr. Wicky has represented extensive real estate assets, including single-family homes, condominiums, hotel accommodations, and membership sales. Mr. Wicky has also run a $100 million site renovation and spearheaded

operational aspects of recreational facilities including golf, tennis, marinas, and retail outlets. Mr. Wicky has been a guest speaker at Cornell and a lecturer at both Florida State University and Florida Atlantic College.

Mr. Wicky earned his Certified Hotel Administrator degree from Michigan State University. He has completed post-graduate studies at Cornell University's School of Hotel Management and the University of Miami.

4.3 Listing of Key Mountain Air EB-5 Project Contractors

In addition to the above, the Mountain Air EB-5 Project has provided a list of key vendors. These vendors are listed in the table below.

Supplier List
Mountain Air Development Co.
Mtn Air Development Co.

Supplier Name	City
[redacted]	

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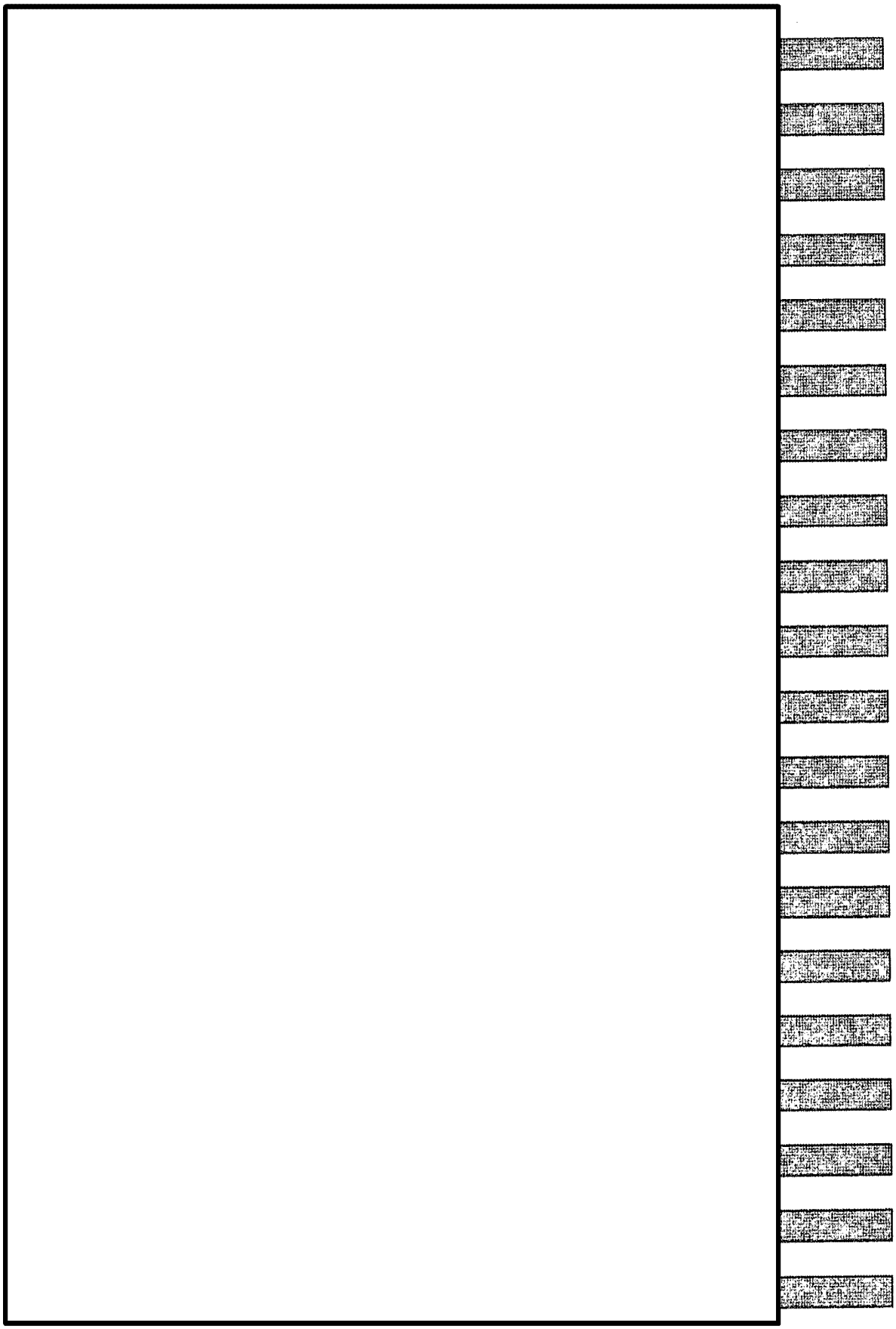

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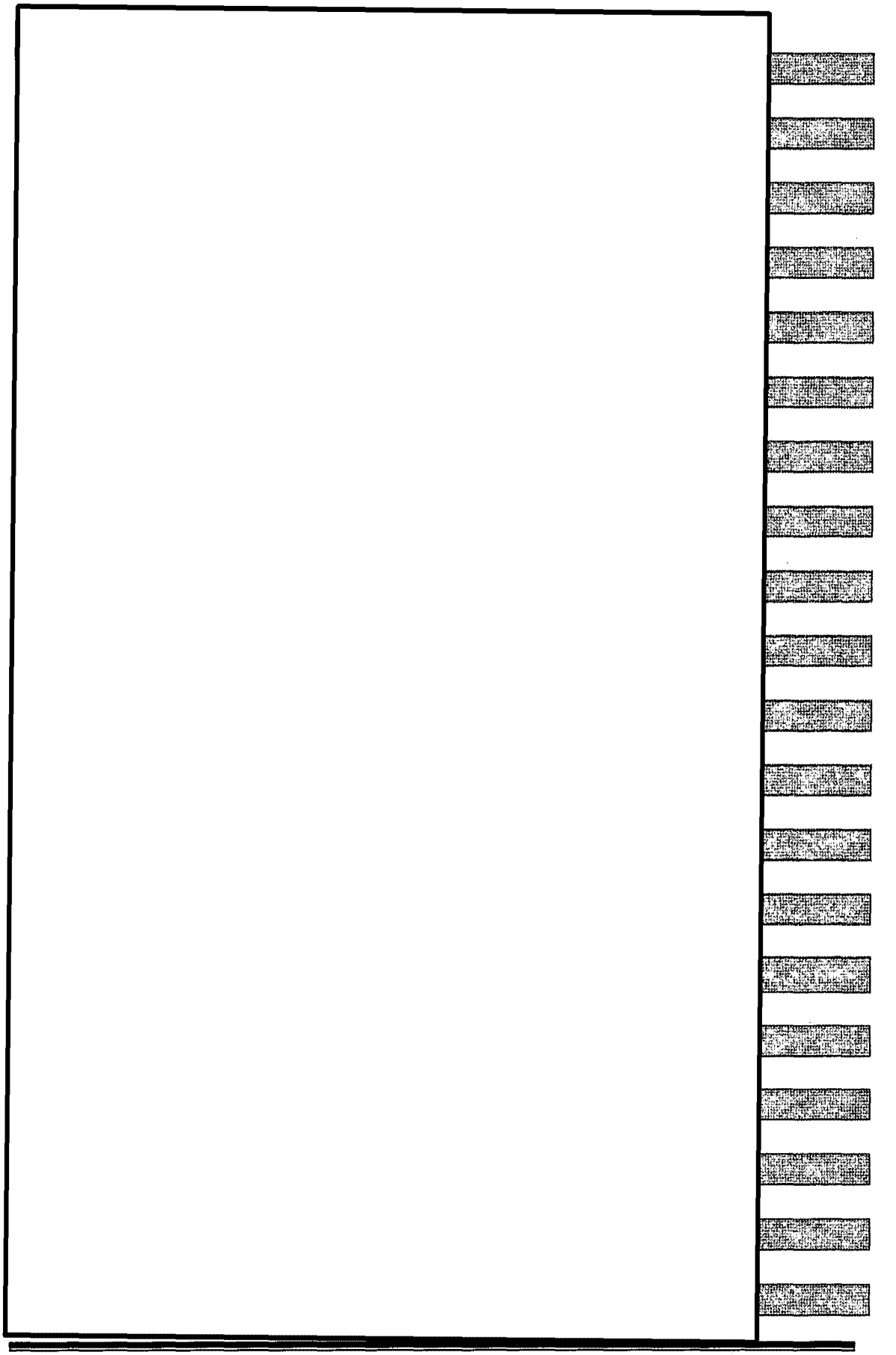

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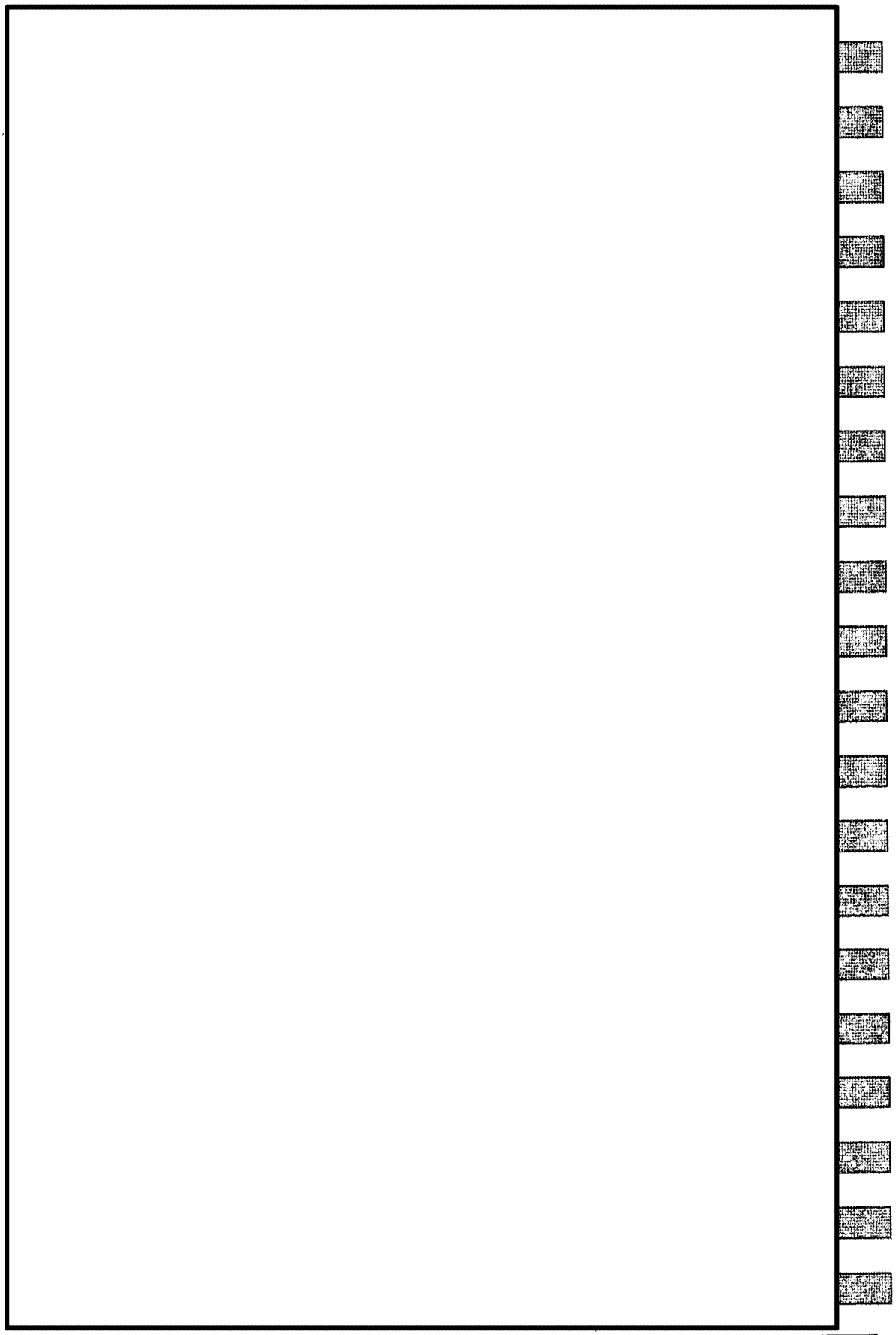

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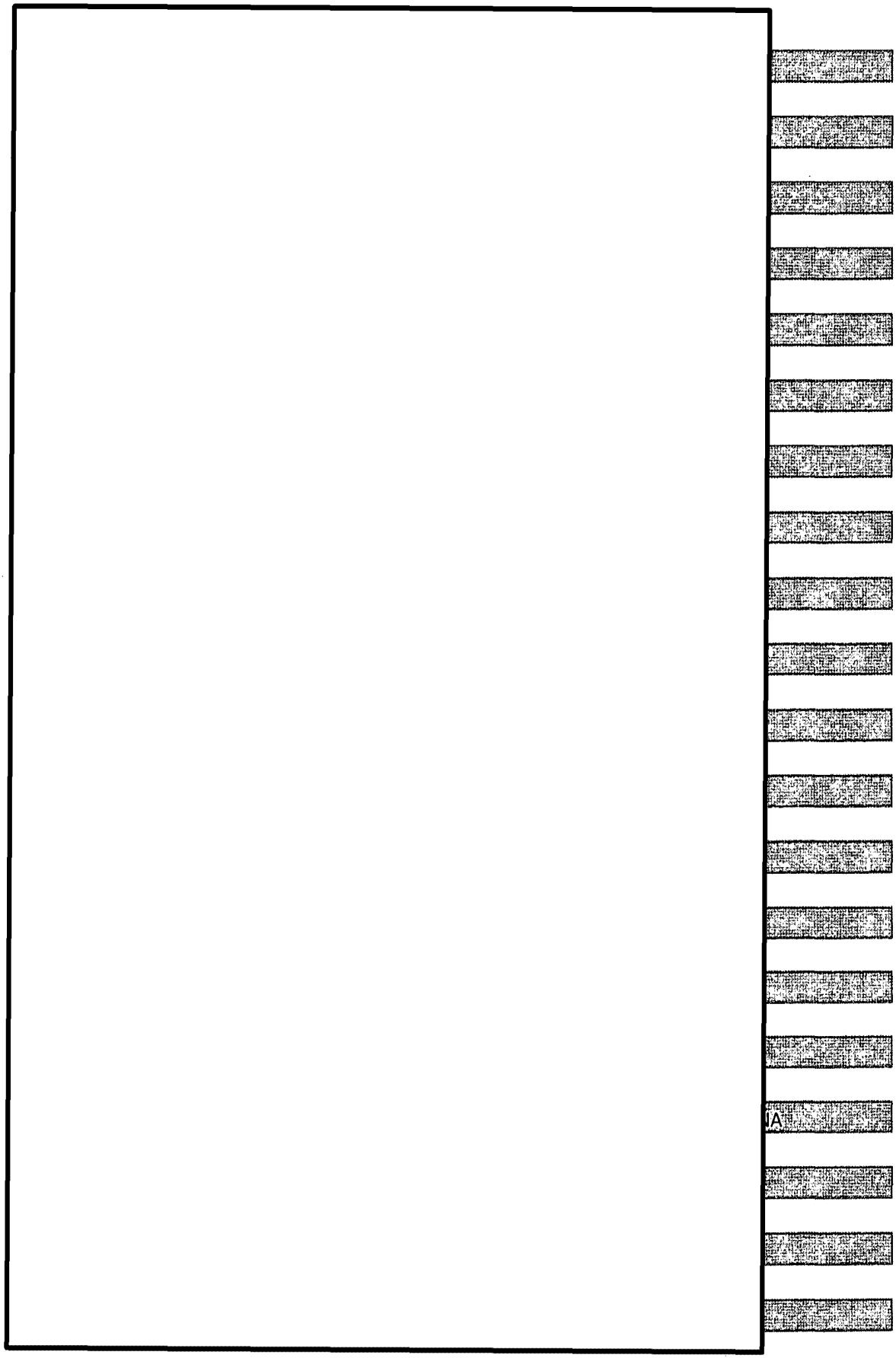

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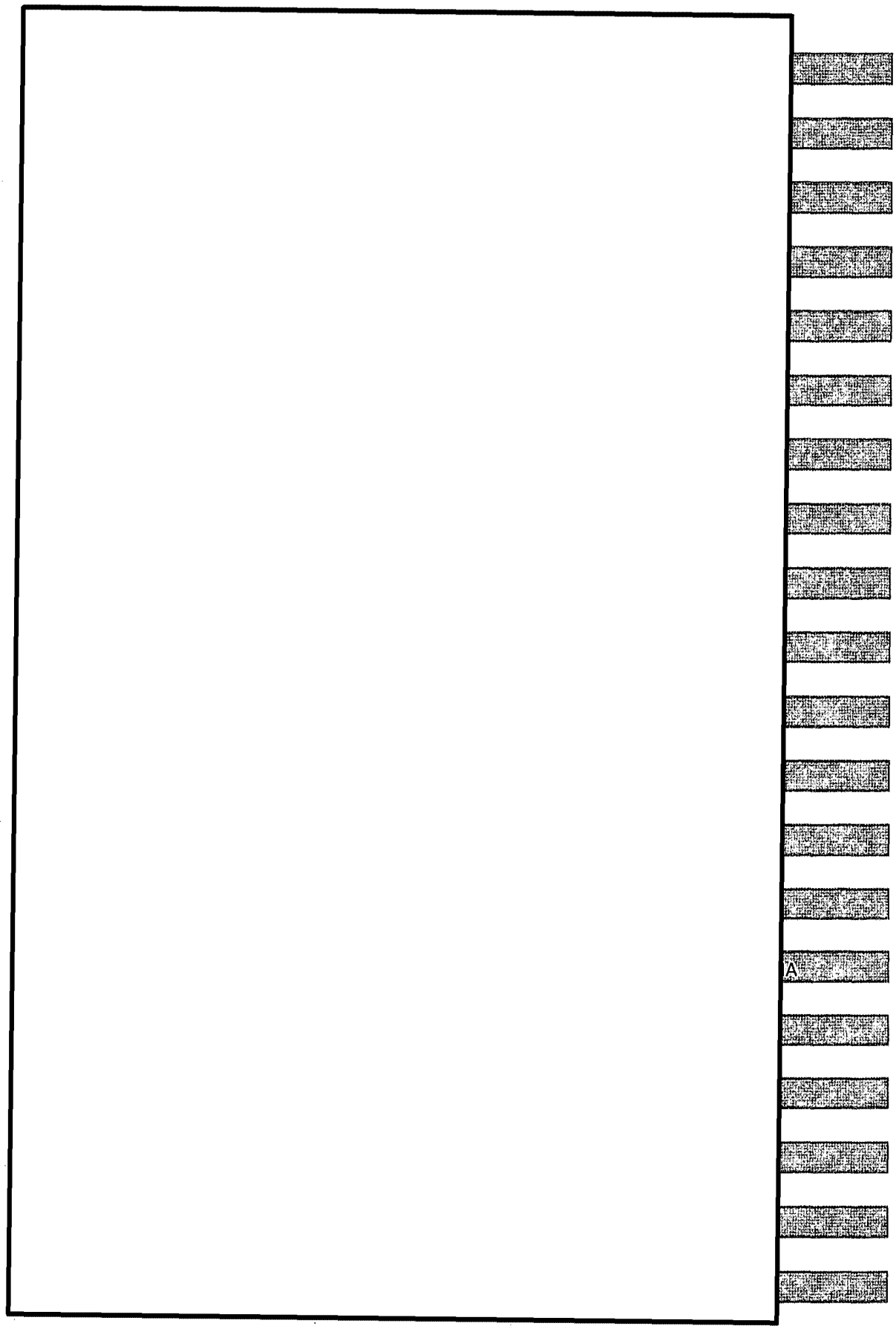

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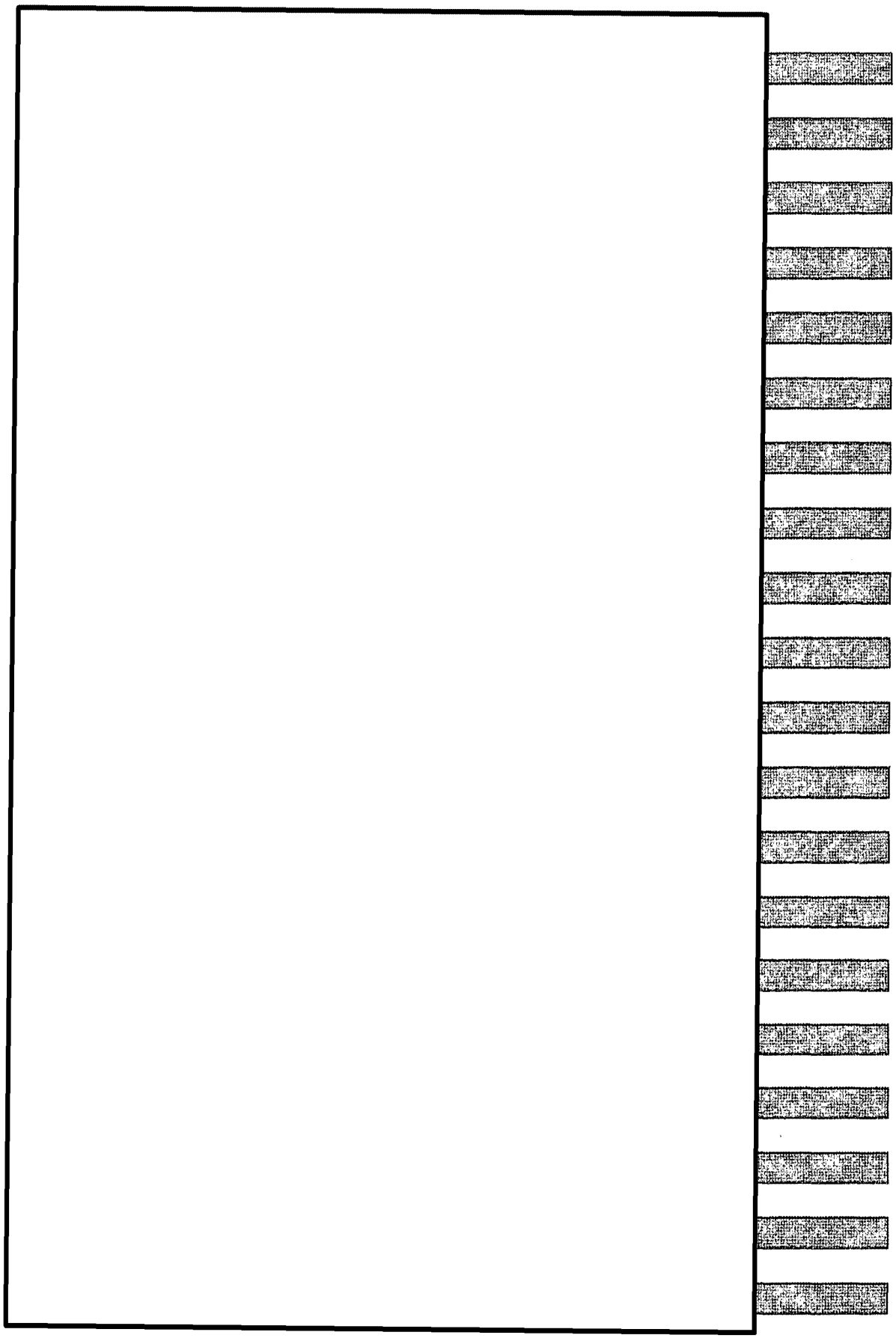
EB-5 PROJECT BUSINESS PLAN



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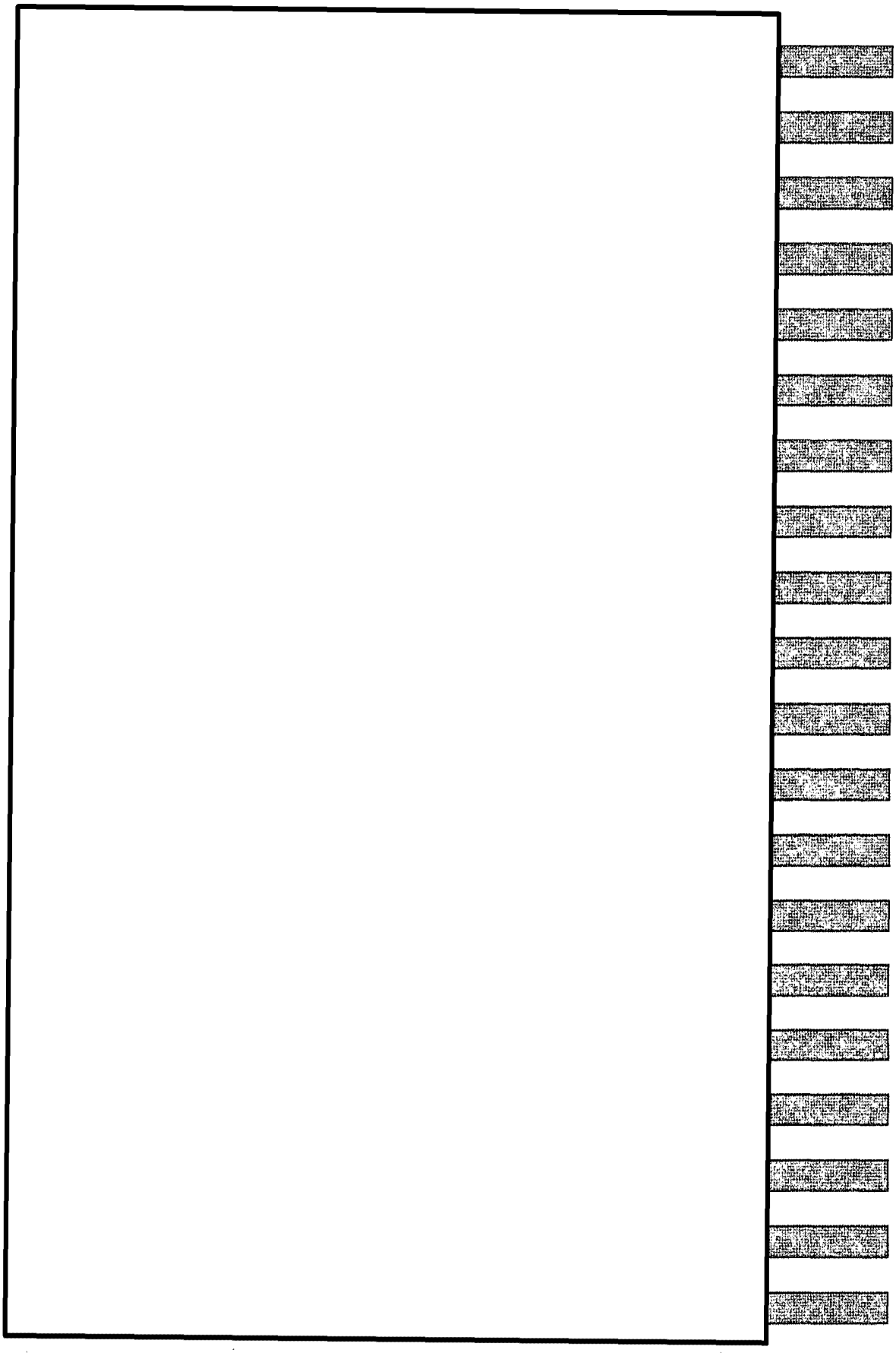

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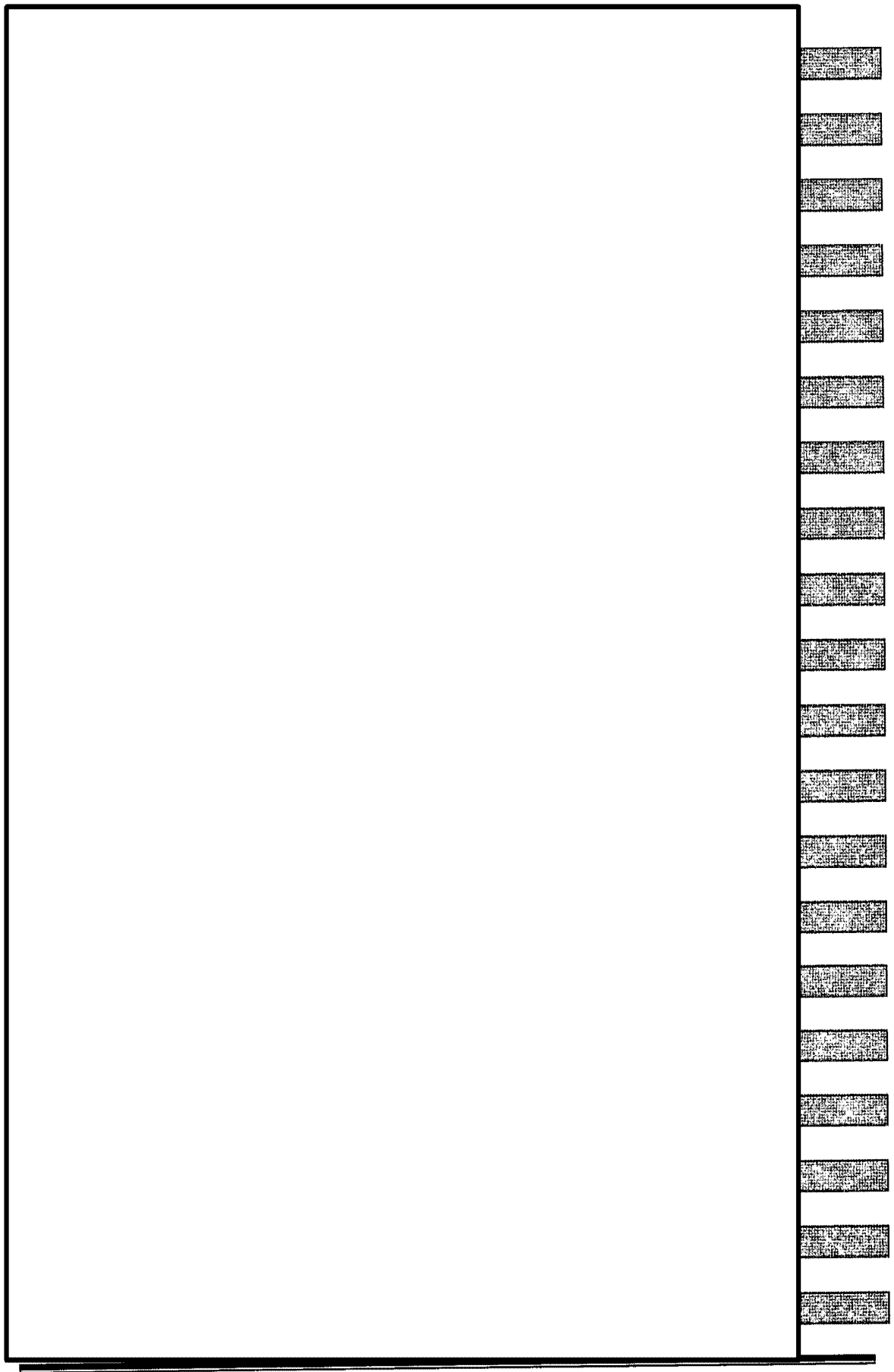

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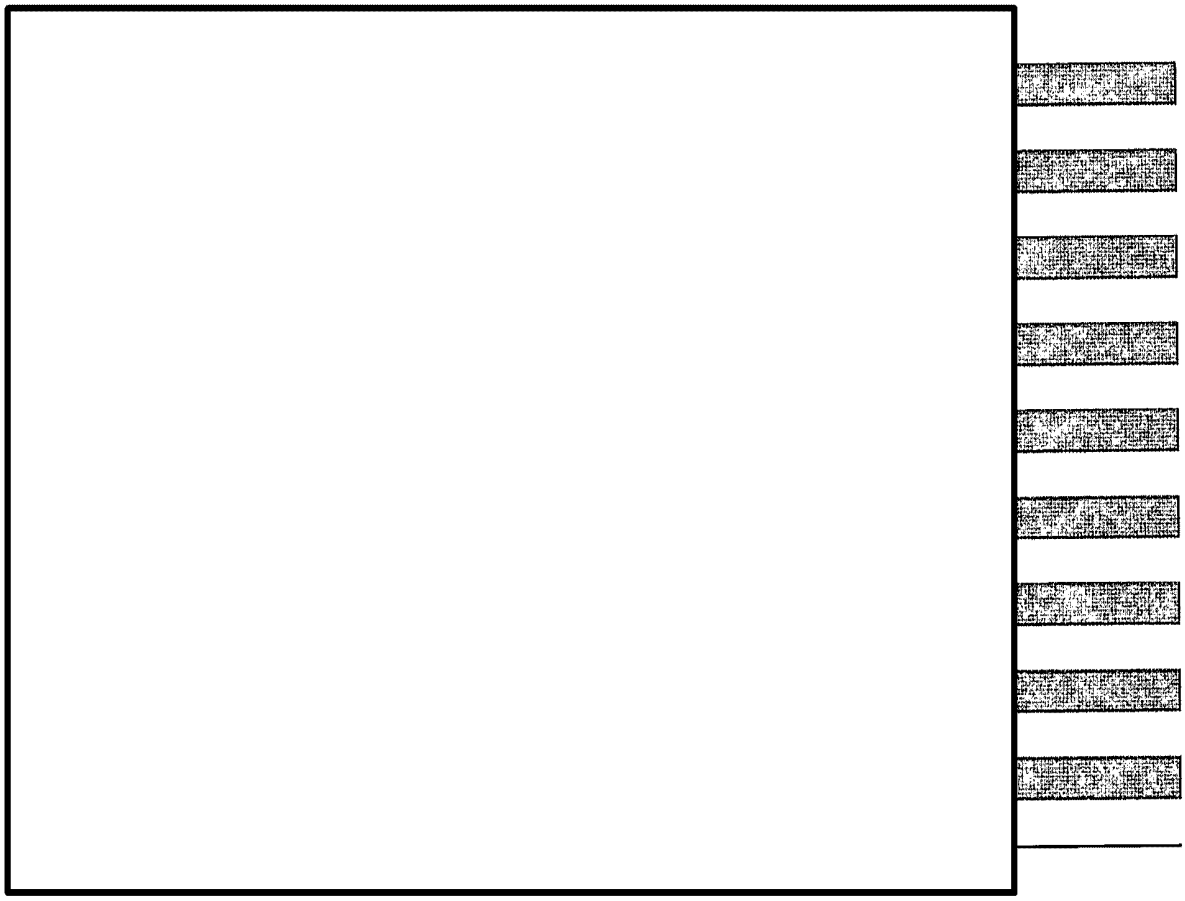

4.4 Listing of Permits and Licenses Required for the Mountain Air EB-5 Project

Most permits and licenses required for the execution of the business plan for the Mountain Air community are already in place, however some require periodic renewals or are recurring in nature. Yancey County has no subdivision or zoning regulations, thus county approvals are limited to individual construction building permits.

Following is a list of permits and licenses required for the ongoing implementation of the Mountain Air project business plan:

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1.
2.
3.
4.
5.
6.
7.
8.

Various state real estate registration licenses (Required by certain states in order to market to residents of that state for the purpose of selling real estate within the community. Registration is in place in states where we currently market. Each state has different registration requirements and if we choose to enter new markets, we will need to adhere to the registration requirements of that particular market.)

4.5 Listing of Staff Positions of the Mountain Air EB-5 Project

The following table details full time positions established to operate the expanded elements of the Mountain Air community associated with the EB-5 project.

Full Time Employees - Mountain Air EB-5 Project					
Department	Year 1	Year 2	Year 3	Year 4	Year 5
Mountain Air Development					
Mountain Air Realty					
Mountain Air Legacy Homes					
Mountain Air Utility Corp					
Mountain Air Maintenance Services					
Professional Services					
TOTAL					

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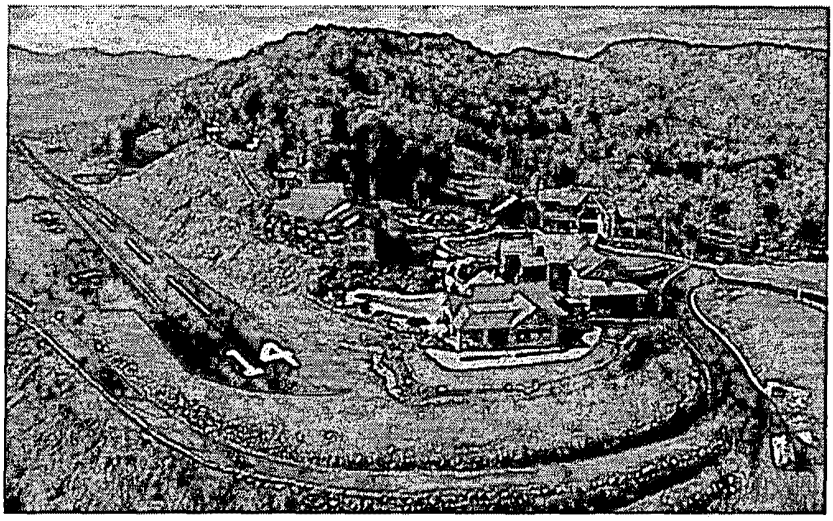
Exhibit 20

Economic Impact Report, "The Economic Impact of the Mountain Air EB-5 Project in the Prospective Appalachian EB-5 Regional Center"

The Economic Impact of the Mountain Air EB-5 Project in the Prospective Appalachian EB-5 Regional Center

February 28, 2012



Prepared by:

EPR Economic & Policy Resources, Inc.
Economists, Policy and Financial Analysts

400 Cornerstone Drive, Suite 310
Williston, VT 05495
800-765-1377
www.epreconomics.com

Letter of Transmittal

February 28, 2012

Mr. Andy Dover
Odlum Capital
1071 Terrace Ct
Zanesville, OH 43701

Dear Mr. Dover:

Attached with this letter is the economic impact analysis of the potential Mountain Air EB-5 project to be developed in Burnsville, North Carolina, which our firm prepared at your request. The report is intended to accompany a project pre-approval application to be filed with the U.S. Citizenship and Immigration Service's EB-5 Immigrant Investor Program. In the report you will find an explanation of the findings and the methods used to estimate the project's prospective economic impacts.

We have prepared our analysis using assumptions and estimates developed from third party data sources, information you have provided, and research and knowledge of the industry and region from our many years of applied economic practice. Where we have used third party data and project information from you and your team, we have assumed that information to be correct. In completing our analysis, we have performed a number of tests and cross checks to verify the internal consistency of the results and find those results to be reasonable. However, changing events and circumstances may cause actual results in any one given year, and for the impacts in total, to be materially different than those reported here.

Thank you; we appreciated the opportunity to work with you and your professional team on this project.

Sincerely,

Jeffrey B. Carr
President and Economist
Economic & Policy Resources, Inc.

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Highlights and Findings

- The Appalachian EB-5, LLC seeks EB-5 project approval of the proposed Mountain Air EB-5 project from the U.S. Citizenship and Immigration Services (hereafter the "USCIS") EB-5 Immigrant Investor Program. This study was prepared as part of an application to the USCIS for designation of a 79-county regional center spanning the North Carolina-Tennessee border.

  - This study presents estimates of impacts which illustrate how the Mountain Air EB-5 project would increase economic growth and cause net new job creation in the prospective Appalachian EB-5 Regional Center (AEB-5 RC).

  - USCIS regulations allow applicants to submit an economic analysis of a proposed EB-5 project to demonstrate how a regional center designation will promote economic growth (e.g. through improved productivity, job creation and increased capital investment) within a region under 8 CFR 204.6(m)(3)(i).

  - This analysis is intended to be such a demonstration and show how the Mountain Air EB-5 project will contribute to regional economic growth, including job creation and increased capital investment, within the proposed AEB-5 RC if both the project and regional center are approved.

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[redacted]

[1] NAICS refers to the North American Industrial Classification System.
[2] For a full description of the REDYN input-output model see Appendix 3 of this report.
[3] Because the project is using a lending approach to the EB-5 capital investment, all the jobs created are indirect for EB-5 program purposes.

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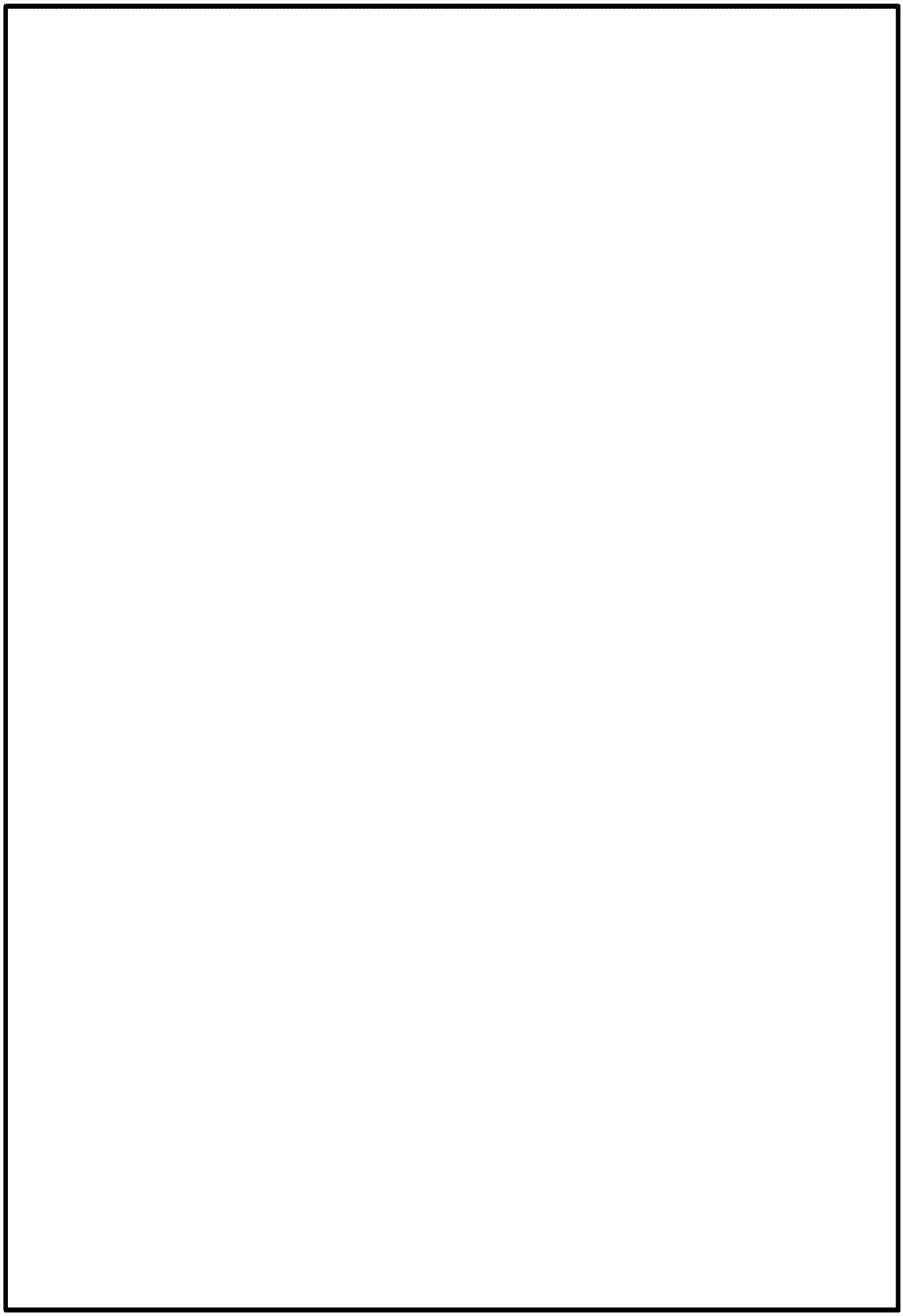

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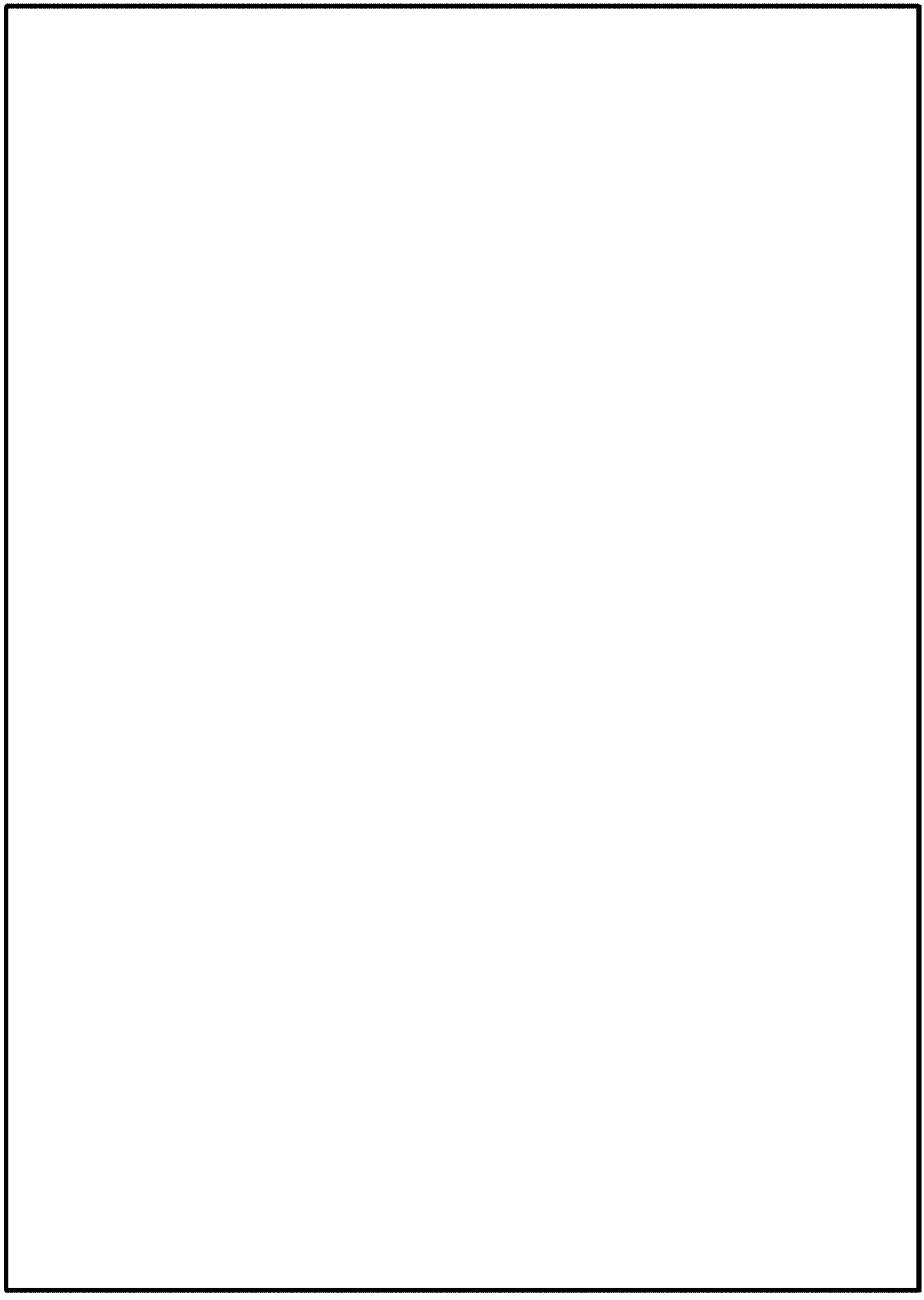

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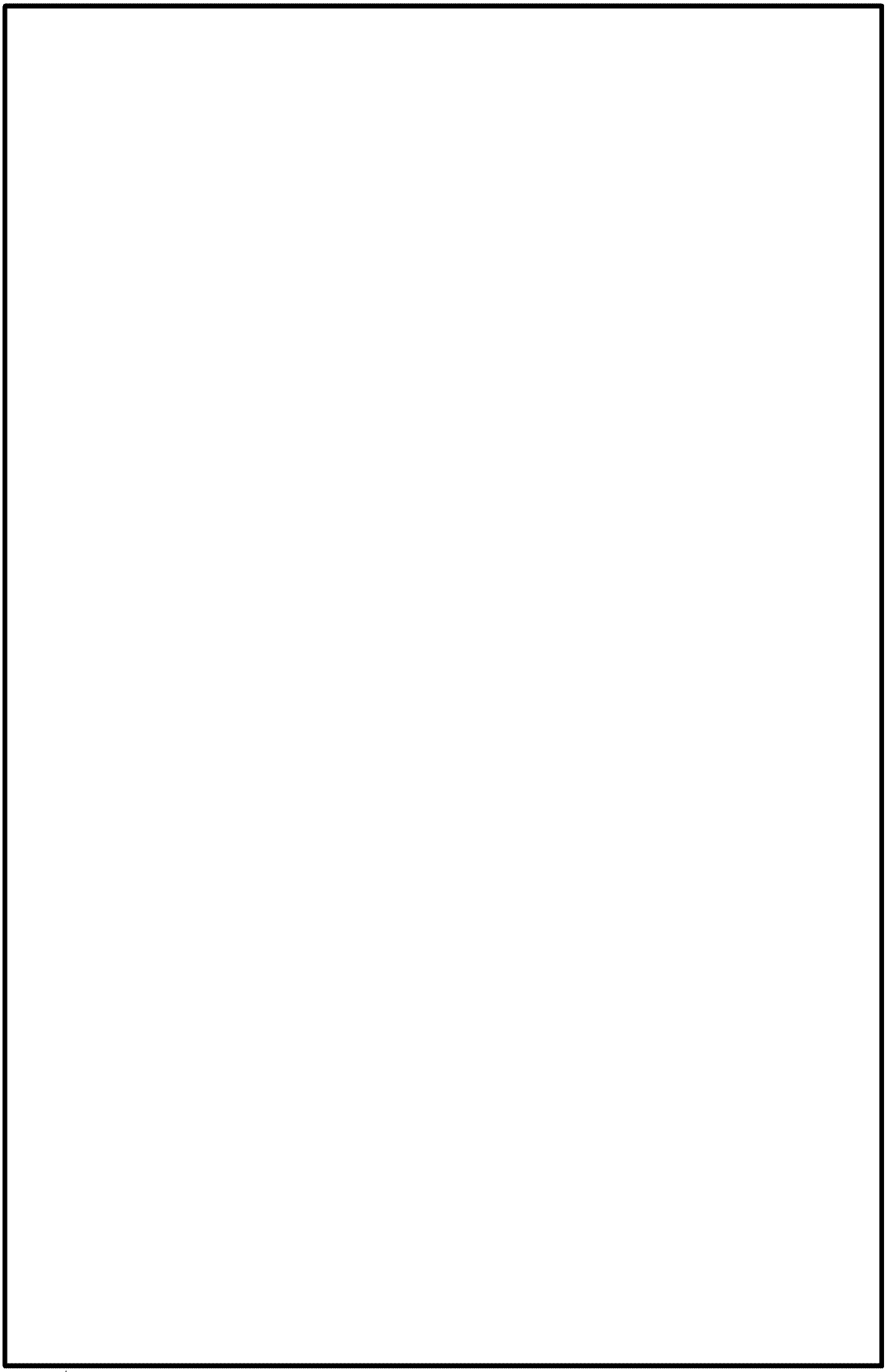

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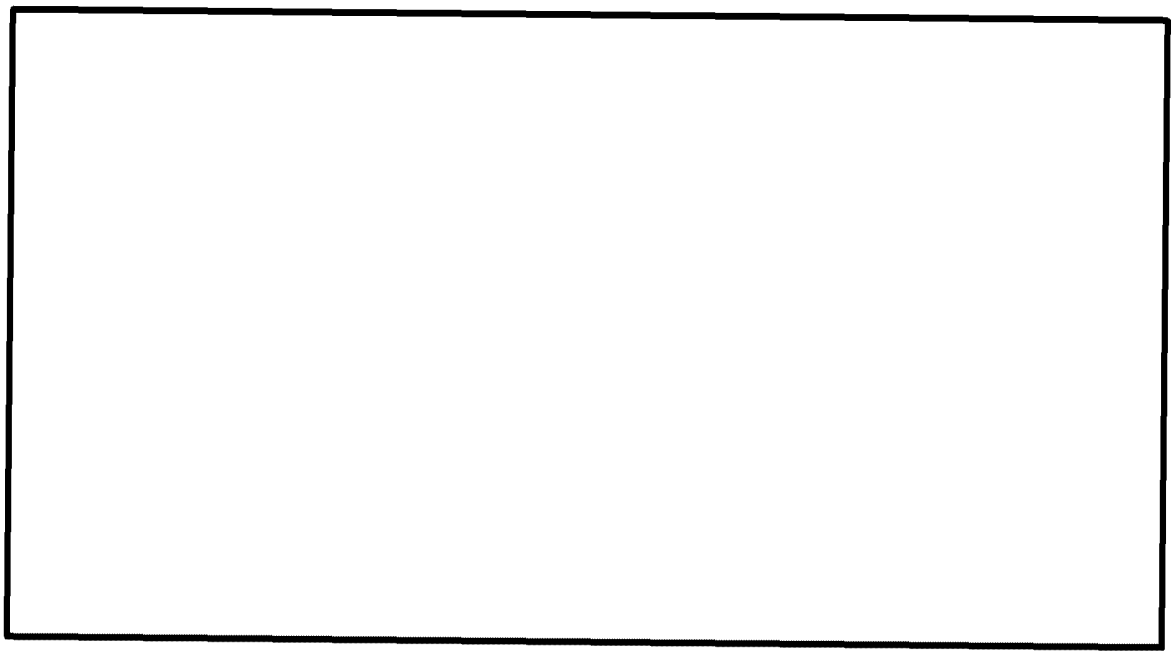

- The estimates of new economic activity and net new jobs presented in this economic and job impact assessment study demonstrate how the project will promote economic growth within the prospective regional center's geography in the industry sector activities that are expected to be included in the regional center application (NACIS 236, NAICS 531, NAICS 541, NAICS 221, and NAICS 811).

  - USCIS approval of the proposed EB-5 project will result in significant and positive economic and job impacts for both the regional economy of the Appalachian EB-5 Regional Center and the economy of the U.S. as a whole—consistent with the specific impacts detailed above.

- Lastly, it should be noted that the Mountain Air EB-5 project location in Yancey County, NC is not within a Metropolitan Statistical Area (MSA) as defined by the Office of Management and Budget.

  - It is in Burnsville, NC, which has a population of 1,693 according to the 2010 census, which is less than the 20,000 rural classification threshold.

  - Thus, it is considered a rural Targeted Employment Area (TEA) by EB-5 Immigrant Investor Program standards. Therefore, investors in the project qualify for the $500,000 EB-5 investor minimum.

Introduction

Purpose of the Study

This analysis is intended to assist the USCIS in their evaluation of the Mountain Air EB-5 Immigrant Investor regional center designation/project pre-approval application. In compliance with USCIS guidance, this study sets forth the likely net economic and job creation impacts associated with the proposed EB-5 project in Burnsville, North Carolina. Changes in the number of jobs, economic output, personal income, and household earnings that the EB-5 project is expected to generate are described for inside the regional center, outside the regional center, and for the U.S. as a whole geographies. The proposed geographic region of the prospective regional center is also described in detail in this report with emphasis on regional transportation networks and the economic climate. Thus, the project's economic benefits are demonstrated both regionally and nationally.

The Mountain Air EB-5 project entails initial development, including construction of single family homes and residential condominiums. Additional and continuing economic activity will be generated from the expanded operations of the community. These expanded operations include jobs in real estate marketing, real estate development, professional services, maintenance services, and utilities. Additional details are discussed in the model inputs section.

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This economic development is contingent upon project funding, which is to include up to [redacted] EB-5 investor capital combined with [redacted] in project equity. This expansion of the regional base of invested capital, the creation of new jobs, and associated economic growth effects[5] cannot be realized without the EB-5 investor capital, which is required to fund the project. In this way, the economic growth impacts reported in this analysis are dependent upon USCIS approval of the proposed project.

This impact assessment analysis shows that the proposed EB-5 project, as planned, would result in significant positive economic impacts for the regional economy of the prospective regional center, the balance of the U.S. outside the regional center, and for the U.S. economy overall. Most importantly from an EB-5 program context, these benefits would include a significant number of new EB-5 eligible jobs within the regional center economy. The proposed Mountain Air EB-5 project, if approved, would also increase labor demand, output, and personal income (of persons and therefore households) within a number of key subsectors inside and outside the regional center's economy, contributing to the U.S. economy as a whole. These impacts were estimated using the REDYN

[5] This economic and job impact assessment study, taken together with the project business plan, presents the specific details of how the Mountain Air EB-5 project will result in new economic growth within the prospective regional center, outside the prospective regional center, and the U.S overall.

dynamic input/output model, which has been approved by the USCIS for completion of EB-5 economic impact analyses. [6]

Dynamic input-output models like REDYN simulate the economic relationships between sectors of an economy on several levels of geographic detail. These models provide precision beyond that provided by simple multipliers used in analyses such as RIMS II and allow analysts to see how changes in individual or multiple sectors in a state or regional economy ripple throughout the broader system. Incremental demand created by investment expenditures in one sector of a regional economy increases employment not only in that sector, but also in other related sectors and geographic regions. Linkages exist with other sectors and regions which provide commodities or other inputs to a project; consequently, impacts of the original investment are felt in these other sectors and regions through increased output, employment, and income.

The REDYN economic model employed for the economic and job creation impact study estimates the impact a specific investment will generate throughout a determined area—in this case the prospective Appalachian EB-5 Regional Center economy. The input/output model uses a dynamic (or a longitudinal) approach that models not only the relationship between sectors in an economy (e.g. for a county or state), but also the interconnectivity of regional economies. The dynamic element of the model has a well-developed impedance database that is able to account for temporal effects due to competitive differences between either geographic regions and/or different sectors of the economy. Over time, these competitive pressures emerge and then tend to bring the regional economy back to equilibrium. The process, in that way, depicts the so called "ripple effect" impact of economic changes on a region.

In this impact assessment study, the initial economic stimulus (i.e. the construction and operation of the Mountain Air community) reverberates through the economy of the Appalachian EB-5 Regional Center, and progressively spreads outward from the source of the new business activity. Eventually the new waves of economic activity are absorbed into the larger economy creating a new level of economic equilibrium. In the long run, the project, if developed as proposed, is expected to materially alter the regional economy through a significant amount of new investment and related business development activities. Therefore, it is expected that the regional economy of the prospective Appalachian EB-5 Regional Center will have a correspondingly higher level of output, investment, employment, and income than would otherwise be the case in the absence of the proposed Mountain Air EB-5 project, which seeks project pre-approval and regional center designation for the proposed geography detailed in the following section.

---

[6] See Section entitled "*The Regional Dynamics Economic Analysis Model (REDYN)*" on page 34 and Appendix 3 for a thorough description of the REDYN model.

Overview of the Regional Economy: Appalachian EB-5 Regional Center

The Appalachian EB-5, LLC Regional Center is requesting USCIS approval as an official EB-5 regional center for an area centered on the Tennessee-North Carolina border. The regional center is made up of a total of 50 counties in Tennessee and 29 counties in North Carolina. The largely rural regional center is located along the Appalachian Mountain Range, and the boundaries of the regional center were set in part to align with the focus area of the Appalachian Regional Commission. The Commission is a federal, state, and local government partnership with a mission that includes advocating for economic development in Appalachia. The region includes the entirety of seven metropolitan statistical areas (MSAs). MSAs are designated by the US Office of Management and Budget (OMB) and consist of population centers with distinct economic and social identities. The distinction is used by the U.S. Census Bureau and other agencies to calculate statistics in a consistent way.

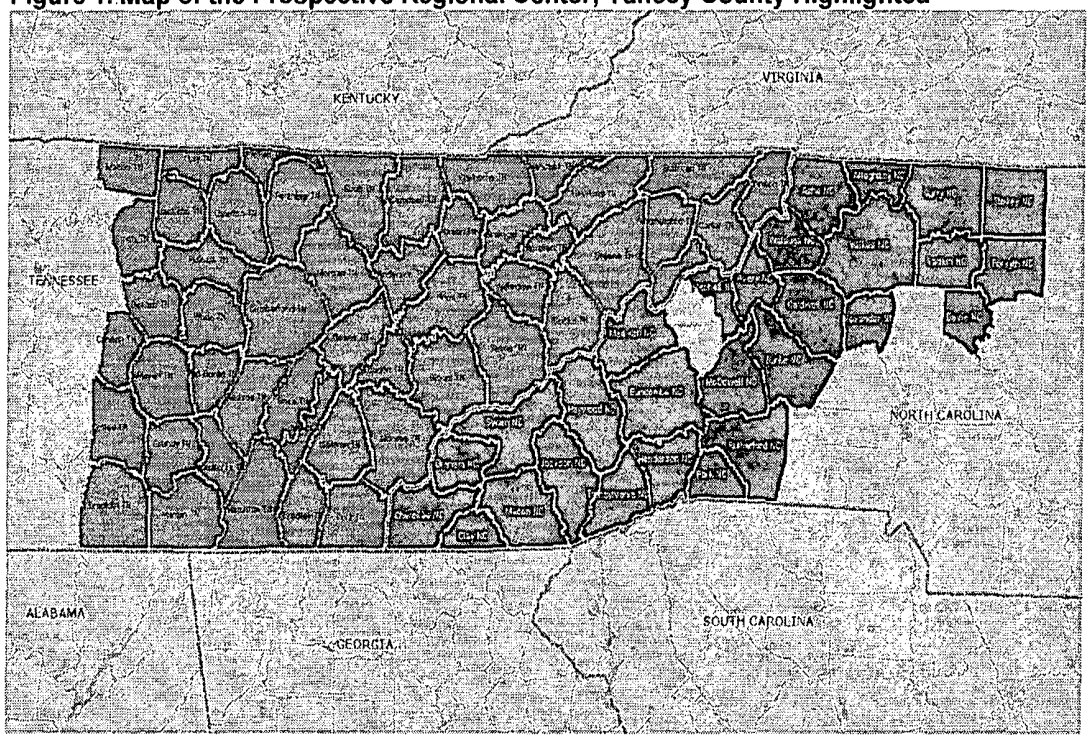
The total proposed regional center geography encompasses a land area of about 31,000 square miles. The area is part of the eastern United States region known as Appalachia. Running along the Appalachian Ridge, from Pennsylvania to Alabama, the region is known for its distinct culture and economy, which have been defined by the difficulties to transportation and economic growth imposed by the mountains. Along the central median of the prospective regional center, high peaks form the border between Tennessee and North Carolina. These ridges along with the Appalachian Ridge and Valley Province, a series of parallel ridges that form foothills to the higher mountains, create barriers to east-west travel. The region has long been known for the poverty that results from these obstacles to economic development. Paradoxically, these mountains contain abundant resources that have fueled the region's economy. Timber harvesting was a thriving industry for many years. Coal production, while it has declined from its peak importance early in the 20th century, remains an important part of the regional economy. As of 2008, the latest year for which data is available, there were 25 active coal mines in Tennessee, producing almost two million tons of coal during that year.

Table 5: Appalachian EB-5 Regional Center County List

North Carolina Counties		Tennessee Counties	
MSA	**Other Counties**	**MSA**	**Other Counties**
Asheville MSA	Alexander	Chattanooga MSA	Bledsoe
Haywood	Alleghany	Hamilton	Campbell
Madison	Ashe	Marion	Cannon
Buncombe	Avery	Sequatchie	Claiborne
Henderson	Burke		Clay
	Caldwell	Cleveland MSA	Cocke
Winston-Salem MSA	Cherokee	Bradley	Coffee
Yadkin	Clay	Polk	Cumberland
Davie	Graham		DeKalb
Forsyth	Jackson	Johnson City MSA	Fentress
Stokes	Macon	Carter	Franklin
	McDowell	Unicoi	Greene
	Mitchell	Washington	Grundy
	Polk		Hancock
	Rutherford	Knoxville MSA	Hawkins
	Surry	Anderson	Jackson
	Swain	Blount	Johnson
	Transylvania	Knox	Macon
	Watauga	Louden	McMinn
	Wilkes	Union	Meigs
	Yancey		Monroe
		Morristown MSA	Morgan
		Grainger	Overton
		Hamblen	Pickett
		Jefferson	Putnam
			Rhea
			Roane
			Scott
			Sevier
			Smith
			Sullivan
			Van Buren
			Warren
			White

Prepared by: Economic & Policy Resources, Inc.

Figure 1. Map of the Prospective Regional Center, Yancey County Highlighted



As extractive industries have declined in the area over time, tourism has grown around the area's abundant natural resources. In 1934, congress approved the creation of the Great Smokey Mountains National Park. The park is a UNESCO world heritage site and the most visited national park in the country. With 9.4 million visits in 2010 the park has more than double the number of visits to any other park. Surrounding the national park are several national forests and state parks that extend the protected area even farther. These include Pisgah, Cherokee and Nantahala National Forests, as well as Mount Mitchell State Park. Mount Mitchell is the highest point in the United States east of the Mississippi River, with an elevation of 6,684 feet. Running through the Great Smokey Mountain National Park and the surrounding areas is the Appalachian Trail, a 2,170 mile long national park that runs from Georgia to Maine. Tourists flock to the region drawn by both the local culture and the beautiful scenery. The area is a birthplace of Americana, notably mountain bluegrass and handicrafts, such as those celebrated at one of the county's most notable folk schools, John C. Campbell Folk School in Clay County, NC. This is the setting for the proposed project, whose Yancey County location is central within this terrain.

While this rugged, rural area is at the geographic heart of the regional center, this area's rural tradition is in marked contrast to the dynamic and modern cities that lie in the valleys on either side of the mountains. The cities of the area are defined by their high quality of life and reputations as sources of technological innovation that brings economic growth. They are the centers of activity that connect the region economically and culturally.

On the Tennessee side of the range, Knoxville is a modern, growing, and innovative city. Knoxville is the third largest city in Tennessee and the largest in Eastern Tennessee with a population of 173,890 as of 2010. The city is home to a number of colleges including the main campus of the University of Tennessee. As evidence of the area's importance as an energy center, Knoxville is the location of the Oak Ridge National Laboratory. It is the city's largest employer, and the largest national laboratory run by the U.S. Department of Energy. Knoxville is also known as a cultural center, and has had a profound impact on popular and country music by bringing the Appalachian sound to a wider audience.

The North Carolina side of the regional center includes the City of Asheville, which has a population of 83,300 as of 2010. The local colleges and reputation for arts and culture, as well as proximity to the beautiful surrounding landscape have driven growth there. Although it is much smaller than Knoxville, Asheville is known as an important cultural center in Western North Carolina. Notably, it is home to several renowned music festivals and a thriving local music scene.

The Appalachian EB-5 Regional Center also includes Winston-Salem, a part of the North Carolina area called the Piedmont Triad, known for its industrial capacity and as the location of institutions of higher learning. It is the 4th largest city in the State of North Carolina and with a population of 229,000 as of 2010, is the largest in the regional center. Winston-Salem has been an important center of the tobacco and manufacturing industries for much of its history. Today Winston-Salem is known as the location of several corporate headquarters, including Krispy Kreme, RJ Reynolds, Lowes Foods, and Hanes. Winston-Salem is the home to several universities, the most notable being Wake Forest University.

The major force that has shaped the culture and development pattern of the region has been the terrain. The transportation infrastructure of the AEB-5 RC is, even in modern times, driven by these difficulties. Many smaller roads cut their way through the mountains and parks. Two major roads cross the ridge, Interstates 40 and 26. Interstate 40 connects Knoxville, TN; Asheville, NC; and the Winston-Salem, NC area. Outside the regional center, Interstate 40 continues to the port of Wilmington, NC in the east, to Nashville, TN and all the way to Los Angeles, CA in the west. Interstate 26 travels north from Asheville, through the mountains to Johnson City, TN. On the western side of the mountains, the road routes are dictated by the series of ridges that run northeast and southwest through the Knoxville area. Interstate 75 connects Knoxville to Chattanooga, TN; Birmingham, AL and all the way to New Orleans, LA in the south. To the north, Interstate 75 runs through Cincinnati, OH then all the way through Michigan to Canada. Knoxville, TN is the southern terminus of Interstate 81, which connects the city to Syracuse, NY and continues into Canada. On the North Carolina side there are many Interstates connecting the area. Interstate 77 runs north to south through the eastern portion of the regional center. It connects

the regional center to Charlotte, NC and Columbia, SC to the south and to Cleveland, OH in the north.

In the cities of the regional center, there are many local transportation networks that service commuters and city residents in these areas. In Knoxville, TN there is an extensive public transit network run by Knoxville Area Transit (KAT) with over 3.6 million passenger trips a year. Services include a trolley system serving the central downtown and a bus network serving the city and surrounding suburbs. The Asheville area also has a public bus network. Finally the Winston-Salem Transit Authority (WSTA) runs bus service in that city. The WSTA is a member of the Piedmont Authority for Regional Transportation (PART), a joint project of the three Piedmont Triad cities' transportation agencies. PART provides public transit that connects Winston-Salem, Greensboro, and High Point, NC.

CSX and Norfolk Southern both operate freight rail networks running through the area, though primarily through the cities on either side of the mountains. Passenger rail traffic provided by Amtrak has a minimal presence in the Appalachian EB-5 Regional Center, though Winston-Salem lies on the Carolinian/Piedmont Line which connects passengers all the way up and down the east coast, and to the wider network.

The prospective regional center is served by a number of airports, the largest of these being in Knoxville, TN. The McGhee Tyson Airport is run by the Metropolitan Knoxville Airport Authority. With seven major airlines, the McGhee Tyson airport is the largest airport in the regional center and Eastern Tennessee. In 2010, 1.7 million passengers flew in and out of the Knoxville airport, along with 46,500 tons of freight. Air travel In North Carolina is provided by the much smaller Asheville Regional Airport. Just outside the borders of the regional center, the Piedmont Triad International Airport serves the eastern portion of the regional center.

An analysis of the regional economy, which will further support the application follows. For this analysis, peer regions were chosen to draw comparisons between areas. Peer regions included are: the U.S. as a whole, the State of North Carolina as a whole, the State of Tennessee as a whole, the proposed Appalachian EB-5 Regional Center, and when data are available, Yancey County (the location of the project).

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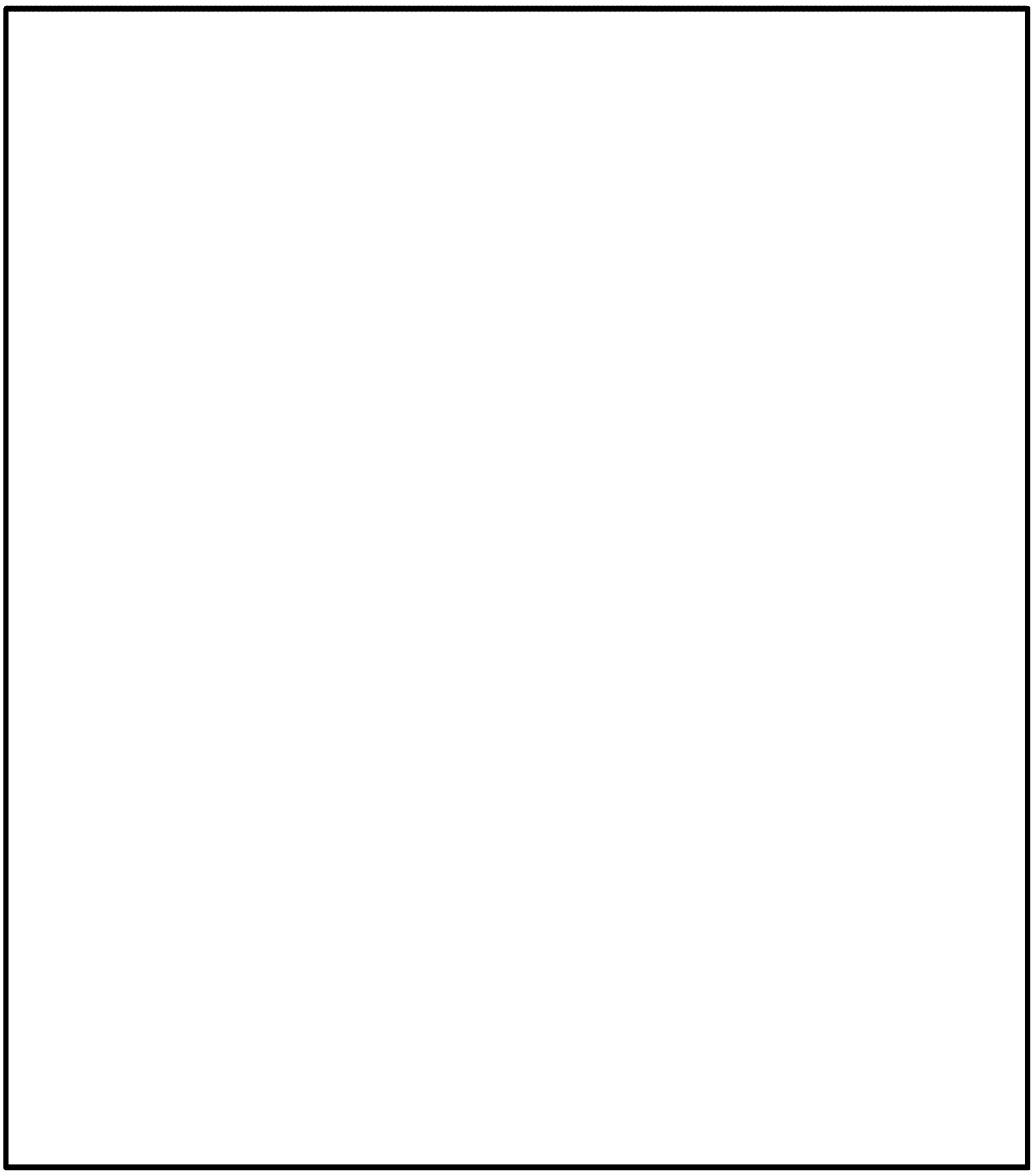

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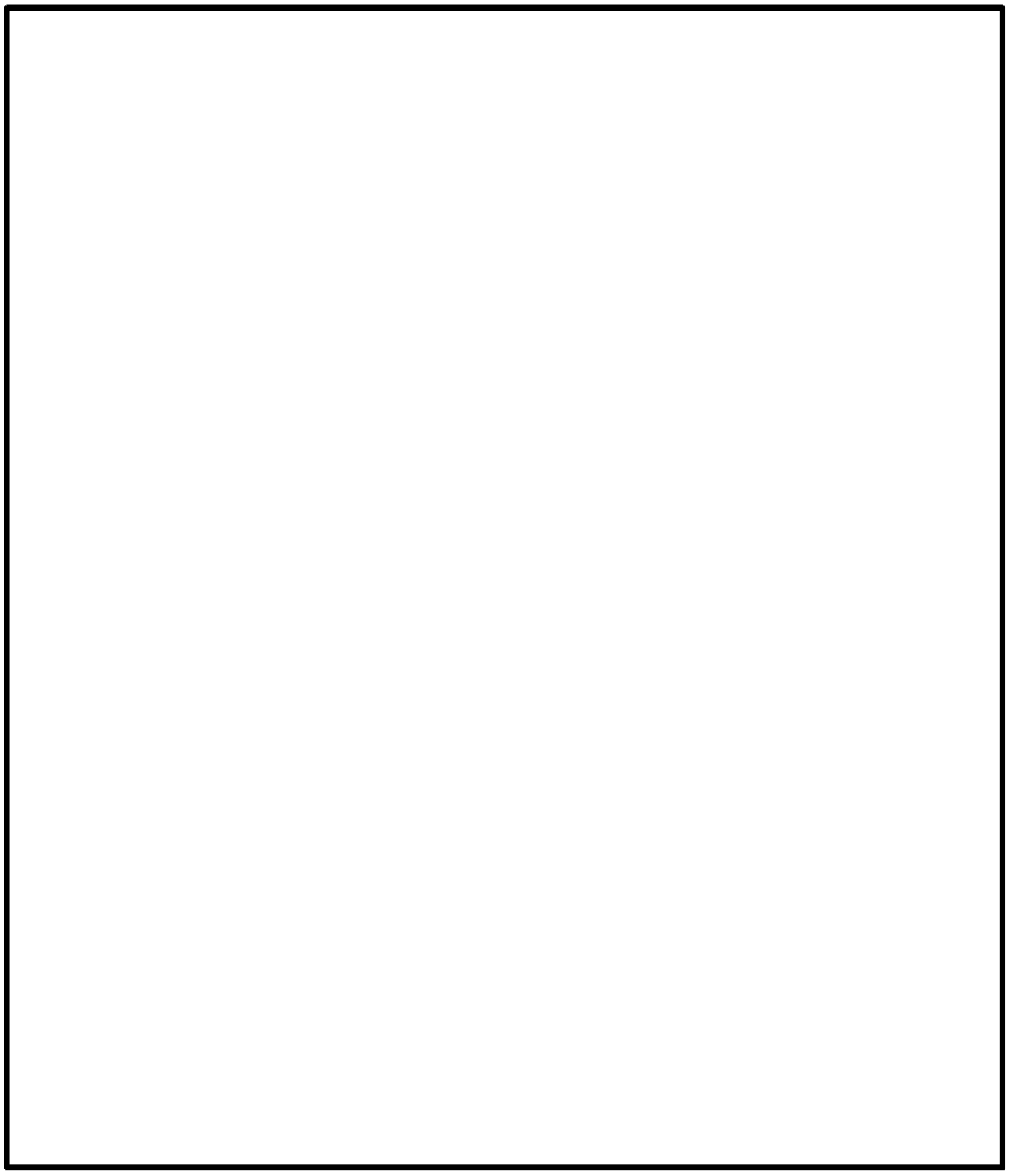

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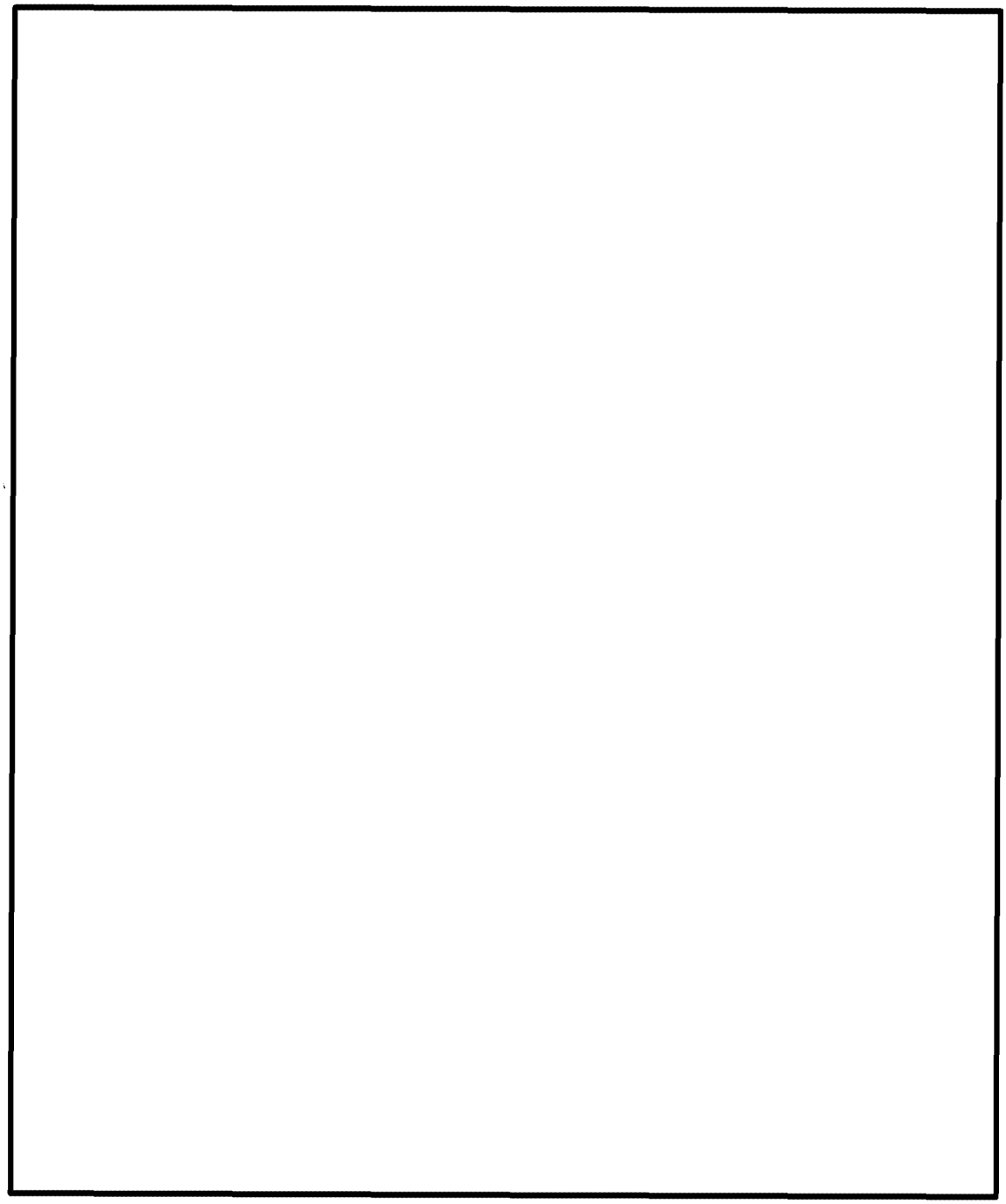

What follows is analysis of the employment trends in the NAICS-defined industries most closely related to the proposed Mountain Air EB-5 project within the Appalachian EB-5 Regional Center and other peer regions. Due to non-disclosure rules at the U.S. Bureau of Labor Statistics (BLS), data for all counties in the regional center is not available, including the project location of Yancey County, NC. However, the data for the available counties has been used as a proxy for the greater regional center as a whole.

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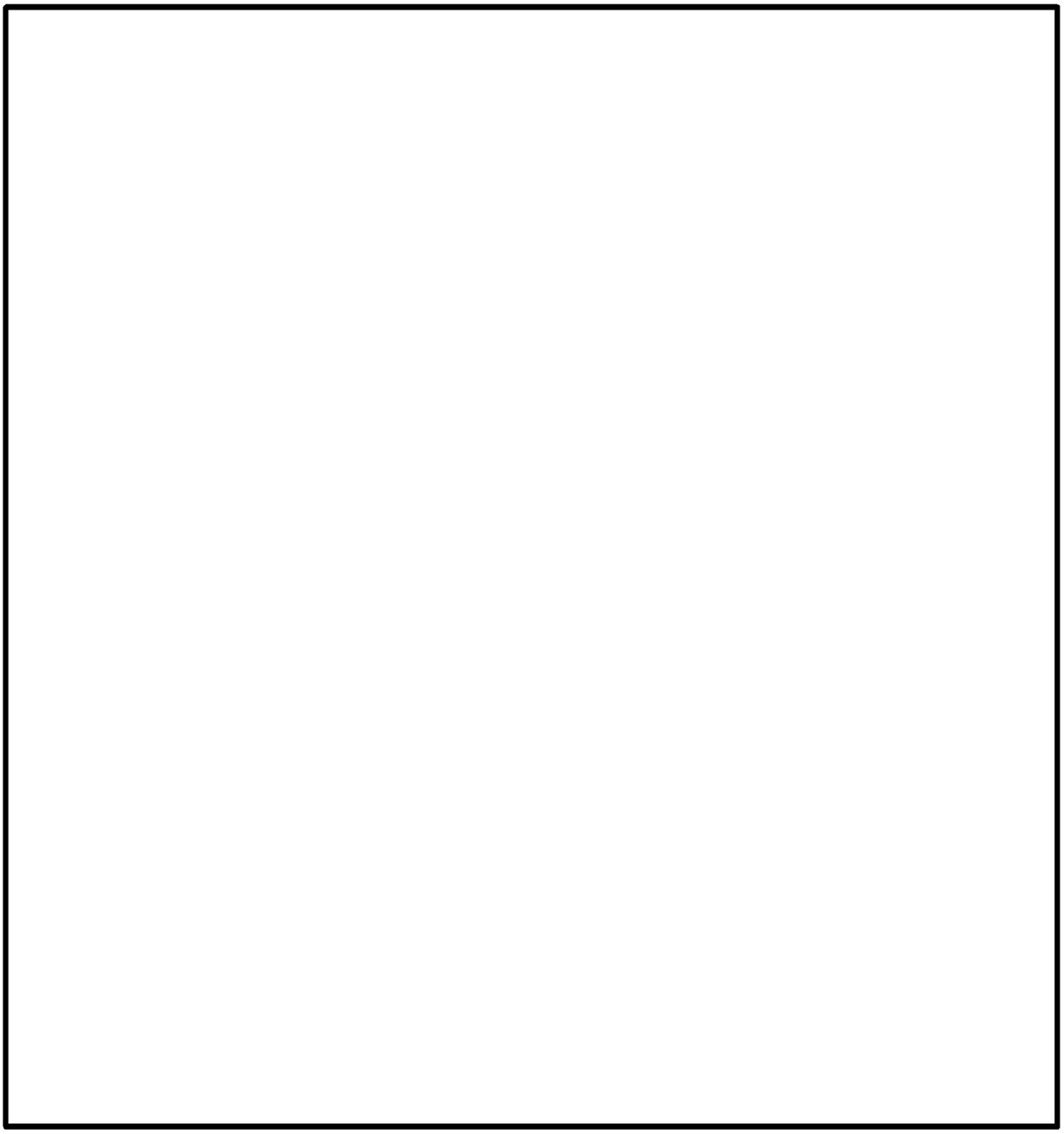

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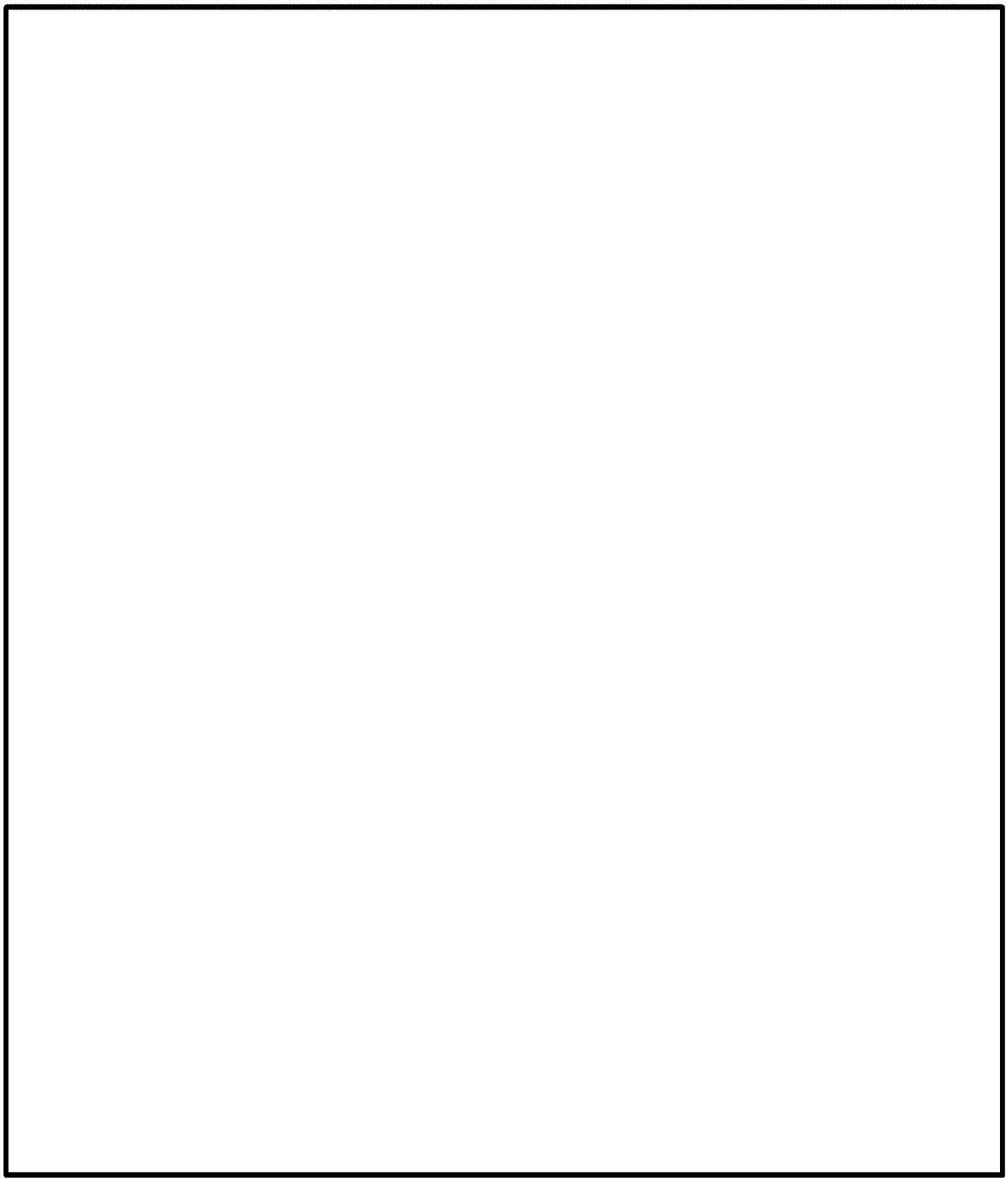

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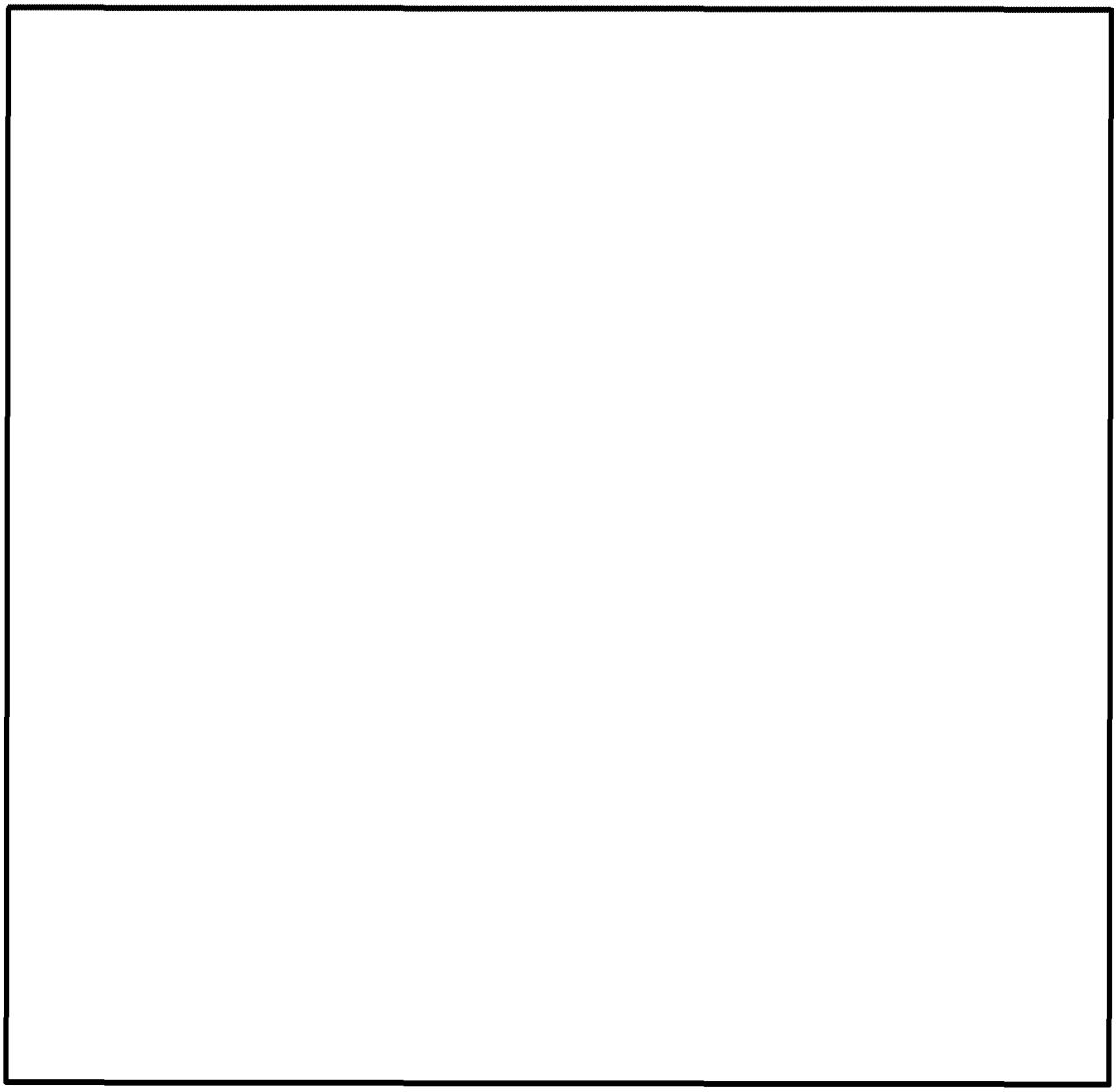

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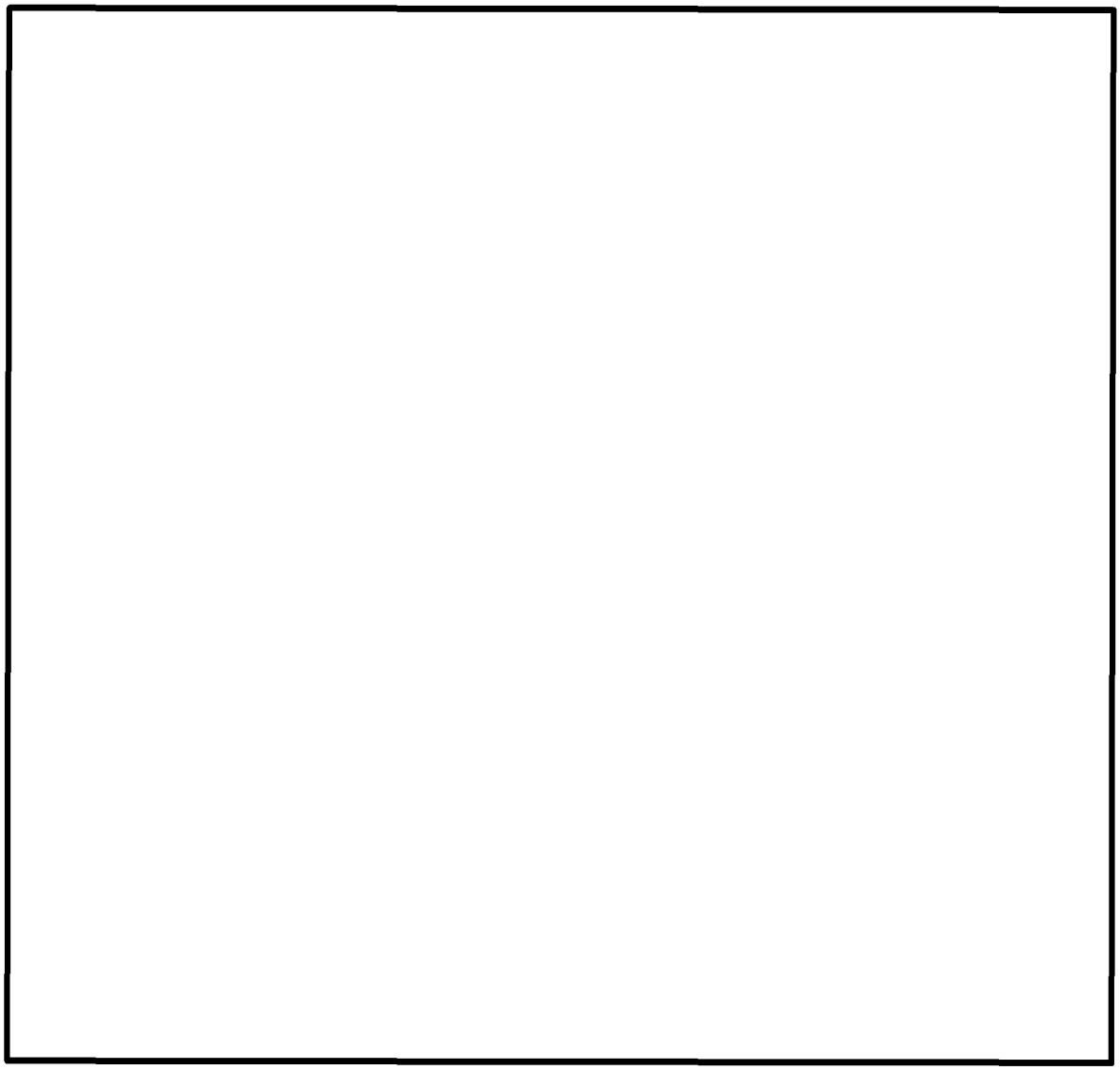

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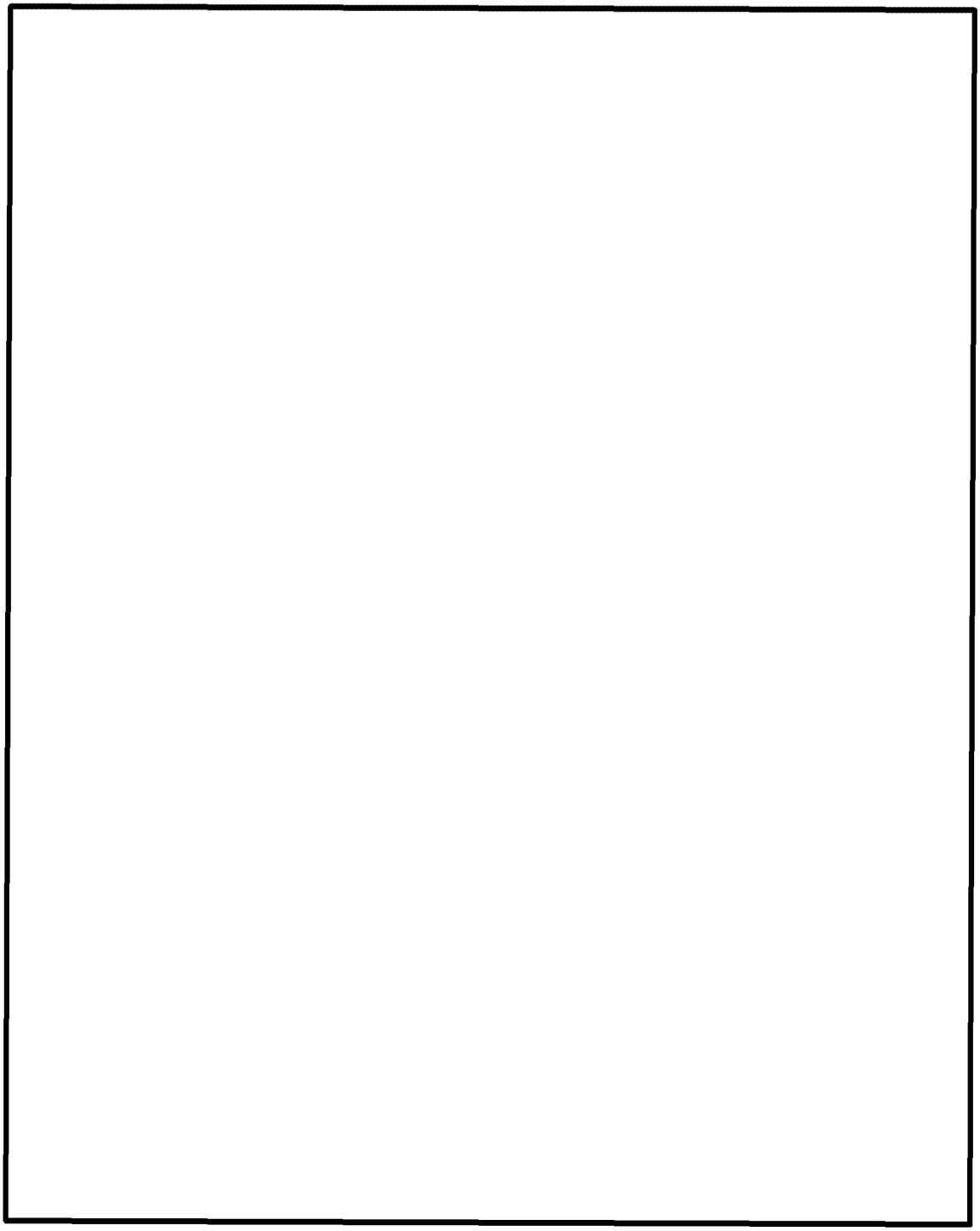

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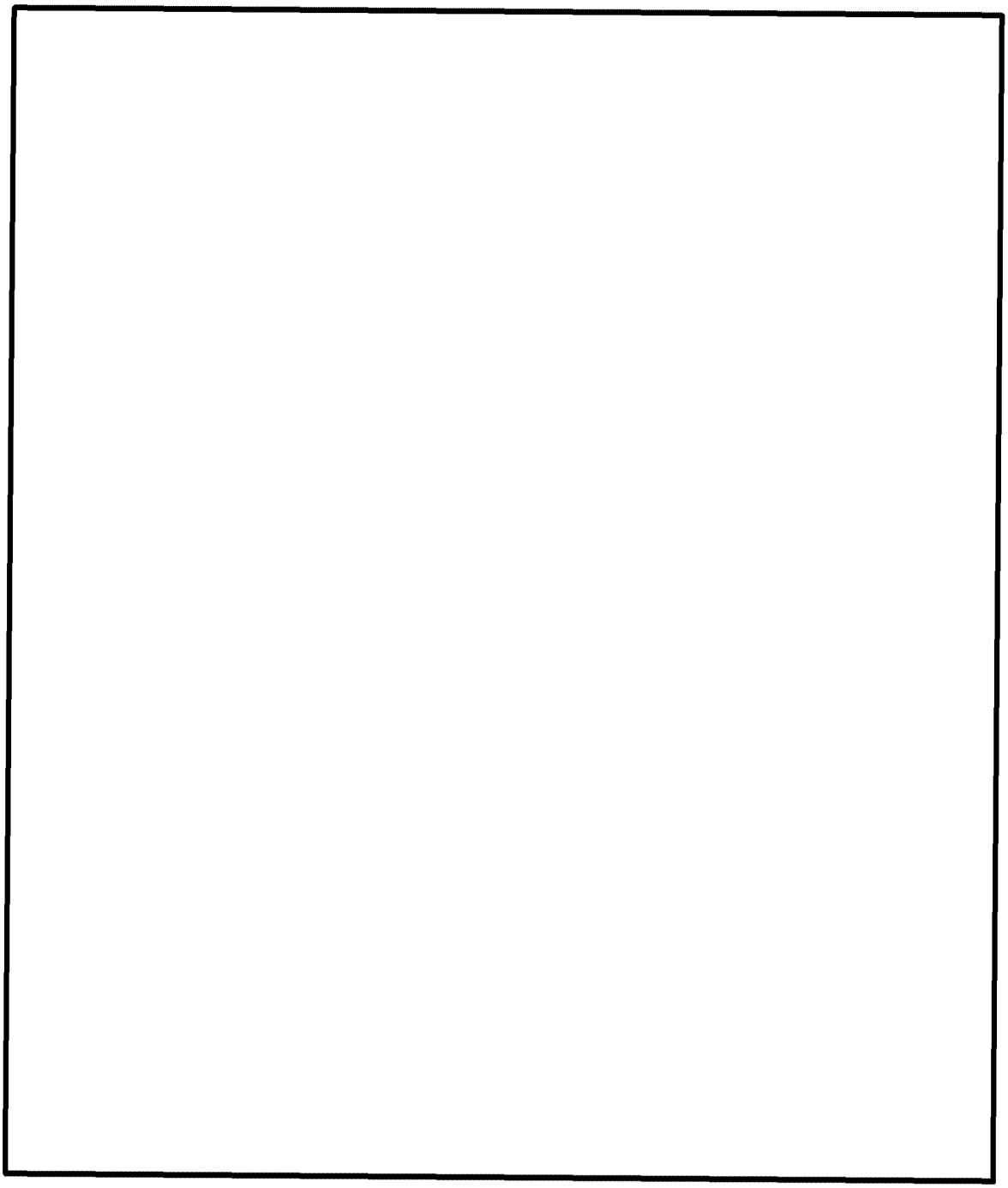

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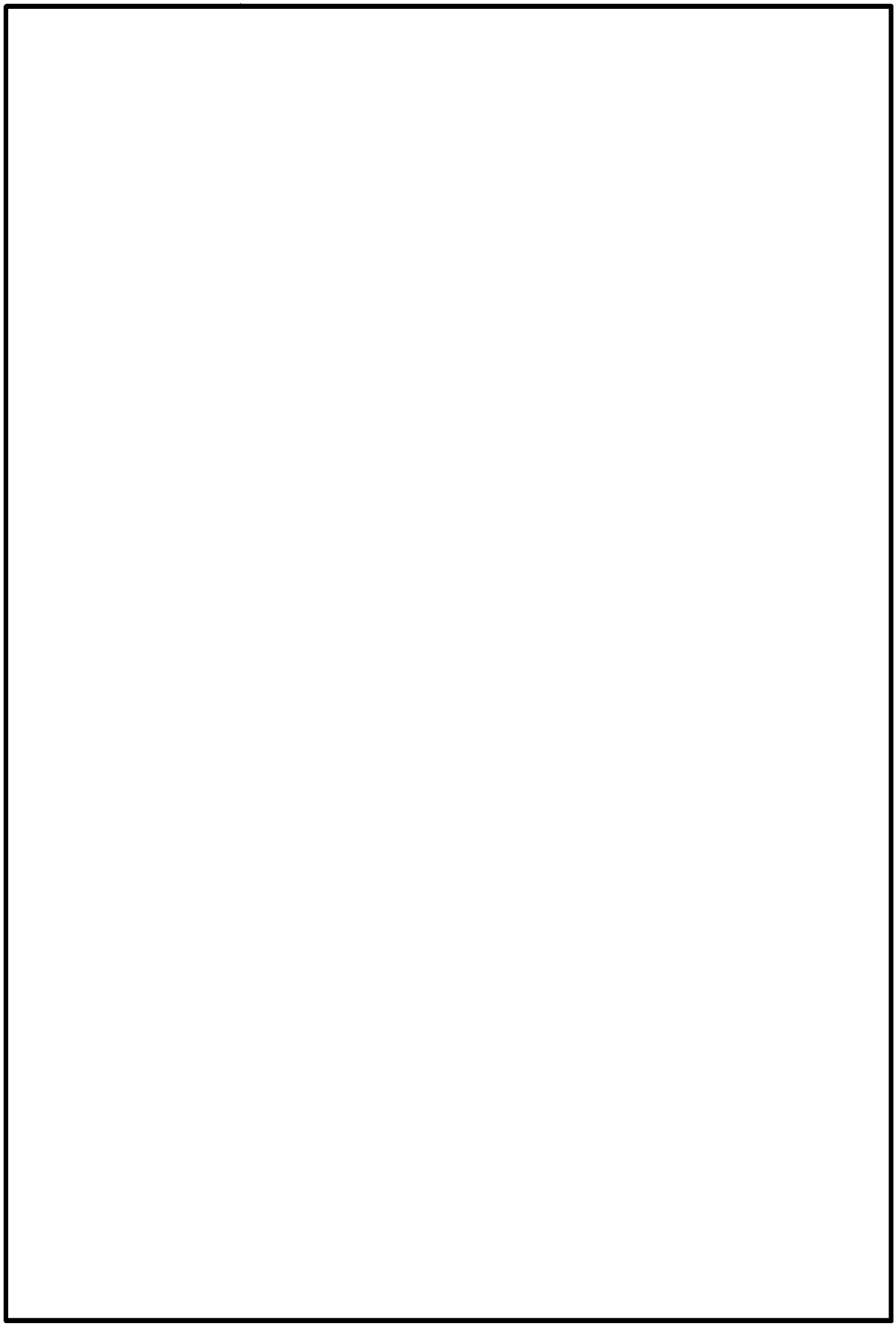

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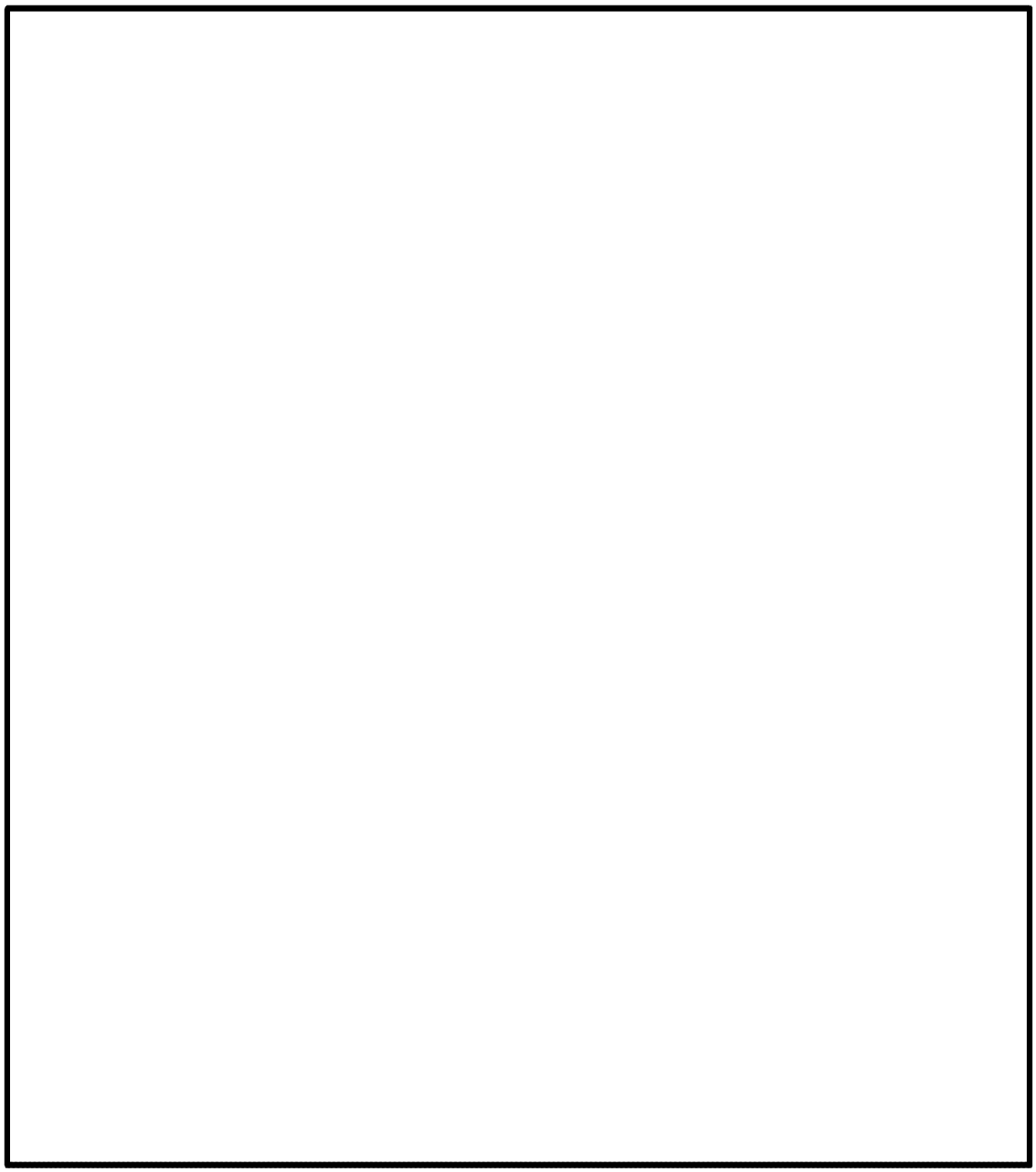

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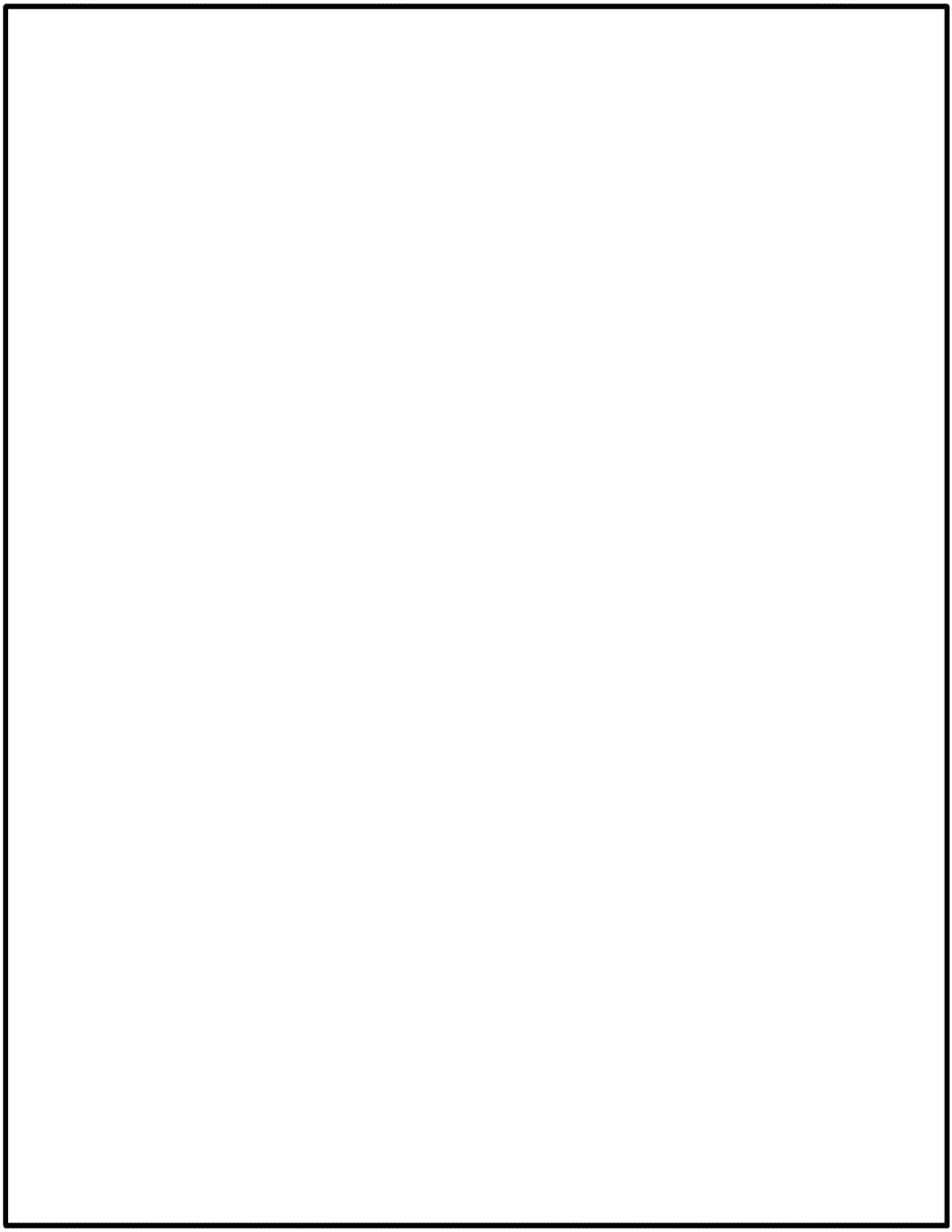

The location quotients were calculated for each industry as follows:

$$LQ = \frac{E_i / E_c}{E_{ni} / E_{nt}}$$

Where:

E_i = Employment in the region's industry

E_c = Total employment in the region

E_{ni} = National employment in the industry

E_{nt} = Total national employment

Location quotient analysis is used to identify those industries that have a comparatively larger or smaller concentration or presence in the economic base of the regional center's economy. A location quotient that is equal to 1.0 means that the share of employment in the regional industry is exactly the same as the percentage employment in its counterpart national industry. If the location quotient is greater than 1.0, the share of employment in the regional economy exceeds the national share of employment in that counterpart industry. Conversely, if the location quotient is less than 1.0, that means the region's share of employment in the industry is less than that of its national counterpart.

Location quotients over 1.0 mean that an industry is a relatively more significant employer in the region, with a location quotient of 1.2 or greater indicating a possible export or traded goods-services industry. Location quotients below 1.0 indicate the employer is under-represented relative to the reference region, and a location quotient of less than 0.80 indicates the possibility for import substitution in the subject geography (assuming near average productivity). The location quotients found in Table 6 (below) show the ratio of the proposed regional center and the States of Tennessee and North Carolina job concentration, respectively, to the national level job concentration by supersector. In other words, how the structure of these relevant regional economies compare to the U.S. economy's job concentration in each sector. As an example, the first available location quotient for Natural Resources and Mining in the proposed regional center is 0.48, demonstrating a much lower than average share of its private workforce employed in that industry sector relative to the U.S. economy's average job concentration.

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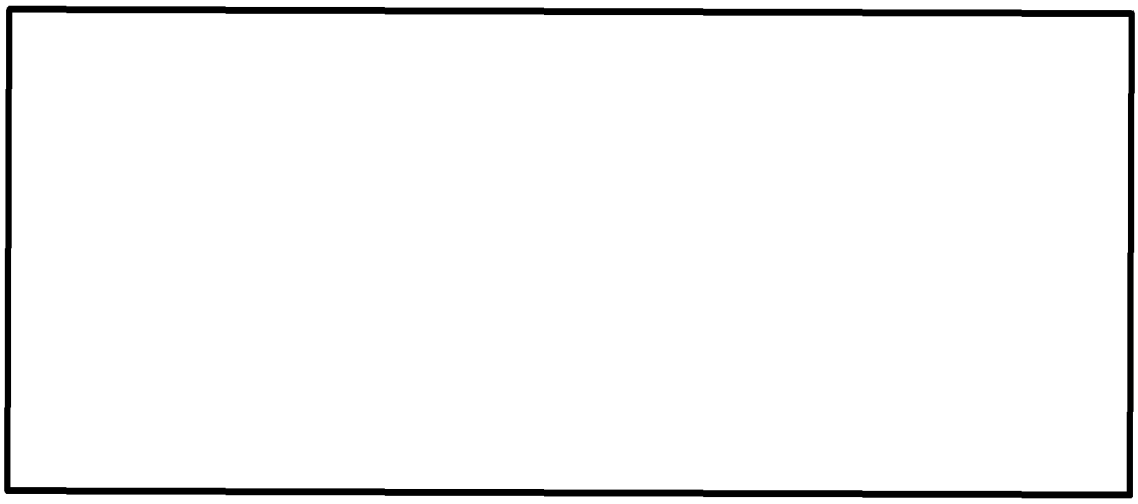

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Table 6: Employment Comparisons and Location Quotients for Selected Regions, 2010

NAICS Supersector	Employment				Composition of Total Private				Location Quotient		
	United States	North Carolina	Tennessee	AEB-5 RC	United States	North Carolina	Tennessee	AEB-5 RC	North Carolina	Tennessee	AEB-5 RC

The above information has been provided to demonstrate the economic, social, cultural and geographic ties between the 79 counties that compose the proposed Appalachian EB-5 Regional Center geography. Employment-unemployment trends, employment composition and GDP trends demonstrate economic continuity. Culturally, the region is known for its mountains and music that attract residents and visitors alike and several growing and innovative cities (Knoxville and Winston-Salem). Physically, the counties are interconnected by a network of interstate highways. Additionally, this region was selected from the focus area of the federal-state-local government economic development partnership known as the Appalachian Regional Commission. **Taken together, these ties are evidence of the region's character as an integrated economic unit, which could enable the U.S. Citizenship and Immigration Service to approve the proposed configuration as a designated regional center. Additionally, employment and GDP trends have been presented for the NACIS Sector 236 Construction of Buildings, NAICS 531 Real Estate, NAICS 541 Professional, Scientific, and Technical Services, NAICS 221 Utilities, and NAICS 811 Repair and Maintenance, industries relevant to the proposed Mountain Air EB-5 project to assist the USCIS in adjudication of the regional center application.**

Economic Impact Analysis

Methods of Analysis

Economic and job creation impact modeling to determine the economic and employment impacts associated with the proposed Mountain Air EB-5 project was performed using the Regional Dynamics Model (hereafter "REDYN"). This is the newest and most sophisticated of the advanced input/output models available today. The REDYN Model has been used to assess the net job and other economic benefits associated with economic development projects, new businesses, certain types of policy changes and utility power projects in various states throughout the country in a variety of analytical settings. EPR has used Regional Dynamics (REDYN) in more than 100 studies overall and more than five dozen impact assessment studies under the EB-5 program.

REDYN is an input-output model that calculates economic impacts and job creation impacts, typically for an integrated development project scenario that can be comprised of several components or different categories of economic activity. This model has been successfully used in earlier EB-5 application adjudications by USCIS. It is one of four recognized tools (with the others being RIMS II, IMPLAN, and REMI) that recently were identified in the EB-5 field adjudicator's manual as generally used and accepted in EB-5 applications for estimating indirect jobs. This section explains in detail how the REDYN software works and why it is a valid and preferred approach for determining the economic impact for EB-5 regional center projects. In addition to this explanation, a detailed description of the REDYN Model is found in the appendices at the end of this impact assessment study report.

Dynamic Input-Output Modeling

In contrast to proving the direct job count of an EB-5 project through the provision of payroll records to a USCIS reviewer, the calculation of indirect jobs cannot be measured and verified directly through records. Instead, indirect jobs under the EB-5 program must be verified through the use of estimating methodologies that are deemed to be "reasonable" under the requirements of the EB-5 program. The EB-5 applicant has some latitude under the "reasonable methodologies" requirement. The most common estimation techniques involve the utilization of input-output tools that involve a range from simple mathematical calculations on a spreadsheet (e.g. under RIMS II) to integrated EB-5 project simulations using sophisticated input-output models. Even though these approaches vary in sophistication and structure, the general approach to this estimating process is essentially the same for all of the USCIS-approved input-output tools in that they all use calculated coefficients based on detailed federal data. Compilation of these data, which are updated each year to varying degrees, involves assembling and updating data regarding how much input is used for producing a given amount of output.

Dynamic input-output models like REDYN simulate the economic relationships between sectors of an economy on several geographic levels through time. Linkages exist between sectors and regions that provide commodities or other inputs to each other. Input-output models are founded on these linkages and allow analysts to see how changes in individual or multiple sectors in a state or regional economy ripple throughout the system. Effects of an initial investment are felt in these other sectors and regions as increased output, employment, and income. MIG, Inc., the owner of the IMPLAN model, describes input-output analysis, in other words, as, "*a means of examining relationships within an economy, both between businesses and between businesses and final consumers. It captures all monetary market transactions for consumption in a given time period. The result mathematical formulae allow examination of the effects of a change in one or several economic activities on an entire economy.*"[7]

The REDYN model, employed in this economic and job creation impact study, estimates the impact a specific catalyst will generate throughout a determined area—in this case the pending Appalachian EB-5 Regional Center economy. The input/output model uses a dynamic (or a longitudinal) approach that simulates not only the relationship between sectors in an economy (e.g. Agricultural sectors are linked to Transportation sectors), but also the interconnectivity of regions. The dynamic element of the model has a well-developed impedance database that is able to account for temporal effects due to competitive differences between either geographic regions and/or different sectors of the economy. Over time, these competitive pressures emerge and then tend to bring the regional

[7] IMPLAN Pro, User's Guide, Analysis Guide, Data Guide. MIG, Inc.

economy back to equilibrium. The process, in that way, depicts the so called "ripple effect" impact that economic changes have on a region.

Advantages of the REDYN Model

The internet based REDYN Model was developed by Regional Dynamics, Inc. currently of Scottsdale, AZ, through its principal creator, the late Thomas Tanner, Ph.D., a former model manager at Regional Economic Models Inc. (known as REMI) of Amherst, Massachusetts. Dr. Tanner was a former member of the faculty at the University of Georgia, and was most recently employed at the Strom Thurmond Institute of Government and Public Affairs at Clemson University at the time of his death in May of 2009. Dr. Tanner's work experience at REMI gave him the expertise to create an alternative to the REMI model. The result is an integrated input/output model of the counties and cities of the U.S. which has significant advantages over the existing menu of retail input/output models: REMI (which is prohibitively expensive) , IMPLAN (as maintained by the Minnesota IMPLAN Group, Inc., originally developed for the U.S. Forest Service, which is a static input-output tool), and RIMS II final demand and/or employment multiplier tables (which is maintained by the U.S. Department of Commerce and is also a static tool).

The REDYN Model employs a concept known as New Economic Geography,[8] a theory first developed by Nobel Laureate Dr. Paul Krugman while he was at the Massachusetts Institute of Technology. This philosophy employs "fully general equilibrium" models that "derive aggregate behavior from individual maximization." This competitive framework is translated into a model that makes the assumption that "commodities produced by an industry are truly joint in the production process, as prescribed by a uniform production function for all firms in each industry based on competitive pressures to diffuse advantages quickly across all firms in an industry."

New Economic Geography also focuses on agglomeration economies and the relationships between them in different levels of geographic space.[9] To illustrate this, consider a tight group of commercial establishments configured as a mall, which is an agglomeration of retail establishments. This is the smallest level of an agglomeration economy. It is related to the regional commercial market which is part of the national market and the world market. It is the linkages between these levels of economic agglomeration that New Economic Geography seeks to explain and illustrate.

Like all input-output models, the REDYN model calculates the effects of a new final demand stimulus into three general categories. Category 1 includes the

[8] See Exhibit 1.

[9] Agglomeration economies refer to circumstances where economic units, although competing, find it mutually advantageous to co-locate or to locate sufficiently close enough to share production resources and/or customers.

direct effects—which in economic theory measure the changes in the industries where the final demand change was effected. Category 2 effects include indirect effects—which in economic theory are those changes in inter-industry purchases as they respond to the new final demand change in the directly affected sectors or industries. Category 3 effects include those which are due to changes in spending from affected workers and their households as labor income either increases or decreases due to the change in final demand, known as induced effects. The REDYN input-output model software calculates all three of these effects just like any other input-output tool, but as a dynamic input-output model (like the dynamic REMI model[10]), REDYN has the capability through its structure to analyze the impacts over time of the entire EB-5 project and its components as part of a single integrated development scenario.

In its simplest form, the estimation process is comprised of two fundamental steps: (1) calculations to determine what are commonly referred to as national coefficients which are based on production functions,[11] and (2) determinations as to what proportion of those goods and services are purchased within the region. The first calculations estimate how much input is used in any given year to produce a given amount of output in any given year. The second group of calculations referred to above involves calculations of what are referred to as regional purchase coefficients (RPCs). These regional purchase coefficients essentially estimate what proportion of those goods and services are purchased within the region in question.

The REDYN model, like other input-output models such as IMPLAN and REMI, handles all those calculations within the model software based on the geography and type of stimulus specified by the analyst. The REDYN model is geographically specified so that regional purchase coefficients are calculated for all involved sectors based on purchases of goods and services from "within the region" firms. The matrix can be, and usually is, large and complex. RPCs tend to be higher for service providing industry categories and lower for goods producing industry categories. In either case, indirect jobs under the REDYN input-output model are calculated through the input-output simulation process based on these quantified national relationships and regional purchase coefficients as calculated within the software algorithms embedded in the REDYN model.

There is a crucial distinction to make between input-output models, such as REMI and REDYN and tools that use an extracted single number input-output coefficient (such as RIMS II multiplier), which measures an impact in a single

[10] The REMI input-output model is maintained by Regional Economic Models, Incorporated located in Amherst, Massachusetts.

[11] Again, to reiterate, this is a process where the amount of output (and the corresponding number of jobs and corresponding amount of income) required to produce an amount of output of a final product or service is estimated.

year. The multiplier approach involves simple multiplication where a single number estimate of a change in "final demand" can be done in a spreadsheet. REDYN and REMI do not employ singular multiplier calculations, but derive their predictive ability on interconnected matrices of make and use tables for specific industries and specific regions or geographies. Therefore, the input-output model tool uses a large matrix of multipliers that literally include hundreds, and sometimes thousands of multipliers. Impact assessment analyses undertaken using REDYN can treat a project as a single integrated development scenario and compare the economy under that scenario to a "base case" for the regional economy—with the base case where the proposed EB-5 development project was not undertaken.

REDYN Data Sources

REDYN (like the other recognized input/output models) is based on the concept of a production function, which determines what are called "make and use" tables. These tables quantify the amounts of inputs that are required to produce a unit of output across a number of industries. The basic data underlying these tables are collected by the U.S. Department of Commerce (principally its sub-agency, the Bureau of Economic Analysis). The vast amount of data come from a variety of sources and the data collected are converted into production accounts on a national income basis and input-output accounts basis, called the National Income Product Accounts (NIPA). These accounts are assembled into various tables including transactions tables (which track the economic flows between producers and users of commodities, as well as the commodity taxes, transportation charges, and wholesale and retail trade margins between producers and users), and final uses tables. These tables are the building blocks for the input-output accounts, from which various multipliers are derived.[12]

Regional input-output models can be constructed using a geographically tailored input-output matrix. Such a matrix takes into account regional purchase coefficients, which are calculated based on the proportion of goods and services required to produce one unit of output that are produced *within a defined geographical region*. These regional coefficients for most input-output tools are based on subsets of the same national data described above. For REDYN, the underlying matrix has all these coefficients embedded in the model—as it is for the REMI and IMPLAN tools.

In addition, REDYN uses a variety of supplemental data provided by U.S. Government entities. The industry structure for the model is the North American Industry Classification System (NAICS) to the five digit level. This allows the model to provide detail for 703 industries and over 180 commodities for the geographic region specified in the model.[13] This classification system and level of

[12] U.S. Department of Commerce, Bureau of Economic Analysis. Concepts and Methods of the U.S. Input-Output Accounts. September 2006, Updated April 2009.
[13] See Exhibit 2.

detail makes REDYN's output compatible for comparison to government reported statistics as this is the system used for publishing economic data by the U.S. Department of Labor's Bureau of Labor Statistics (BLS), the U.S. Department of Commerce's Bureau of Economic Analysis (BEA) and the U.S. Census Bureau. These government bureaus provide the original data that are accumulated and transformed into the REDYN Model's input/output (e.g. multipliers) and other specified relationships.

The REDYN model also employs data from the Census Bureau's County Business Patterns. The U.S. Census Bureau's County Business Patterns data is the source for wage bill payroll data and employment data used in the model. The model's developers preferred this approach since it is an annual series that is more complete in its coverage of the workforce than the Quarterly Census of Employment and Wages (hereafter "QCEW") series, as it includes self-employed persons, employees of private households, agricultural production workers, and railroad workers. These workers are not "covered" by most state unemployment insurance systems and are therefore not reported in the QCEW series.

The County Business Patterns data set also is preferred because it provides detail about employment and wages down to the zip code level where concentration of industry is high enough to provide reportable data. The suppression of data due to confidentiality issues is a common problem of all types of wage and employment data used in specifying input/output models. REYDN has developed a way to fill in the blanks called method *row and column sum* (RAS).

After performing the RAS analytics on the County Business Patterns data it is reconciled with Regional Economic Information System (REIS) data from the Bureau of Economic Analysis of the U.S. Department of Commerce to confirm consistency. The REIS data are especially helpful for providing data in the agriculture and governmental sectors. The REIS data are also used to allocate national consumption numbers to the roughly 3,100 counties in the United States that are provided on the aggregate level by the NIPA. The levels of consumption of industries and households are a key building block in the creation of input/output models.[14]

The input-output tables themselves are created using BEA Input/Output (IO) make and use tables (described above). The data in these tables are augmented by the biennial ten-year IO forecast tables from the Bureau of Labor Statistics. A major difference between the REDYN model and other input/output models is its use of a new distance impedance database supplied by the Oak Ridge National Laboratory.[15] This allows the REDYN Model to add elements of trade flow and gravity theory based on distance impedance specific to road, rail,

[14] See Exhibit 3.
[15] See Exhibit 4.

water, air and proxy transport. The combination of these data sources gives the REDYN model the power to predict with greater accuracy than ever before the economic impacts of a wide range of economic changes.

Model Specifications

Model Inputs and Assumptions

The modeling of potential project impacts can be conducted from the supply side or the demand side of the economic equation. When modeling the economic impacts associated with the supply, one captures the increase in direct employment and wages, and looks to determine the economic linkages of the project via an input-output model. A demand-side approach would capture the additional spending (often specified as a change in "final demand") in the regional economy as a result of the development and operation of a new project.

The relevant information and data used to develop the input-output model inputs for this impact assessment analysis of the Mountain Air EB-5 project included: (1)

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These data were then employed to develop the specific inputs that were employed in the REDYN input-output model—as supplemented by additional research to properly quantify and then specify each input for use in the input-output model. The principal analytical task at this point in the impact assessment

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Beyond the discussion above, key input-output modeling details and assumptions for the Mountain Air EB-5 project are described below (note that NAICS codes for each input listed are given in Table 7 below):

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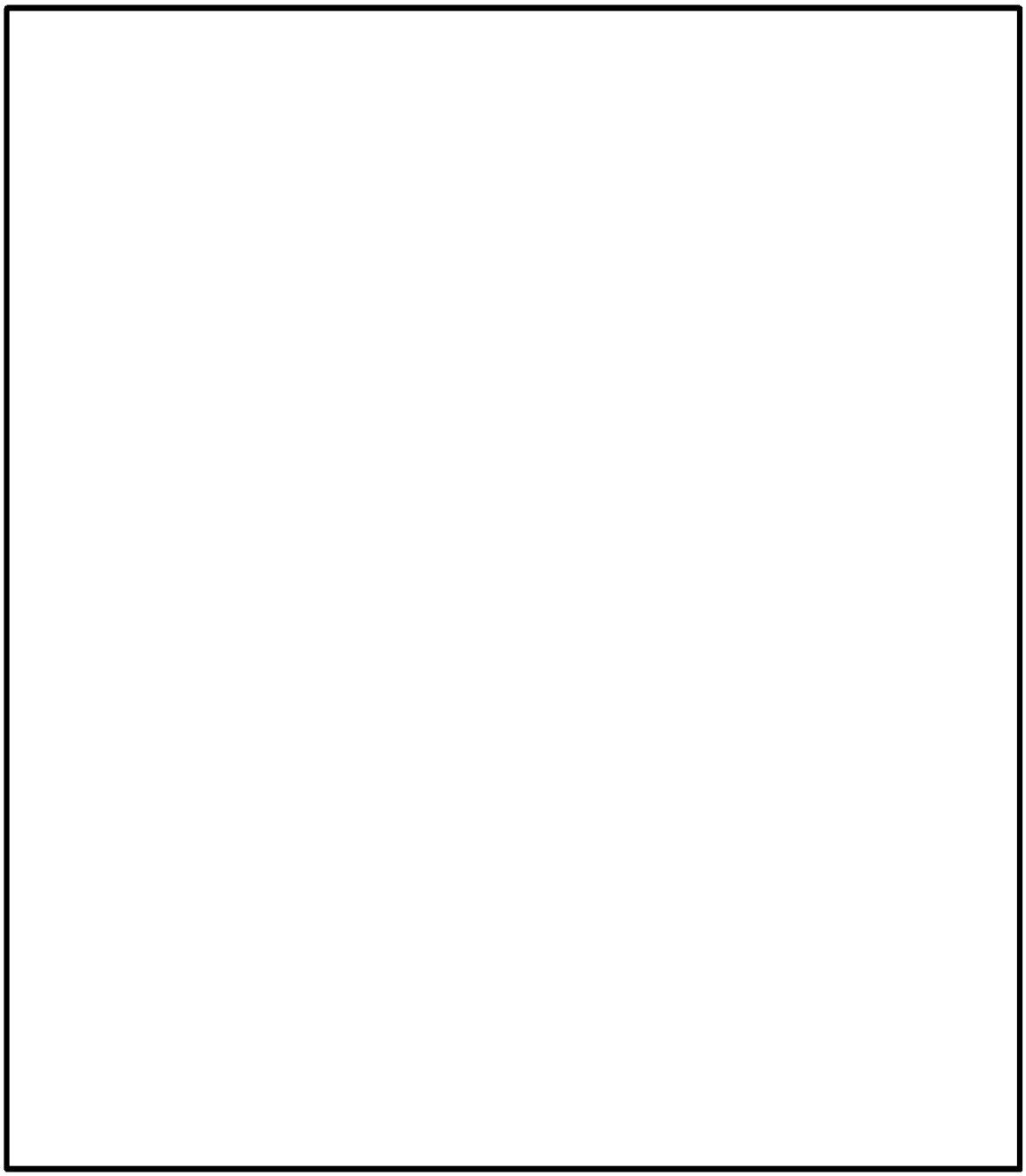

Description of the Economic Model

In order to complete this economic and job creation impact analysis, a four-region model was constructed for Mountain Air modeling purposes. The four regions are: (1) Yancey County, North Carolina, (2) the remaining counties in the Appalachian EB-5 Regional Center in North Carolina, (3) the Tennessee counties in the regional center, and (4) the balance of the U.S.[16]

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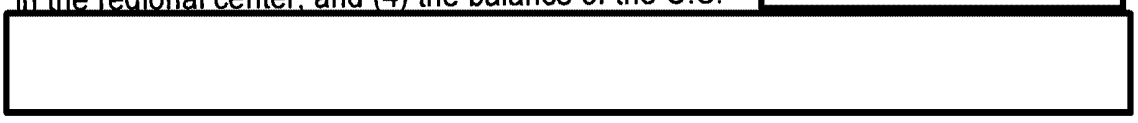

[16] This means the entire U.S. excluding the 79 counties that make up the regional center.

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[redacted]

Model Output and Results

The REDYN model estimates all measurable linkages associated with the incremental economic activity in NACIS 236, NAICS 531, NAICS 541, NAICS 221, and NAICS 811 related to the proposed Mountain Air EB-5 project. This incremental activity associated with the development project will create and sustain employment—net of any expected competitive pressures (i.e. job displacement in the existing regional and national supply), which are explicitly accounted for in the economic modeling. This impact assessment finds that the project would have positive and significant economic and job creation impacts in the prospective regional center. By impact Year 3, the project will add a total of [redacted] jobs due to expanded business activity related to an increase in employment and wages, an increase which has a ripple effect throughout the regional and U.S. economies.

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As a result, this economic and job impact assessment study finds the development and operations of the proposed project as planned would generate significant and positive economic benefits for the U.S. economy as a whole using the REDYN dynamic input-output model.[17] Assuming the development and successful operation of these centers, the proposed project would likely result in:

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[redacted]

[17] For a full description of the REDYN input-output model see Appendix 3 of this report.

Table 8. Summary Results – Mountain Air EB-5 Project

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	Year 1	Year 2	Year 3	Year 4
Timeline	Construction			
	On-Going Operations			
Model Output [1]				
Total U.S. Economy				
Output ($2012, 000s)				
Disposable Income ($2012, 000s)				
Household Earnings ($2012, 000s)				
Jobs				
Regional Center Economy				
Output ($2012, 000s)				
Disposable Income ($2012, 000s)				
Household Earnings ($2012, 000s)				
Jobs				
Jobs Impact in RC for EB-5 Purposes				
Total Indirect Jobs				
Millions of Expenditures to Indirect Jobs Multiplier				
In the Regional Center Geography, Year 3				
In the Total U.S., Year 3				

Notes:
[1] Economic activity was modeled at the county level.

Prepared by: Economic & Policy Resources, Inc.

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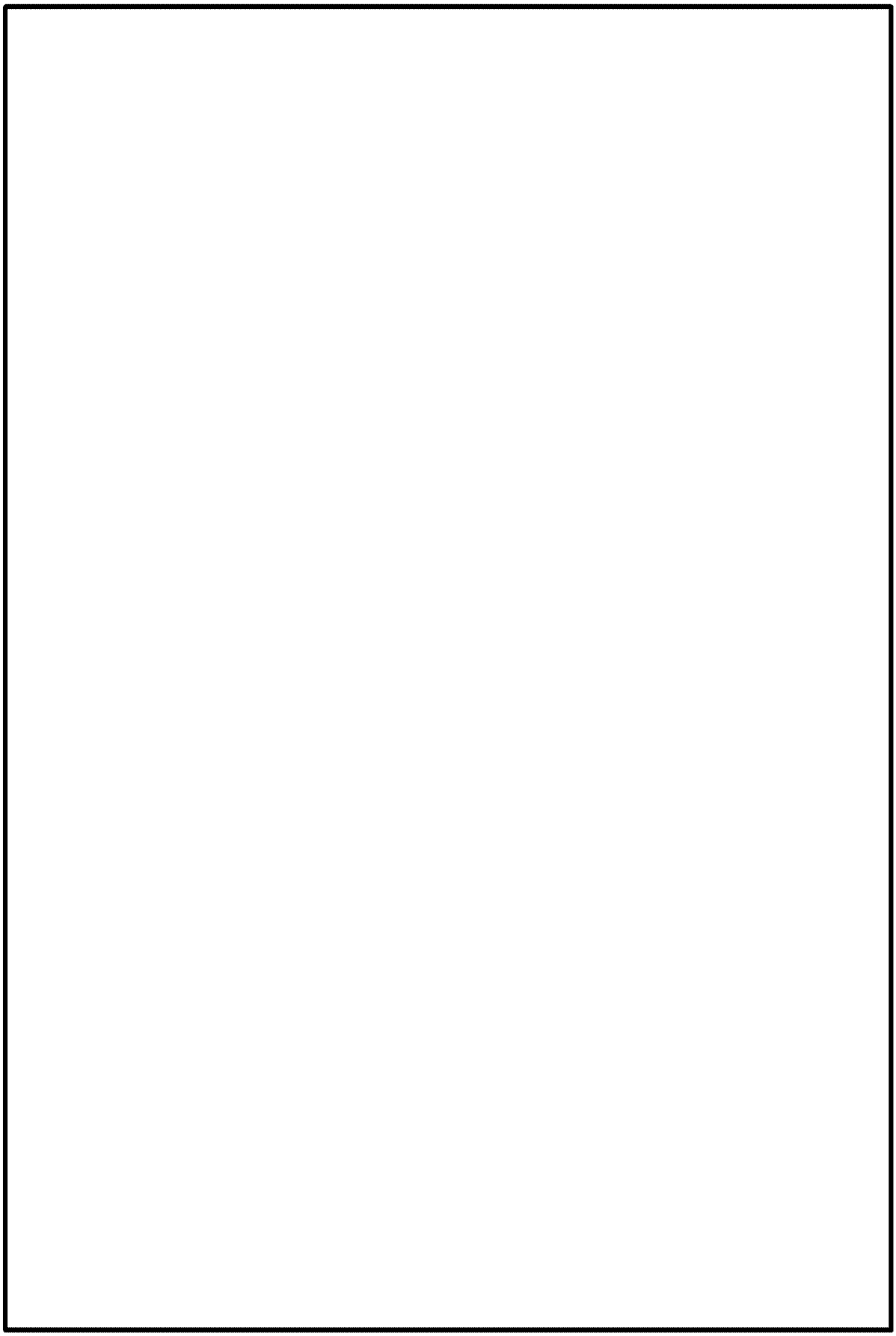

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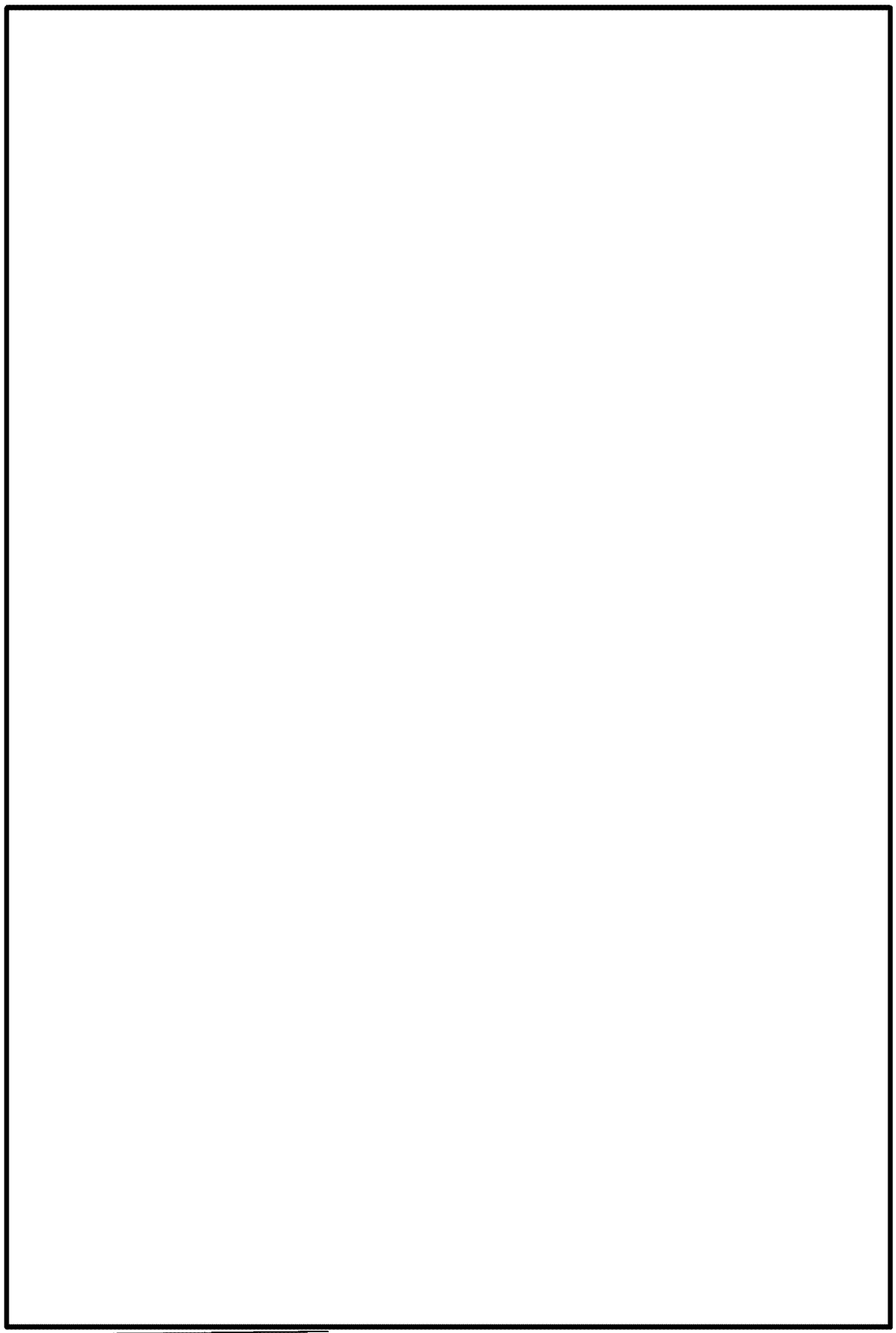

[22] All values are reported in constant 2012 dollars.

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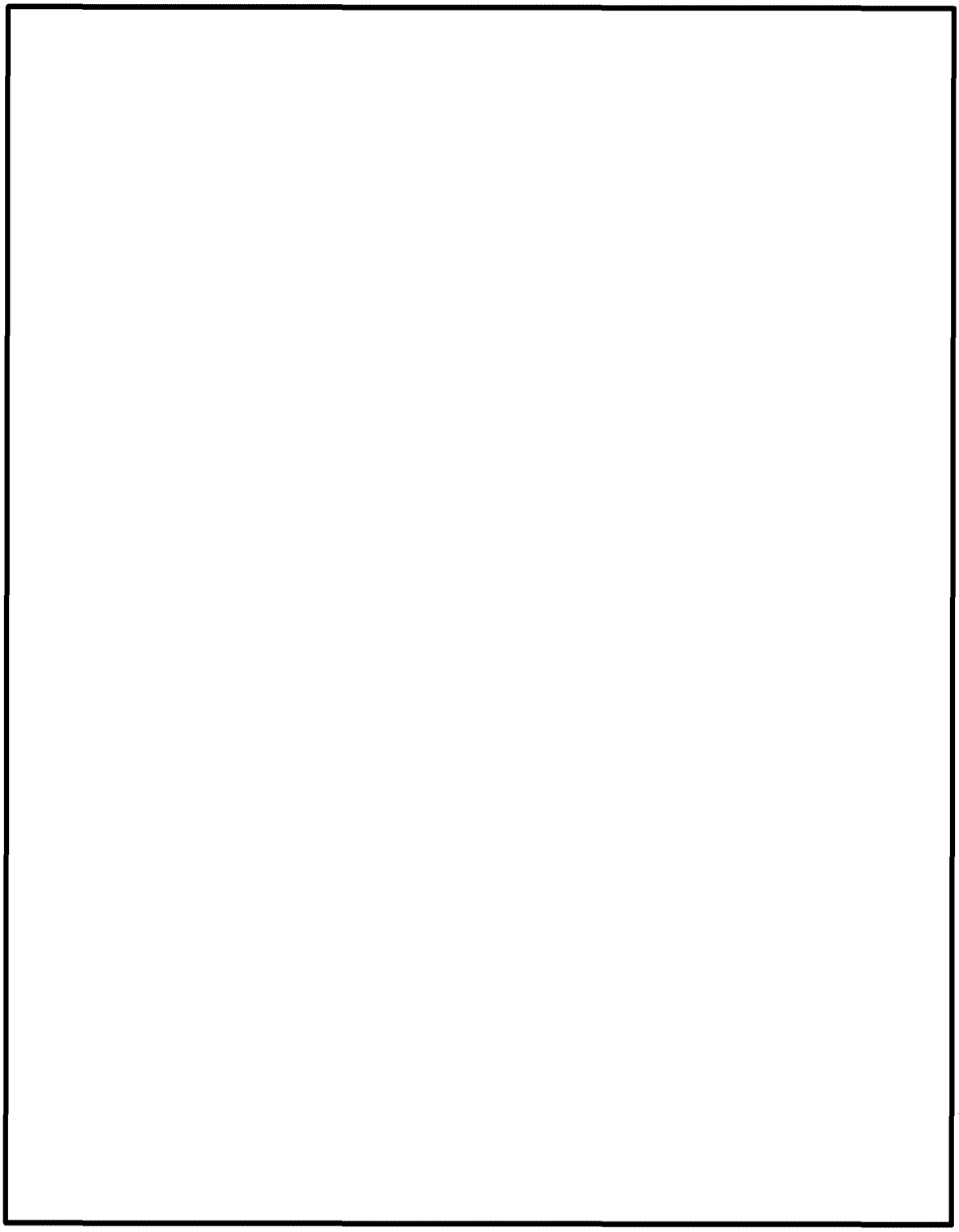

Conclusions

The results of this economic and job impact assessment study show how approval of the proposed Mountain Air EB-5 project planned for location in Burnsville, NC will support the requisite funding of a project that is expected to have significant and positive impacts on the regional economy of the Appalachian EB-5 Regional Center and on the economy of the U.S. as a whole. These impacts include a total of 918 EB-5 program eligible jobs created in the

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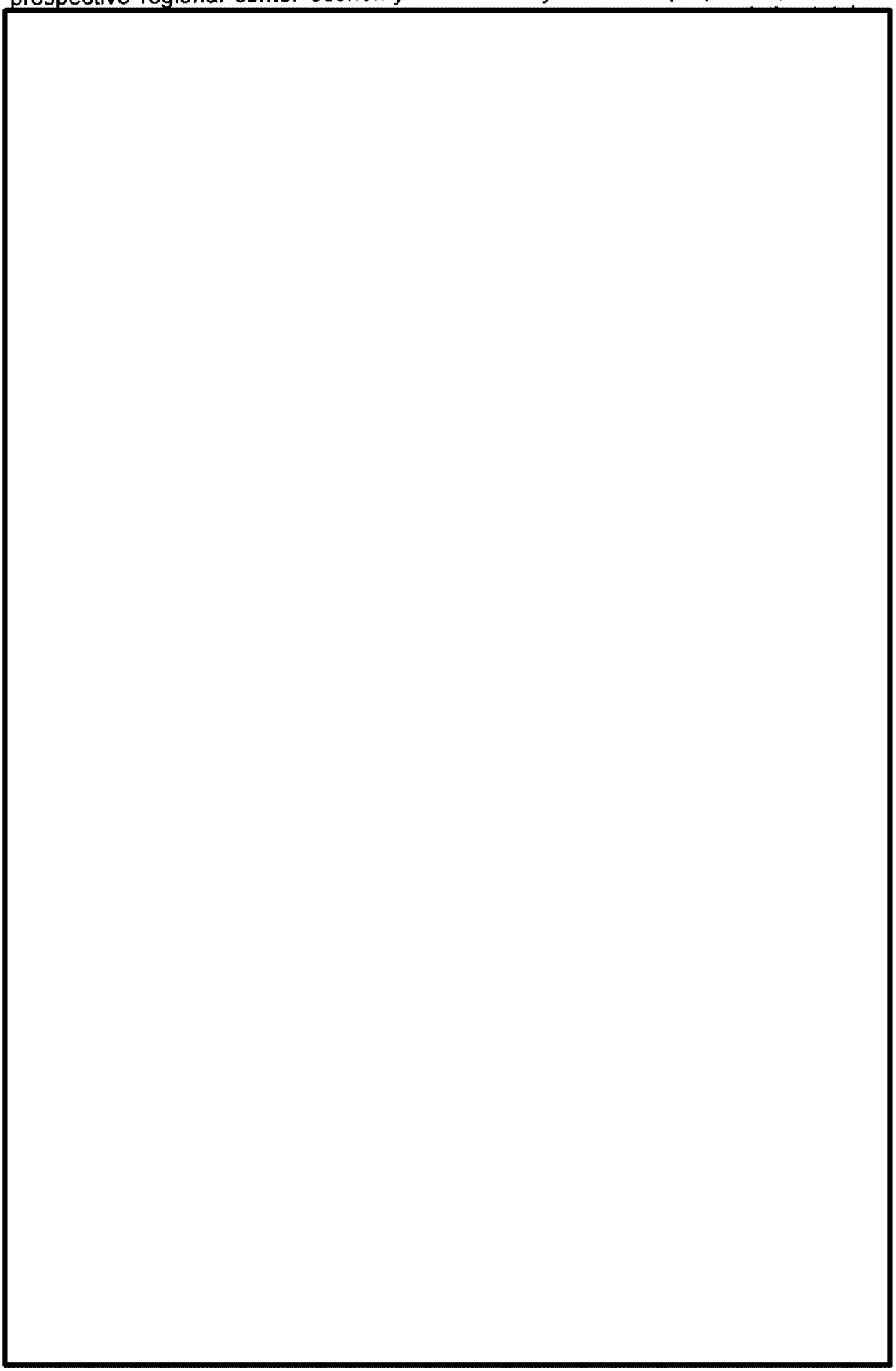
prospective regional center economy in the third year of the proposed project.



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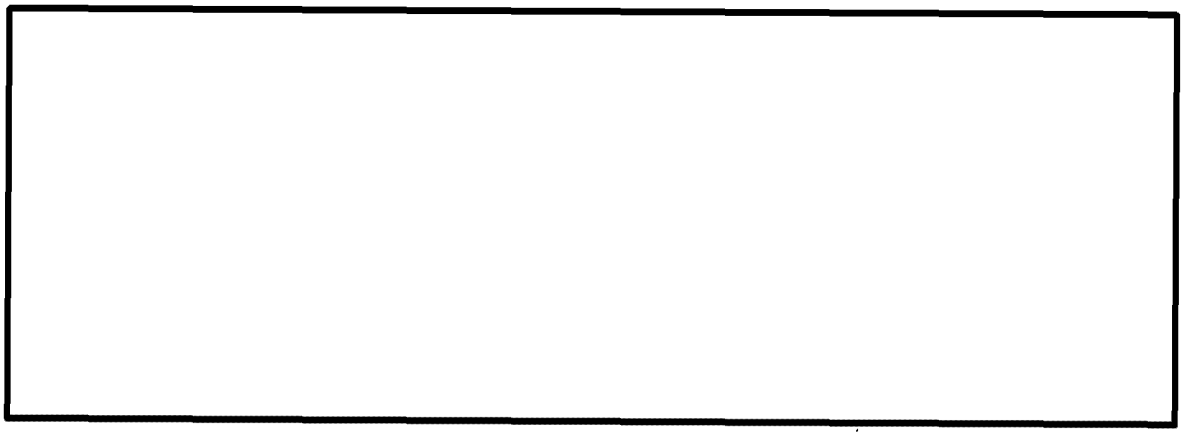

Lastly, it should be noted that the Mountain Air EB-5 project is located within a rural Targeted Employment Area (TEA) as defined by USCIS guidelines. Verification of the local population being under 20,0000 residents as of the date of the April 1, 2010 census has been obtained from the Burnsville, NC town clerk. Therefore EB-5 investors in the project qualify for the $500,000 minimum investment level, assuming USCIS approval.

The REDYN Model developed and maintained by Regional Dynamics, Inc. was used to provide a reasonable estimate of the economic and job creation impacts attributable to the construction of and the ongoing operations at the potential Mountain Air facility. A combination of data supplied by the project developers, public and proprietary data on the industry, region and individual component markets, data from the United States Census Bureau, the Bureau of Labor Statistics, and the Bureau of Economic Analysis were used in this analysis.

Appendix 1:

About Economic & Policy Resources, Inc.
Proposed Mountain Air EB-5 Project in the Prospective Appalachian EB-5 Regional Center

Economic & Policy Resources (EPR): EPR began providing consulting services to public and private clients in 1983. Our staff is comprised of 9 full-time and 2 part-time employees. We deliver economic, financial, planning and public policy services to support our clients' critical decision making processes. Our staff of economists, planners and financial analysts uses state-of-the-art analytical tools and methods to inform and address client issues. EPR has developed and has access to extensive data (including proprietary data) and analytical tools to provide credible, fully-considered analyses-results. We have a proven record of accomplishment on a wide-range of studies involving economic, socioeconomic, community and economic development, and public policy topics. Our completed projects list includes over 80 EB-5 economic impact assessment assignments over the past seven years.

Appendix 2:

Limitation and Contingent Conditions
Proposed Mountain Air EB-5 Project in the Prospective Appalachian EB-5 Regional Center

The results of this impact study should be viewed with certain limitations. This analysis is intended to assist the U.S. Citizenship and Immigration Service and interested parties in estimating the economic and job creation impacts associated with a potential EB-5 project within the geography of the prospective Appalachian EB-5 Regional Center.

- In undertaking this assignment, we employed accepted practices and assumptions designed to produce results that are conservative estimates for purposes of understanding the impacts of the proposed project. Actual results could differ.

- It should also be noted that specific estimates of year to year impacts are difficult to make with a high degree of accuracy. The potential project's impact in any one year could deviate from those presented in this report due to factors–such as interest rates and business cycles–that are beyond the scope of this analysis.

- The authors believe the study is a reasonable and conservative estimate of the likely economic and job creation impacts of this development activity under the assumptions employed in this study as of the date of this report.

Data utilized in the analysis was obtained from the community developers. We also employed data and information from various industry sources (e.g. selected trade associations) and other third party publications (e.g. from authoritative federal government departments and agencies) which are typically used by and commonly relied upon by economic analysts. Information supplied by the developers has been accepted as correct without further verification (although we conducted routine quality control checks for reasonableness), and we express no opinion on the accuracy of that information. The report reflects facts and conditions existing and known as of the date of the report. Subsequent events and additional information may require a review and alteration of the opinions and conclusions presented here.

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The undersigned has no present or prospective interest in the property that is the subject of this report and has no personal interest or bias with respect to the parties involved. Economic & Policy Resources, Inc. is paid an hourly rate for time spent in analyzing and preparing its conclusions and opinions. Economic & Policy Resources, Inc.'s fees are not contingent upon the outcome of any event for which this report may be used.

Appendix 3:

Schedule of Exhibits
Proposed Mountain Air EB-5 Project in the Prospective Appalachian EB-5 Regional Center

Exhibit 1: The Business of Regional Dynamics, Inc.: *Economic Modeling Redefined* – Source: Regional Dynamics, Inc.

Exhibit 2: How the Regional Dynamics Economic Model Works: *The REDYN Model in a Nutshell* – Source: Regional Dynamics, Inc.

Exhibit 3: REDYN Model Data Sources and Baseline Estimation Process: *Where the REDYN Model Gets Data* – Source: Regional Dynamics, Inc.

Exhibit 4: The Regional Dynamics Economic Analysis Model: *What the REDYN Model Does* – Source: Regional Dynamics, Inc.

Exhibit 5: Feature Comparison – Major Commercial Economic Models – Source: Regional Dynamics, Inc.

Exhibit 1:
The Business of Regional Dynamics, Inc.:
Economic Modeling Redefined – Source: Regional Dynamics, Inc.

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The Business of Regional Dynamics, Inc.

Economic Modeling Redefined

Regional Dynamics is an economic modeling company. We offer the REDYN advanced economic model by web subscription or batch services to consultants, agencies, firms, planners, and analysts (users). REDYN runs on the Internet. Subscriptions include advice to apply and interpret the model. Our model estimates the multi-regional impacts and year-by-year (dynamic) nonlinear effects on industries, consumers, and governments from changes in company sales, jobs, wages, or investments; changes in taxes or personal or government spending; or public policy changes such as energy, environment, school, health, or security measures. The results are called simulation forecasts, or simulations.

Our model is a fundamental re-envisioning of economic theory applied to estimating multi-regional, dynamic effects. It reflects advances in New Economic Geography, especially gravity theory (regional attraction) and trade flow (regional imports/exports), based on a new distance impedance database from Oak Ridge National Laboratories that enables calculating trade flow by commodity by road, rail, water, air, and proxy transport. The breakthrough in design is the commodity production linkage between the trade flow process and an entity-based data structure for the economy. Entities include industries, workers, governments, investors, etc., and commodities are the goods they use and make.

The upshot—users can build and run multiple online custom models on the fly for solid project analysis. These features make REDYN more flexible, complete, and accessible than any other modeling process—in a nutshell: *No sticker shock; better solutions.*

Because our model runs on the Internet for all 3,100+ US counties, it meets the need for multi-regional tools usable by state, regional, Federal, and consulting organizations who share policy or forecasting interests or economic impact interests in the same geographic areas. The model's fresh, efficient design and its Internet accessibility make it ideal for supporting long-term collaborative efforts as well as for doing individual studies.

The model also is ideal for studying effects of sequential regional inputs, or generating a schedule of responses from a large set of alternative inputs, across a very large number of counties. Repetitive changes across many regions may be better handled as an offline batch job following an analytic script rather than as an Internet project. However, the batch approach has an engagement element as follows: After a user calls us, we accept and review the user's study information, set up and run the script, then produce and deliver agreed brief script reports in hard copy or electronic format from the simulation results. Alternatively, users can subscribe online to their simulation results so they can create their own simulation-based script reports at will for open-ended multiple studies.

We offer model subscriptions to consultants, but we're not in the consulting business. We're happy to initiate or partner with consultants if an agency, company, or other group issues a request for proposals (RFP) to do a study involving economic modeling and consulting. However, we'd prefer that the consultants do the modeling and produce the study defined in the RFP, and mention our name and modeling process in the study.

Exhibit 2:
How the Regional Dynamics Economic Model Works:
The REDYN Model in a Nutshell – Source: Regional Dynamics, Inc.

How the Regional Dynamics Economic Model Works

The REDYN Model in a Nutshell

REDYN is a dynamic, nonlinear, endogenous, Input-Output (I-O), computable general equilibrium (CGE) economic and demographic forecasting and analysis engine based on the North American Industrial Classification System (NAICS). REDYN's online model-building edge excels at providing a uniquely complete and consistent Internet tool to configure and access plans, policies, events, and risks fully and very rapidly.

The REDYN model reflects advances in New Economic Geography (NEG) for gravity theory and trade flow to estimate all local and multi-regional trade flow effects by commodity by distance by transport mode by direction in response to any output or demand changes. It does not lock each industry into a straight-line industry transport cost within one implied universal transport distance, mode, and direction between county pairs. In addition, its multi-regional scope always includes the whole regionalized US economy in every forecast and simulation.

REDYN's breakthrough design links three elements into one core activity: its continuous make-and-use commodity transformation production function, its NEG trade flows, and its entity-based data structure for the economy (social accounting matrix). All industries and entities including labor both use and make one or more commodities (goods and services). All commodities use appropriate transport modes, or communications mode if non-material.

The REDYN model moves all commodities including labor both within counties and between all county pairs and the automatic rest-of-US area by five transport modes (road, rail, water, air, and estimated). It uses I-O transport demand and Cobb-Douglas step-wise adjustments (equal proportion changes, i.e., constant elasticity of substitution) to assign commodities to modes, and a detailed Oak Ridge National Laboratory impedance database to account for accessibility (impedance) by mode, distance, and travel direction by commodity (accounting for net elevation difference effects) between all origin-destination pairs.

Users can control access (impedance) either at a mode level, or at a commodity-by-mode level. The Cobb-Douglas shift of commodities toward transport mode(s) with increased accessibility (reduced impedance values) induces changes in delivered prices for all affected commodities including labor. The industries or entities producing or using the affected commodities then adjust their output and thus their need for inputs.

The price-driven output and input adjustment process also applies if a user models a non-transport change or policy, such as an impact, demand, cost, tax, or price scenario. These changes affect local and remote supply and demand for one or more commodities, and thus their delivered prices after they pass through the transportation system. To varying degrees, the process then affects delivered prices, outputs, and inputs for all commodities through the continuous commodity transformation production function applied by every industry and entity wherever located. Expressed over time and distance, this ongoing cycle is the essence of modern CGE-NEG modeling and forecasting defined by REDYN.

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Operationally, REDYN's multi-processor Internet server carries active regions for over 3,100 counties, 700 industries, 820 occupations, hundreds of commodities, and a 50-year forecast in a 2-terabyte database. It offers much more power, flexibility, and multi-user access, including consultant and institutional collaboration, than desktop systems offer.

The REDYN model framework takes the traditional economic concept of the circular flow diagram absolutely seriously, and discards the artificial primacy given to the idea of factor inputs to production. The framework views the economy as a comprehensive, continuous process in which industries and entities convert input commodities into output commodities. For example, producers or industries clearly do this, as is seen in the classic I-O table structure based on real-world business behavior.

Labor too can be viewed as an "industry" or entity. It converts consumer goods and services into a wage bill, which is a market commodity behaviorally identical to any other. Similarly, remittance cohorts, defined as the unemployed as well as all individuals such as retired persons and others who receive government payments through transfers, can be seen as entities that convert consumer goods and services into transfer payments.

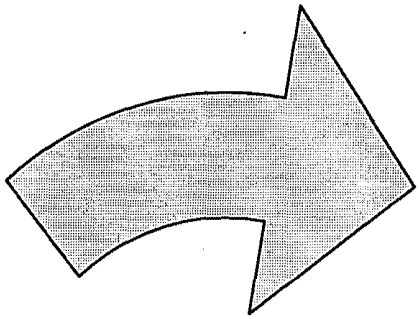
Likewise, governments convert purchases of commodities including industry goods and services and labor's wage bill into government goods and services that are "purchased" primarily through tax revenue. Finally, the model includes "investors" to produce financial capital, "speculators" to produce physical capital, and "land" to anchor each regional economy with its particular attributes so that the regions do not collapse together as would occur if all regions had the same basic labor, farm, water, mineral, and infrastructure resources when multiregional transport costs are considered.

The REDYN model can be visualized as regional entities using, making, and moving commodities in an organized circular process that captures supply (making goods and services), demand (using goods and services), and delivered price (costs for making and moving goods and services) to clear the supply and demand for all commodities in and across all regions.

The charts on the next five pages summarize the model's operation as follows…

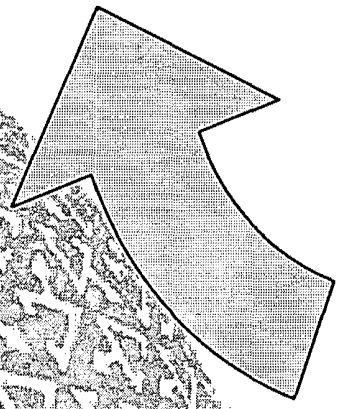
- Circular Flow Economic Entity Process
- Commodity Make Table by Entity
- Commodity Use Table by Entity
- Entity Production Function Form by Region
- Demographics and Migration
- Economic Model Schematic Summary
- Economic Model Production Function and Commodities by Entity
- Economic Model Prices and Trade Flow

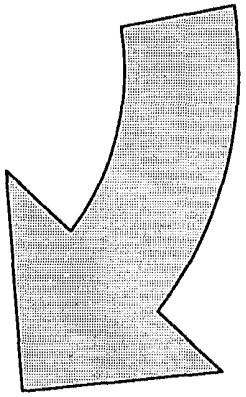
CIRCULAR FLOW ECONOMIC ENTITY PROCESS In & Between All Regions



USE Commodities:
Demand
(Delivered Price = ExWorks Price + Transport Cost)

MAKE Commodities:
Supply
(ExWorks Price, i.e., price at source of good or service)





MOVE Commodities:
Trade Flow
(Transport Cost by Commodity, Distance, Mode, and Direction for all Regional Pairs)
5 Modes: Road, Rail, Water, Air, Other

ENTITIES	Producer	Wage	Transfr	Govt	Fincl Cap	Phys Cap	
MAKE:	Goods	Bills	Pmts	Goods	(Div-Int-Rent)	(Resid, P&E)	Land
Producers	x						
Labor		x					
Remittance Cohorts			x				
Governments				x			
Financial Capital Providers (Investors)					x		
Physical Capital Makers (Speculators)						x	
Land							x

ENTITIES	Producers	Labor	Remits	Govts	Investors	Spec	Land
USE—							
Producer Goods&Svcs	x	x	x	x	x	x	
Labor (Wage Bill)	x			x		x	
Transfr Pmts/Taxes				x			
Govt Goods&Svcs	x	x	x	x	x	x	
Fincl Cap (Div-Int-Rent)						x	x
Phys Cap (Resid, P&E)	**P&E**	**Res**	**Res**	**P&E**	**Res**		
Land	x	x	x	x	x	x	

Entity PRODUCTION FUNCTION FORM by Region

Input Demanded					Output (Sales) Supplied			
Commodity	Qty	RPC	Dlvrd Price	Jobs	Commodity	Qty	ExWorks Price	Intl Pct
Land	x	**1.0**	x		Primary	x	x	x
Residential	x	x	x		2nd	x	x	x
Financial	x	x	x		3rd	x	x	x
Plant&Equip	x	x	x		4th	x	x	x
Wage Bill	x	x	x	x	Others/Misc	x	x	x
Goods&Svcs	x	x	x		Scrap	x	x	x

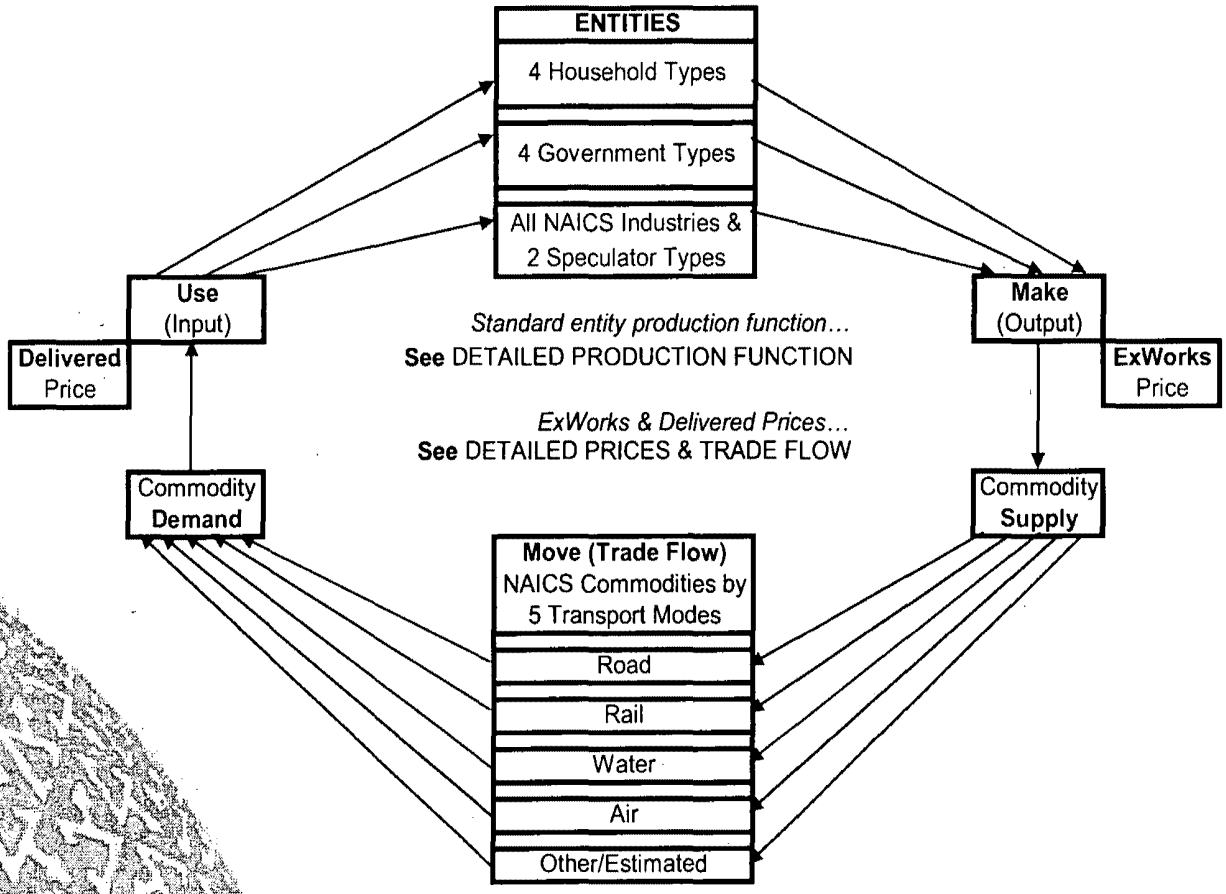
DEMOGRAPHICS: Cohort-survival estimation

- White, non-Hispanic
- Black, non-Hispanic
- Other, non-Hispanic
- Hispanic
- Male or Female
- Ages 0-1, 2-99 by year, 100+ years

MIGRATION: Induced by economic activity

- Intrinsic behavior of economic labor's wage bill commodity (historical relationships by region across wage bill, output, jobs, and people)
- Estimate wage bill and output changes, then scale to jobs and people (rational expectations notion)
- Subject to regional constants by cohort (controls for demographic composition)

REDYN Economic Model Schematic-SUMMARY
1/21/2006



REDYN Economic Model Schematic-DETAILED ENTITY PRODUCTION FUNCTION

1/21/2006

Standard Make & Use Production Function for All Entities

Entities ... Producers, Labor, Remittance Cohorts, Govts, Investors, Speculators

Standard Make & Use Production Function by Entity Group ...

Industries (By NAICS Code); **Speculators** (Capital Goods Makers: Residential, and Nonres Plant & Equip)

Use Commodites: Land, P&E (Indus only), Financial (Spec only), Labor, Goods&Svcs [Dlvrd Prices]

Make Commodities: Producer Indus (Primary, Others, Misc, Scrap); Spec (Res, P&E) [ExWorks Prices]

Households (Workers; Unemployed & Retired; and Savers)

Use Commodites: Land, Res, Goods&Svcs [Dlvrd Prices]

Make Commodities: Wage Bill, Proprietors Income, Transf Pmts, Div-Int-Rent [ExWorks Prices]

Govts (Fed Mil & Nonmil, and State & Local Educ & Noneduc)

Use Commodites: Land, Transf Pmts/Fees&Taxes, P&E, Labor, Goods&Svcs [Dlvrd Prices]

Make Commodities: Primary, Others, Misc, Scrap [ExWorks Prices]

Commodites

All NAICS Commodities ... Supplied & Demanded ...

Aggregated by Detailed NAICS Commodity Across All Entities by Region ...

Supplied Categories (Make By)	**Demanded Categories** (Use By)
Land (Fixed by Region)	Land (HH, Govts, Indus, Spec)
Residential (Speculators)	Residential Capital (HH)
Div-Int-Rent (Households)	Financial/D-I-R Capital (Spec)
Plant & Equip (Speculators)	Plant & Equip Capital (Govts, Indus)
Wage Bill & Prop Income (HH)	Labor (Govts, Indus, Spec)
Transf Pmt/Fee/Tax (HH/Indus/Spec)	Transf Pmts/Fees&Taxes (Govts)
Primary/Others/Misc/Scrap (Producers & Govts)	Goods&Svcs (HH, Govts, Indus, Spec)

REDYN Economic Model Schematic-DETAILED PRICES & TRADE FLOW

1/21/2006

Prices & Trade Flow ...

ExWorks Price by Commodity by Source (Supplying or Output) Region	+	**Transport Cost** by Commodity by Mode, by Distance, & by Direction Within & Between All Regions	=	**Delivered Price** by Commodity by Using (Demanding) Region

Details on Prices & Flows ...

Supplied at ExWorks Price specific in each output region based on delivered prices for the commods to each entity's production function in the region	→	**Transport each commodity** within & between all regions A, B, C, ... by demanded mode at a cost for mode, distance, & direction (elevation cost effect)	→	**Demanded at Delivered Price** from an output region to each specific demanding region (***Note***)

Note on Delivered Price

In any demanding region, the delivered price by commodity is the blend across the supplying output regions ranked by lowest delivered price to the demanding region until the total quantity demanded has been met for the demanding region.

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Exhibit 3:
REDYN Model Data Sources and Baseline Estimation Process:
Where the REDYN Model Gets Data – Source: Regional Dynamics, Inc.

REDYN Model Data Sources and Baseline Estimation Process

Where the REDYN Model Gets Data

Regional Dynamics uses several sources to estimate county-level employment and output for its baseline database. The REDYN model applies the North American Industrial Classification System (NAICS) at the five-digit detail level (703 industries), and also uses NAICS to identify all the goods and services (over 180 commodities) consumed and produced by the detailed industries. NAICS is used by the US Government to classify and organize information about all the various industries making up the US economy, such as retail stores, automobile manufacturing, insurance firms, and so forth. NAICS reports five levels of detail. The two-digit level aggregates all activity into 24 broad economic industries, and the five-digit level identifies activity across 703 specific industries.

The primary data sources are the County Business Patterns (CBP) from the Bureau of the Census, and the Regional Economic Information System (REIS) from the Bureau of Economic Analysis (BEA). Wage Bill (payroll) data are derived from the same sources and with the same techniques as the employment data. The CBP reports the total annual payroll for each NAICS code up to the five-digit level of detail for the US as a whole and for every region, state, and county. However, total employment data and total payroll data are subject to data suppressions for privacy. Regional Dynamics developed a sophisticated row-and-column sum (RAS) analytic system to fill all data suppressions by using all information available in the CBP series and guaranteeing internal consistency with unsuppressed wage and employment data. All the furnished and estimated CBP wage bill and employment data are then totaled and scaled to match the wage bill and employment data reported in the BEA's REIS, which includes all county and state wage bill data at three-digit NAICS detail and employment data at two-digit NAICS detail.

The REIS directly provides wage bill and employment data for the government and agriculture sectors, and also disposable personal income data by county. The REIS county income data are used to allocate national consumption to counties from the BEA's National Income and Product Accounts (NIPA).

Annual Input-Output (IO) tables are constructed using BEA IO make-and-use tables, as well as biennial 10-year IO forecast tables from the Bureau of Labor Statistics (BLS). Make tables describe all the commodities made by each economic entity, and use tables describe all the commodities used by each economic entity. The very detailed BEA IO make-and-use tables are extended year-by-year to match the annual changes in make-and-use composition implied by the current 10-year BLS IO tables. This generates a detailed annual forecast series of national IO make-and-use tables.

Each county's wage bill by industry is used to allocate each industry's national output to counties from the NIPA, and then the regional output by industry is allocated to commodities based on the national IO make table proportions. This assumes that the commodities produced by an industry are truly joint in the production process, as dictated by a uniform production function for all firms in each industry based on competitive pressures to diffuse advantages quickly across all firms in an industry.

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Exhibit 4:
The Regional Dynamics Economic Analysis Model:
What the REDYN Model Does – Source: Regional Dynamics, Inc.

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The Regional Dynamics Economic Analysis Model

What the REDYN Model Does

Regional Dynamics offers REDYN, a fundamentally new, web-based, massively multi-regional, dynamic, nonlinear New Economic Geography analysis engine with a complete economic database and baseline forecast. After subscribing to the system, users input online changes by region and year: e.g., jobs, wages, output, income, intermediate demand, and final consumption, investment, and government demand. REDYN then estimates detailed, annual, gravity-based trade flows and impacts in all US counties and industries. The model is a live, online Internet service. It's also available to run batch mode jobs to process massively multi-regional tasks (3,100+ regions) for automated or scripted work.

The REDYN model applies a fresh I-O methodology based on very detailed make-and-use tables with social accounting matrix features for all entities, a comprehensive commodity production transformation function, and impedance-based commodity trade flows by five transport modes. Oak Ridge National Laboratories developed the impedance measures.

The model automatically includes an explicit extra region for all US counties outside any given simulation to identify the full US output and trade flow response. The model also automatically seeks the suppliers of suppliers to find the complete US supply chain response by region and industry in any simulation.

REDYN excels at offering a uniquely complete and consistent model-building edge that no other modeling process can replicate for configuring and assessing plans, events, and risks fully and rapidly across regions and years.

Here's how it works. At run time, users apply their subscribed resources as an online tool kit to build and run custom models at will. This design flexibility lets users quickly build models scaled correctly for any studies, event analysis, overlapping or alternative analytic perspectives, or backcast analysis.

The REDYN model estimates employment, output, wages, occupations, income, gross product, demand, self-supply, trade flow, etc. Within a user's subscription, the model generates year-by-year reports by county and year, for all subscribed counties, or for any aggregation into user-defined areas for each study. For easy regional comparison at no extra cost, each report focuses on one concept (jobs, output, wages, and so forth) arranged by region by year on a sheet in a spreadsheet book. Users then can apply full spreadsheet tools for sorting and charting. Online and phone support are included.

The model is available to all users across agency levels. Clients can offer access to other users through user-group web pages with discounts or rebates based on the size of the client's subscription. Clients subscribe to a regional area (one or more counties, states, or groups); to 703 industries (North American Industrial Classification System); and to an analytic type (I-O only, or equilibrium and I-O). The client sets the number and identity of its subscribing users; one user is free. Subsequently added users including consultants or staff can be managed by one or more additional users on an incremental fee basis.

Exhibit 5:
Feature Comparison – Major Commercial Economic Models
Source: Regional Dynamics, Inc.

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Feature Comparison – Major Commercial Economic Models

Feature	REDYN	REMI	IMPLAN	RIMS	*Notes*
Access/Subscription	Internet/Yes	Desktop CD/No	Desktop CD/No	Desktop CD/No	1*
Process to Deliver Custom Study Models	Immediate at user run time, any time	Queue, batch, + mail or overnight	Batch + mail or overnight	Batch + mail or overnight	2*
# of Custom Area Study Models per User	Build any custom models as needed	One (1) model per client	Alternative single regions only	Alternative single regions only	3*
Fee for User-defined Custom Study Models	None within subscription	Non-trivial fees for more models	None, but 1 region only	None, but 1 region only	4*
Dynamic Forecast	Yes (50 years)	Yes (to 2050)	No	No	5
Nonlinear Forecast	Yes	Minimal	n/a	n/a	6
Active Multi-regions	3,100+	80+ maximum	None	None	7
Automatic MRUS	Yes	No	n/a	n/a	8*
Impedance Database	Yes	No	No	No	9*
# of Transportation Modes (Trade Flow)	5 (road/rail/air/ water/special)	None	None	None	10*
Last History Year Lag	Soon: 6-7 months	2+ years	2 years	90-180 days	11*
Industry Detail	NAICS 5 (703)	REMI 3 (169)	NAICS 2-5 (509)	NAICS (473)	12
Commodity Detail and Classification Type	NAICS /180+ non-agr commods	None	SIC /528 commods incl agr	None	13*
Std Occup Code Detail	820+ /SOC 6-digit	90+ /std; 820+ /fee	None	None	14
IO Tables	Make & Use	Industry only	Make & Use	Industry only	15
Integrated IO-SAM	Yes	No	Partial	No	16*
Wage Bill & Empl	CBP & REIS	CBP & REIS	CBP & REIS	REIS only	17
Suppression Fill for Wage Bill & Empl	NAICS 5-digit RAS process	NAICS 4-digit statistical process	Yes, but not exhaustive	n/a	18
Disposable Income incl Commuters	REIS direct & Res Adj/JTW/gravity	REIS directly & Res Adj/JTW	REIS directly & Res Adj/JTW	No data access	19*
County Consumption	REIS & NIPA	REIS & NIPA	REIS & NIPA	No data access	20*
County Output	Wages & NIPA	Wages & NIPA	Wages & NIPA	No data access	21*
County Output by Commodity	Output & detailed IO Make Table	None	Output & IO Make Table	None	22
Demographics/Migr	Yes/rational migr	Yes/adaptive migr	No	No	23*
Business Cycle	Yale—Fair-Parke	U. Mich.—RSQE	n/a	n/a	24
BEA IO Forecast	Yes	No	No	No	25*
Multi-regional Search for All Suppliers	Search process by region for full US	Search step only for client's regions	Search step only for one region	n/a	26*
Analytics	CGE and IO	CGE and IO	IO only	Multipliers only	27
Jobs+Wages+Output	Blended handling	Double count input	Double counts	Double counts	28
Backcasting	Plan 1998 in 2006	No	No	n/a	29*
Subcounty Regions	Plan for 2006	Yes (manual)	By ZIP Code	No	30
Production Function Includes All Supply, Demand, Trade Flow	Inclusive function for IO and CGE processing	Non-inclusive function needs post process equations	No endogenous gravity-based trade flow	n/a	31*
Displacement Effect	Allocated or Prop	Allocated only	No	No	32*
Induced Investment	Yes	Yes	No	n/a	33
Fiscal Effects	Yes (standalone)	Yes (integrated)	No	No	34
Display Data Results	Multi-regional	Region by region	One region	One region	35*
Consultant/Other User	Incremental fee	Non-trivial fees	Full price fee	No added fee	36*

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***/ Line Notes for Features:**

1-4: REDYN subscribers subscribe to a pool of regions from which to build custom run time models at will.

8: The REDYN model automatically creates and reports on an active extra region for the rest-of-US outside the region(s) being modeled. This allows results for the selected region(s) to reflect endogenous trade flow, supply chain, and other demand effects stemming from the whole multi-region US (**MRUS**) model.

9, 10, 13: REDYN's New Economic Geography (NEG) engine applies a complete database of impedance measures by transport mode developed by Oak Ridge National Laboratories. Unlike straight-line measures, impedance can differ between regions with the mode and with the direction of travel, and trade flows can be estimated by commodity by mode. ORNL's database also enables REDYN's equilibrium model to estimate economic effects from transportation network models, and to estimate freight system effects on the economy due to commodity volume changes or transport mode capacity changes in county transportation networks.

11: The REDYN model uses available CBP and REIS county values to allocate current US wage bill and employment data to populate counties with apportioned detail numbers. Initial data from 2001; soon 2005.

16: The REDYN commodity make-and-use Input-Output tables use a Social Accounting Matrix to capture every economic entity type. Entities include producers (industries), employed labor (occupations), remittance cohorts (unemployed labor, retirees), governments, investors, and speculators. Commodities include producer commodities, labor occupations, transfer payments, government goods, financial capital, and physical capital.

19-21: The impedance database (note 9 above) enables REDYN to separate the process for populating the database from processes for estimating a gravity model's effective distance parameters. REDYN can use gravity analysis on commuter Journey-to-Work to estimate occupations and income levels by residence.

23: Intrinsic rational expectations induce migration from economic activity subject to cohort regional constants.

25: The REDYN model extends the very detailed BEA IO make-and-use tables year-by-year to match the annual changes in make-and-use composition implied by the 10-year BLS IO tables. This generates a detailed annual forecast series of national IO make-and-use tables.

26: The REDYN model applies the detailed national IO use tables to estimate a complete US multi-regional supply response to indirect and induced demand, and to exogenous final demand, in a search cycle which looks for the suppliers of suppliers across all US industries by every US region until the process cuts off.

29: The REDYN model will use 2001-2002 county values to allocate 1998-2000 US NAICS data to counties.

31: The inclusive REDYN commodity transformation production function captures all production and NEG gravity relationships – there is no need for post-process adjustment equations. Detailed industries and other entities by region by year transform input commodities into output commodities using a robust, nonlinear, dynamic, parameterized-endogenous, iterative production function in a continuous process that fully includes intermediate and factor inputs, final demand, jobs and output, and endogenous gravity trade flows.

32: Displacement is sales crowding out; REDYN allows supply-source allocation or equal proportion crowding.

35: The REDYN report suite automatically includes a comparative regional display format as an embedded feature at no extra cost. Results are generated as sheets in a spreadsheet book with full sorting, charting, scaling, and pivot capabilities.

36: Subscribers can offer access to other users (e.g., mixed state/local agencies, partners, clients, etc.) through user-group web pages with discounts or rebates up to 50% based on the size of the master subscription—and subscribers and other users can add staff or consultants by one or more new users on an incremental fee basis.

Exhibit 21

Evidence that project is located within a Rural Area

U.S. Census Bureau

AMERICAN FactFinder

Yancey County MSA Map

Legend:

Boundaries

- State
- '10 County
- '10 Place
- '10 Con City
- '10 Metro Area
- '10 CSA
- '10 ZCTA-5

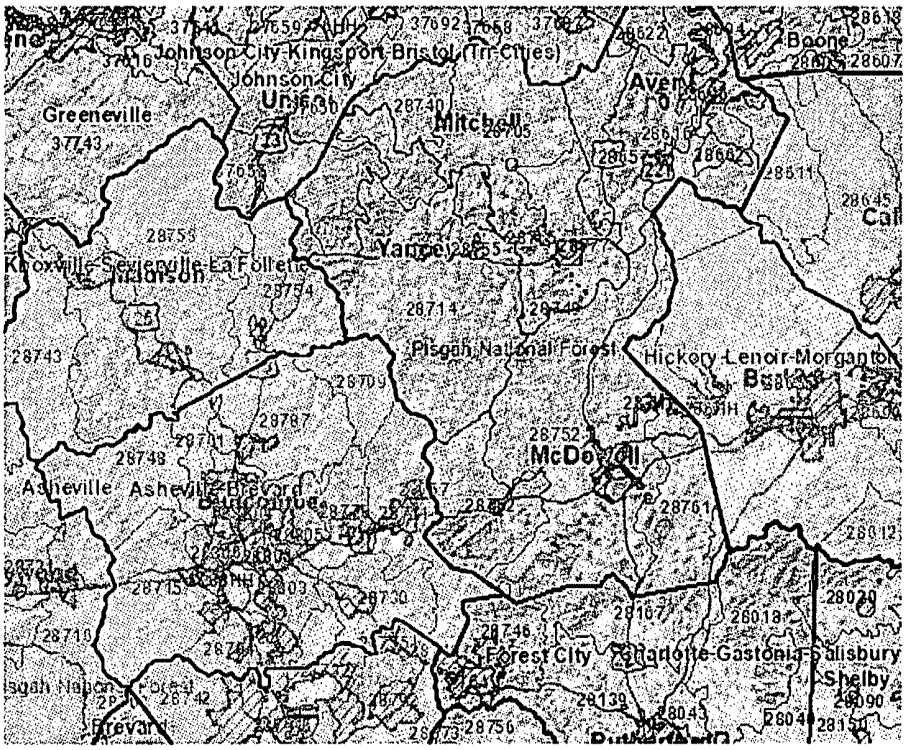
Features

- Major Road
- Street
- Stream/Waterbody

Your Selections

- Your Selections

Items in grey text are not visible at this zoom level



03/26/2012

Greeneville
Johnson City
Kingsport-Bristol-Bristol
Boone
Asheville
Marion
Morganton
Hickory-Lenoir-Morganton
Forest City
Rutherfordton-Spindale
Shelby
Gastonia-Salisbury

Exhibit 22

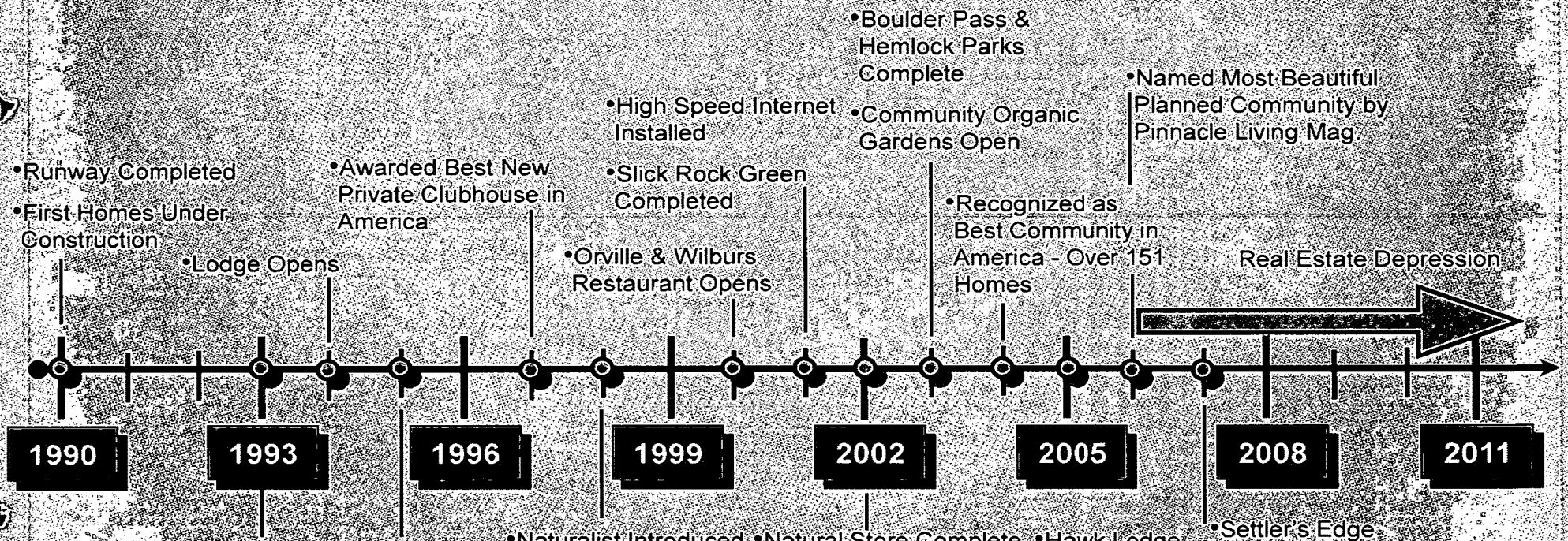
Mountain Air Master Development Plans, Maps and Pro Forma

Mountain Air

Development Report

February 27, 2012

Mountain Air
Development Report
February 27, 2012
Development Milestones



Mountain Air

Mountain Air

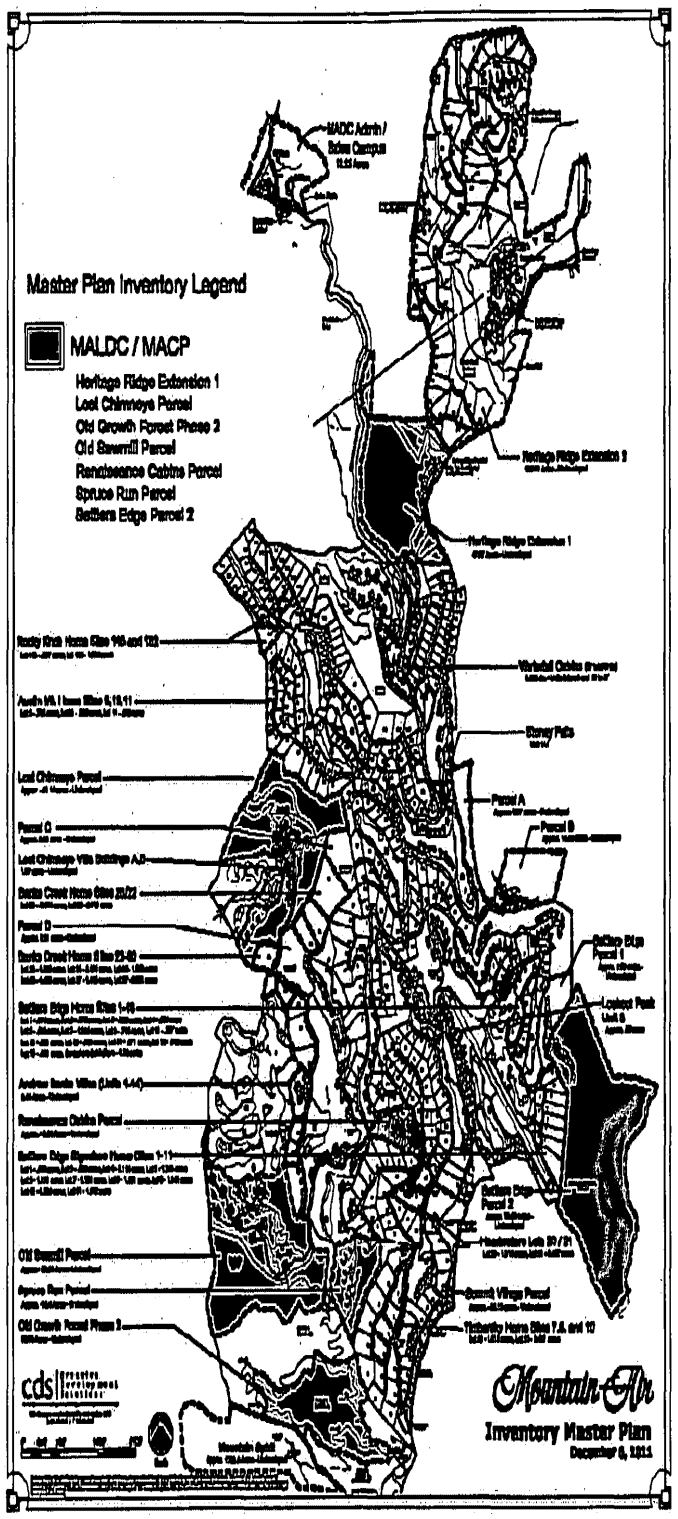
Development Report

February 27, 2012

Summary of Debt vs. Revenue

MALDC/MACP

	Units	
Collateral: Homesites		(b)(4)
Homes		
Condos		
Homesites		
Homes		
Condos		
Net Margin		
Net Cashflow		
Loan Balance		



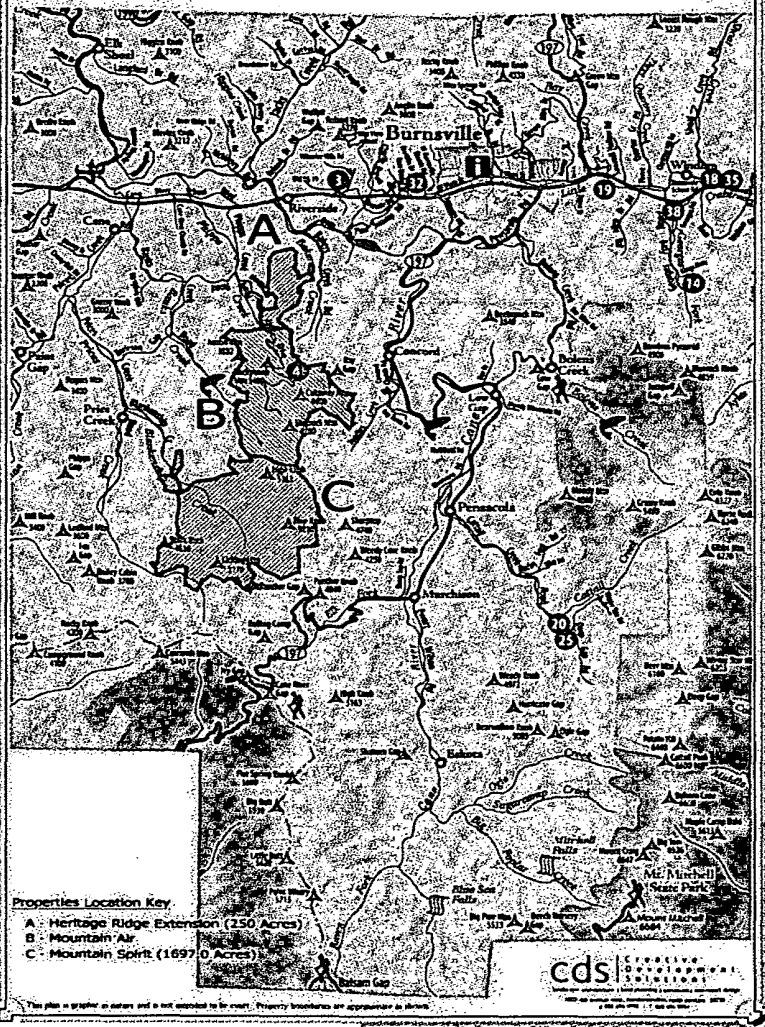
Mountain Air

MASTER PLAN

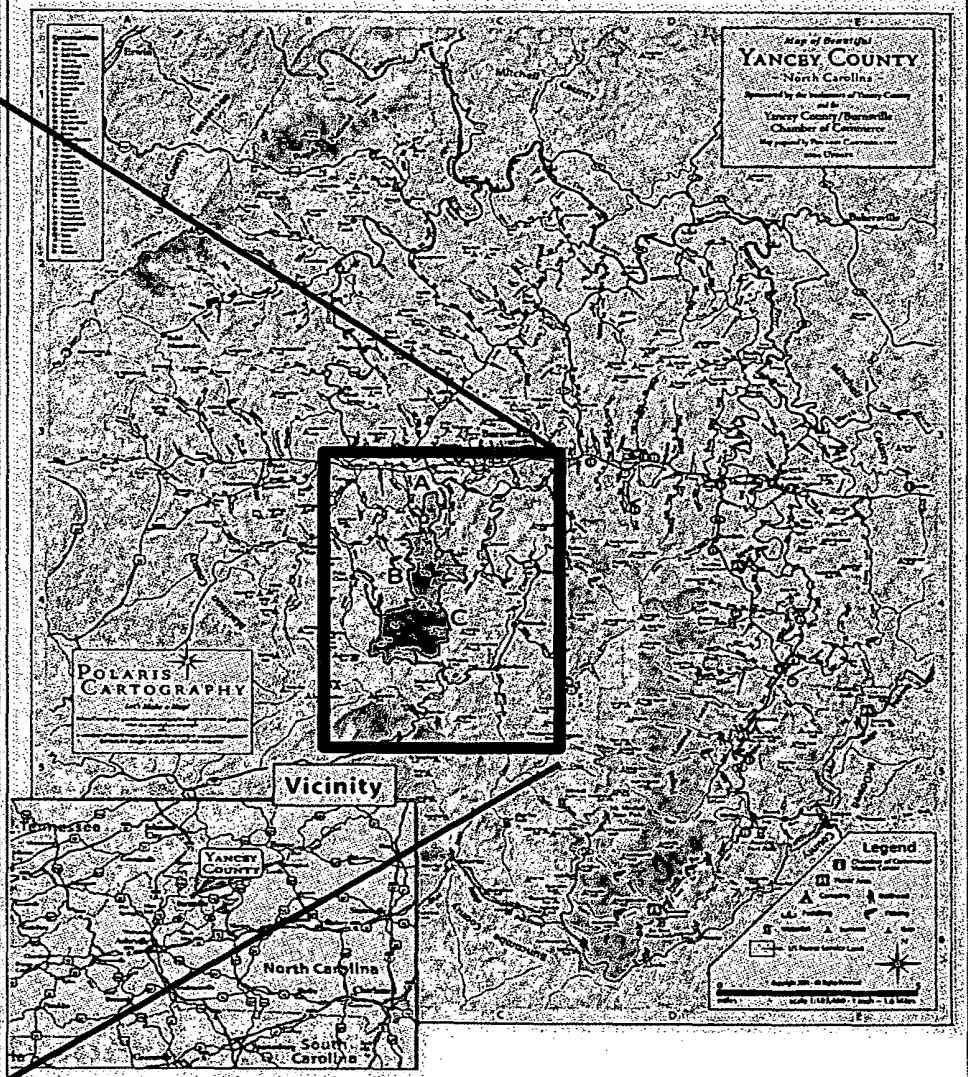
1194

Mountain Air
Development Report
February 27, 2012
MADC Holdings

Properties Location Vicinity Map



Properties Location County Map



Properties Location Key
A - Heritage Ridge Extension (250 Acres)
B - Mountain Air
C - Mountain Spirit (1697.0 Acres)

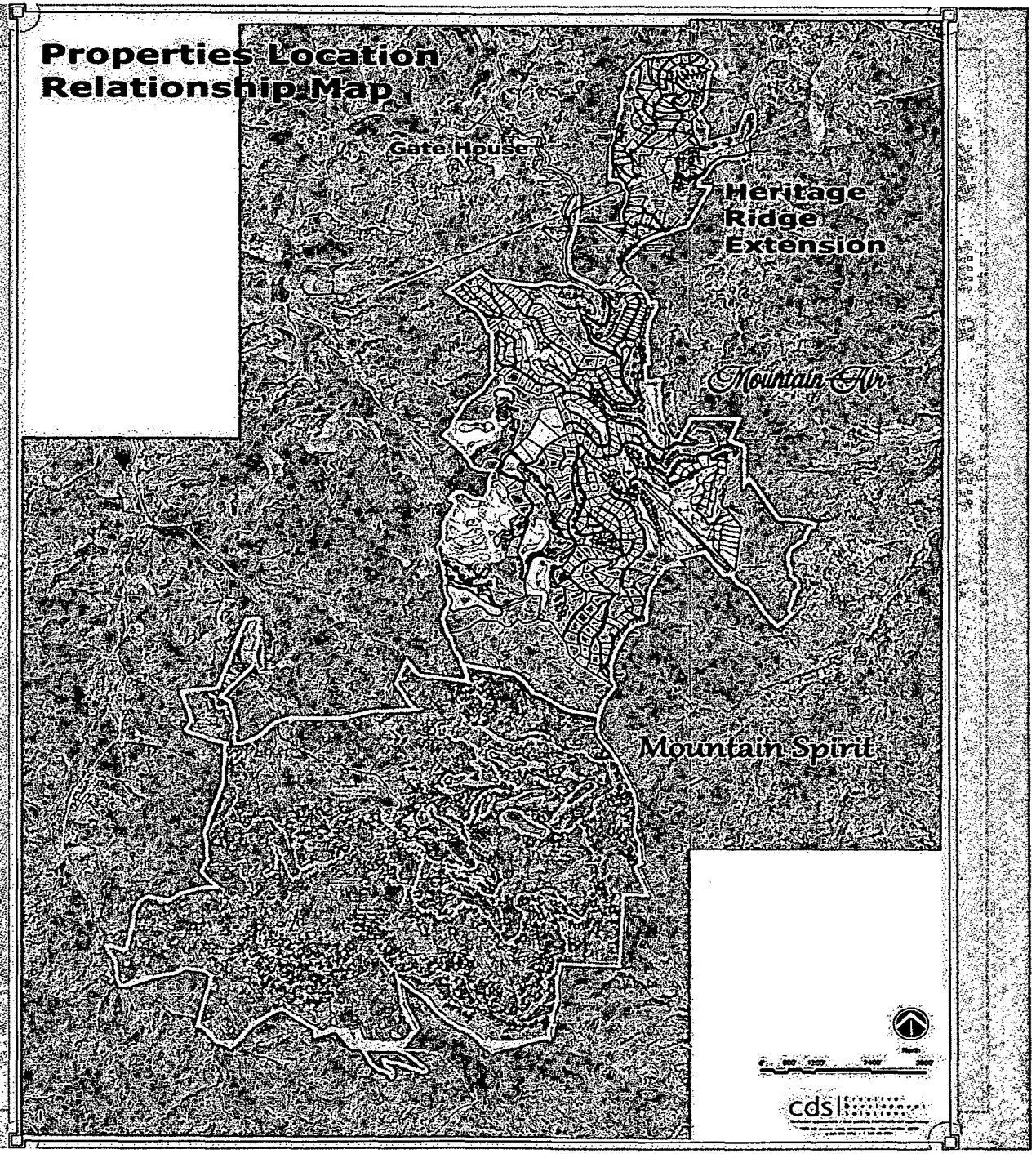
cds Creative Development Solutions

This plan is graphic in nature and is not intended to be exact. Property boundaries are approximate as shown.

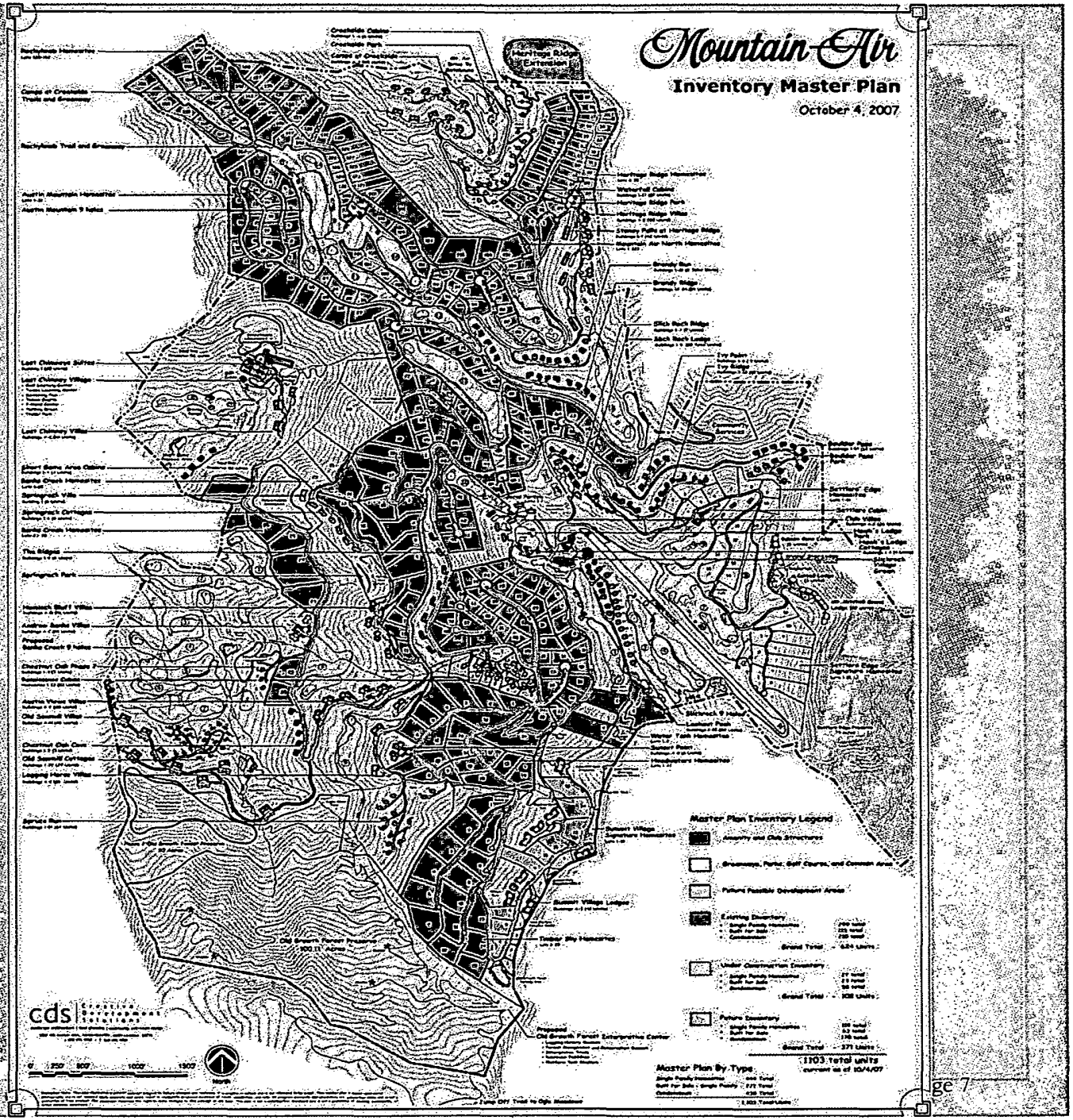
Mountain Air

Mountain Air
Development Report
February 27, 2012
Properties Location Map

Mountain Air



Mountain Air
Development Report
February 27, 2012
Master Plan



Mountain Air

1197

CONSERVATION EASEMENT

1198

Mountain Air
Development Report
February 27, 2012

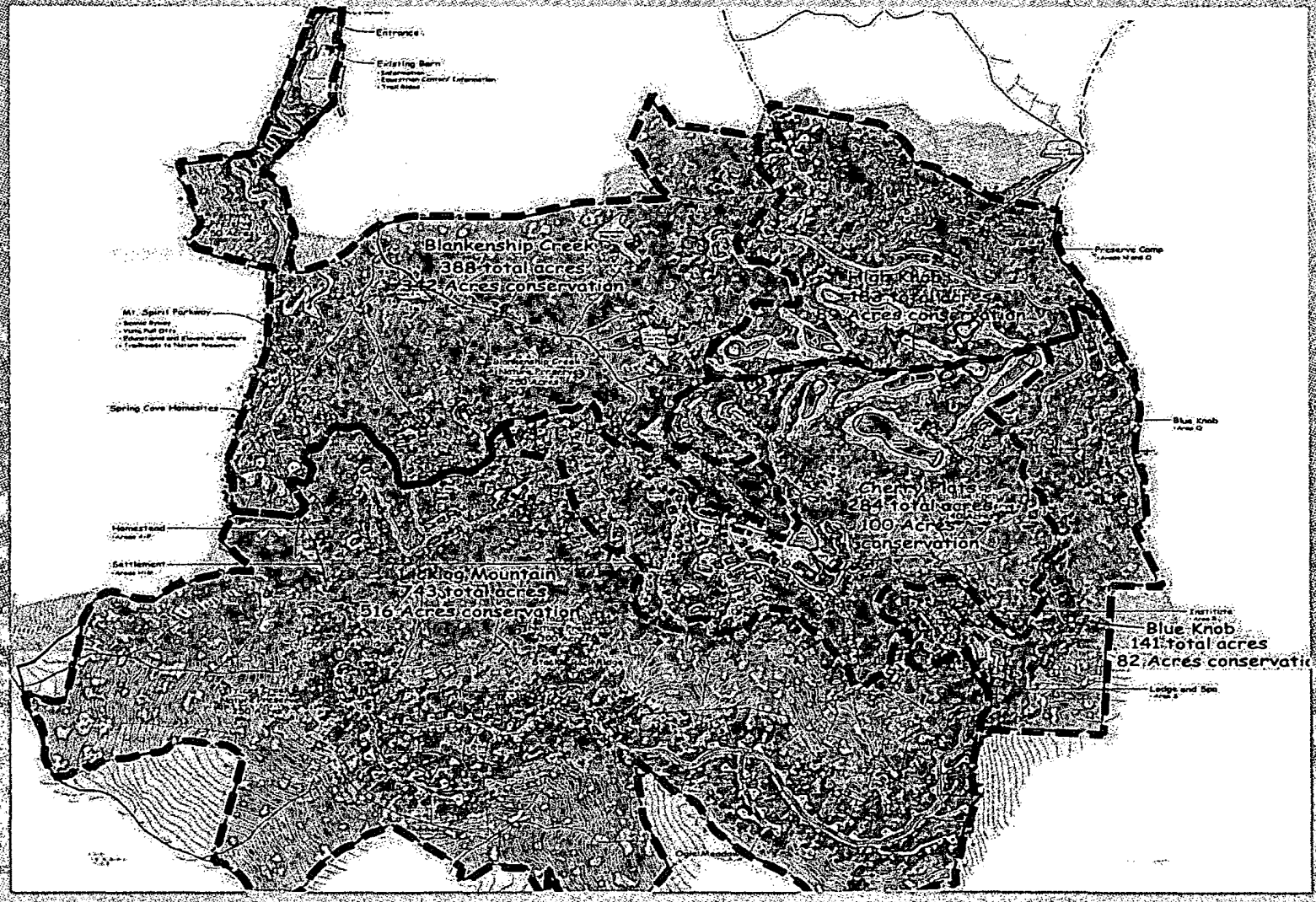
Conservation Easement

- Potential Source of Capital Investment
- Master Plan
- Potential Easement Value

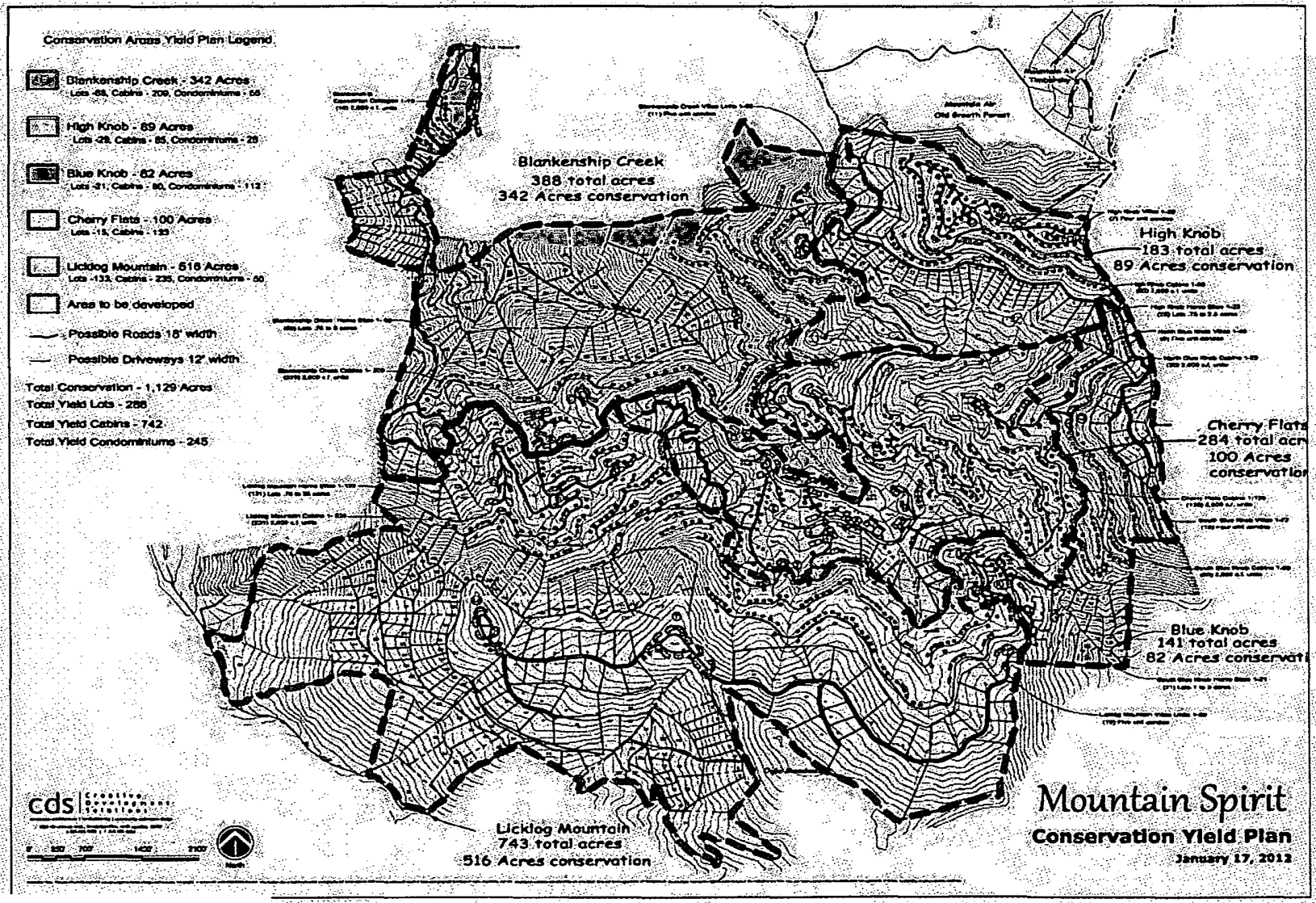
Potential Source of Capital Investment / Conservation Investor Strategy

- Conservation and Preservation at the core of development.
- Natural Resources foundation of the project since its inception in 1990.
- Several critical parcels have been placed under conservation easement in recognition of their unique contribution to the community.
- The project has identified additional parcels for future conservation.
- Concept development for Mountain Spirit has been based in a broad conservation initiative.
- Invite Conservation minded individuals or groups to participate as conservation investors.
- Offering would include both development opportunity and tax incentives through conservation easement program.

Potential Source of Capital Investment / Conservation Investor Strategy



1201


Conservation Areas Yield Plan Legend
Blankenship Creek - 342 Acres
Lots -68, Cabins - 209, Condominiums - 65
High Knob - 89 Acres
Lots -29, Cabins - 85, Condominiums - 29
Blue Knob - 82 Acres
Lots -31, Cabins - 80, Condominiums - 113
Cherry Flats - 100 Acres
Lots -15, Cabins - 133
Licklog Mountain - 516 Acres
Lots -133, Cabins - 235, Condominiums - 50
Area to be developed
Possible Roads 18' width
Possible Driveways 12' width
Total Conservation - 1,129 Acres
Total Yield Lots - 256
Total Yield Cabins - 742
Total Yield Condominiums - 245
Blankenship Creek
388 total acres
342 Acres conservation
High Knob
183 total acres
89 Acres conservation
Cherry Flats
284 total acr
100 Acres
conservatio
Blue Knob
141 total acres
82 Acres conservat
Licklog Mountain
743 total acres
516 Acres conservation
cds
Mountain Spirit
Conservation Yield Plan
January 17, 2012

1202

Potential Source of Capital Investment / Conservation Investor Strategy

Section	Total Acres	Acres in Easement
Mountain Air		
Old Growth Forest	34	34
Mountain Spirit		
Blankenship Creek	388	342
High Knob	183	89
Cherry Flats	284	100
Blue Knob	141	82
Licklog Mountain	743	516
Total	**1,773**	**1,163**

Potential Source of Capital Investment / Conservation Investor Strategy

Section	Acres in Easement	Units Extinguished	Potential Easement Value
Mountain Air			
Old Growth Forest	33	48	
Mountain Spirit			
Blankenship Creek	342	332	
High Knob	89	142	
Cherry Flats	100	300	
Blue Knob	82	213	
Licklog Mountain	516	418	
Total	**1,162**	**1,453**	

(b)(4)

Mountain Air

Development Report

February 27, 2012

Potential Funding Source

MOUNTAIN SPIRIT

Potential Conservation Easement Scenarios

		Before Easement			After Easement			Value
BLANKENSHIP CREEK (388 Acres)							(b)(4)	
Lots		75	300,000		7	300,000		
Condos		165	180,000		110	180,000		
Cottages		215	163,000		6	163,000		
Total Acres:	388		Retail Value			Retail Value		
Acres In Easement:	342		Disc Factor			Disc Factor		
			Disc Value			Disc Value		
						Potential		32,183,500
HIGH KNOB (183 Acres)								
Lots		39	300,000		10	300,000		
Condos		40	180,000		12	180,000		
Cottages		132	163,000		47	163,000		
Indoor Amenity Space (2100 sf)								
Total Acres:	183		Retail Value			Retail Value		
Acres In Easement:	89		Disc Factor			Disc Factor		
			Disc Value			Disc Value		
						Potential		13,797,500
CHERRY FLATS (284 Acres)								
Lots		34	300,000		19	300,000		
Condos		285	180,000		59	180,000		
Cottages		192	163,000		133	163,000		
Hotel / Lodge (34 Rooms)								
Retail/Restaurant/Office (99,100 sf)								
Total Acres:	284		Retail Value			Retail Value		
Acres In Easement:	100		Disc Factor			Disc Factor		
			Disc Value			Disc Value		
						Potential Easement Value		(b)(4)

Mountain Air

MOUNTAIN SPIRIT

Potential Conservation Easement Scenarios

(b)(4)

	Before Easement			After Easement			Value
BLUE KNOB (141 Acres)							
Lots	39	300,000		18	300,000		
Condos	128	180,000		16	180,000		
Cottages	80	163,000		0	163,000		
Lodge (140 rms)							
Institute (73,400 sf)							
Spa (36,000 sf)							
Total Acres: 141		Retail Value			Retail Value		
Acres In Easement: 82		Disc Factor			Disc Factor		
		Disc Value			Disc Value		
					Potenti		19,750,000
LICKLOG MOUNTAIN (743 Acres)							
Lots	181	300,000		48	300,000		
Condos	252	180,000		202	180,000		
Cottages	243	163,000		8	163,000		
Total Acres: 743		Retail Value			Retail Value		
Acres In Easement: 516		Disc Factor			Disc Factor		
		Disc Value			Disc Value		
					Potential Easement Value		
					Total Potential Easement Value		(b)(4)

Total Project (Acres)	1,739
Conservation Easement (Acres)	1,129
Total Units Before Easement	2,100
Total Units After Easement	695

Mountain Air

Development Report

February 27, 2012

Potential Funding Source

Conservation Easement Summary

Revised February 21, 2012

(b)(4)

(b)(4)

Assumptions	
Acres +/-	1,773
Land Sale Price	
Acquisition Costs	
Subtotal Land Purchase & Acquisition Costs	
Loan Amount	
Equity Requirement	
Average Price per Acre	

Acquisition Summary	Total
Current Retail Offering Price	
Acreage	1,773
Conservation Easement Acreage	1,153
Retail Offering Price/Acre	$32,159
Yield Plan Entitlements	2,555
Limited Develop Plan Entitlements	695

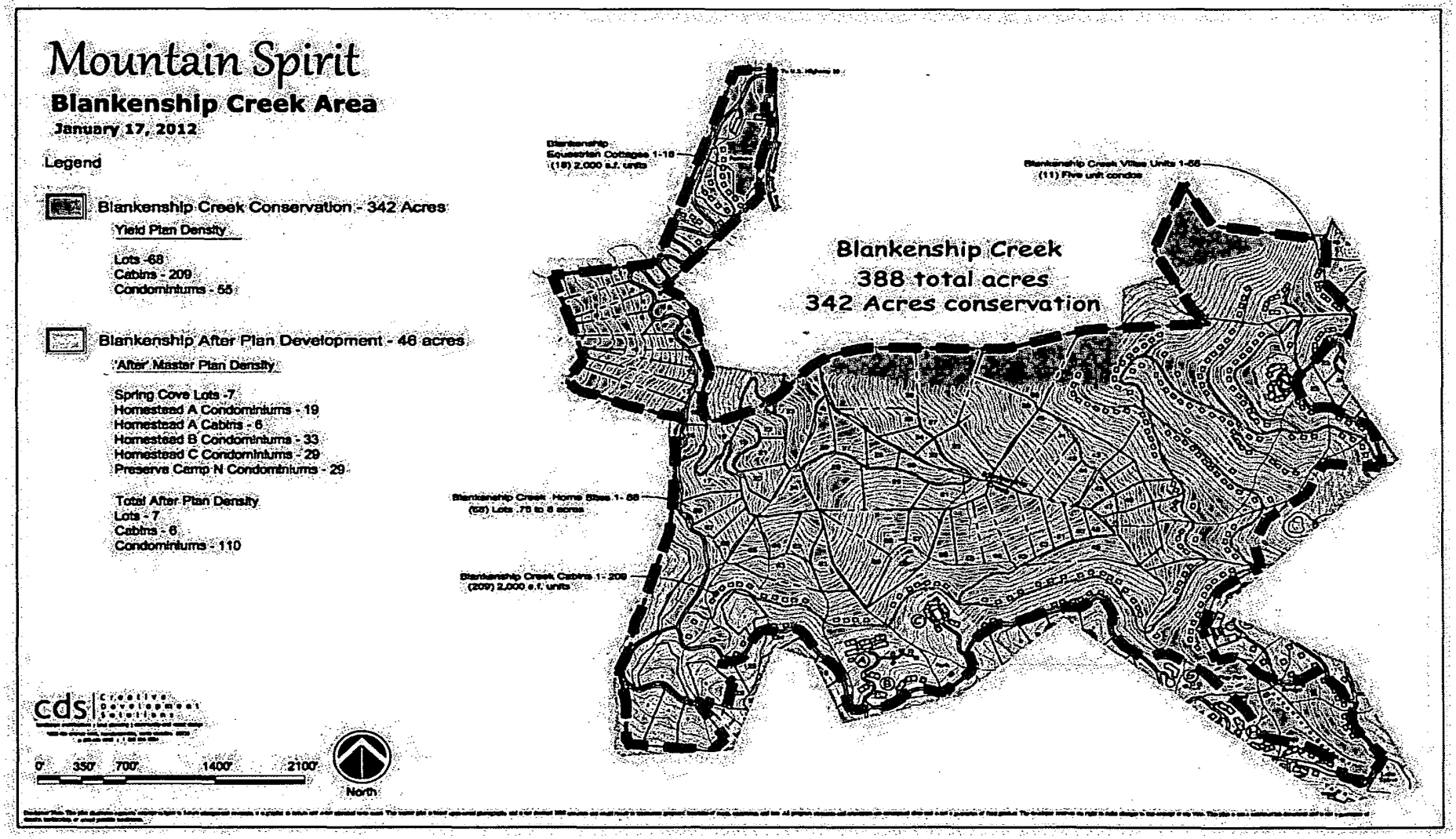
Limited Development Plan Entitlements	# of Lots
Homesites	102
Condominiums	399
Cottages	194
Total Lots	695

(b)(4)

	Absorption Total	Absorption Year 2	Year 3	Year 4	Year 5	Year 6	Year 7

(b)(4)

	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Revenues									
Old Growth Forrest									
Blankenship Creek									
High Knob									
Cherry Flats									
Blue Knob									
Licklog									
Total Revenues									
Expenses									
Seller Closing Costs									
Commission Expense									
Management Fee									
Total Expenses									
Pre-Tax Operating Cash Flow									
Cummulative Cash Flow									


Mountain Spirit
Blankenship Creek Area
January 17, 2012
Legend
Blankenship Creek Conservation - 342 Acres
Yield Plan Density
Lots -68
Cabins - 209
Condominiums - 55
Blankenship After Plan Development - 46 acres
'After' Master Plan Density
Spring Cove Lots -7
Homestead A Condominiums - 19
Homestead A Cabins - 6
Homestead B Condominiums - 33
Homestead C Condominiums - 29
Preserve Camp N Condominiums - 29
Total After Plan Density
Lots - 7
Cabins - 6
Condominiums - 110
Blankenship Creek
388 total acres
342 Acres conservation
Blankenship Creek Village Units 1-55
(11) Five unit condos
Blankenship Creek Home Sites 1- 68
Blankenship Creek Cabins 1- 209
(209) 2,000 s.f. units
cds
0' 350' 700' 1400' 2100'
North

Mountain Spirit

High Knob Area Plan

January 17, 2012

Legend

High Knob Conservation - 89 Acres

Yield Plan Density

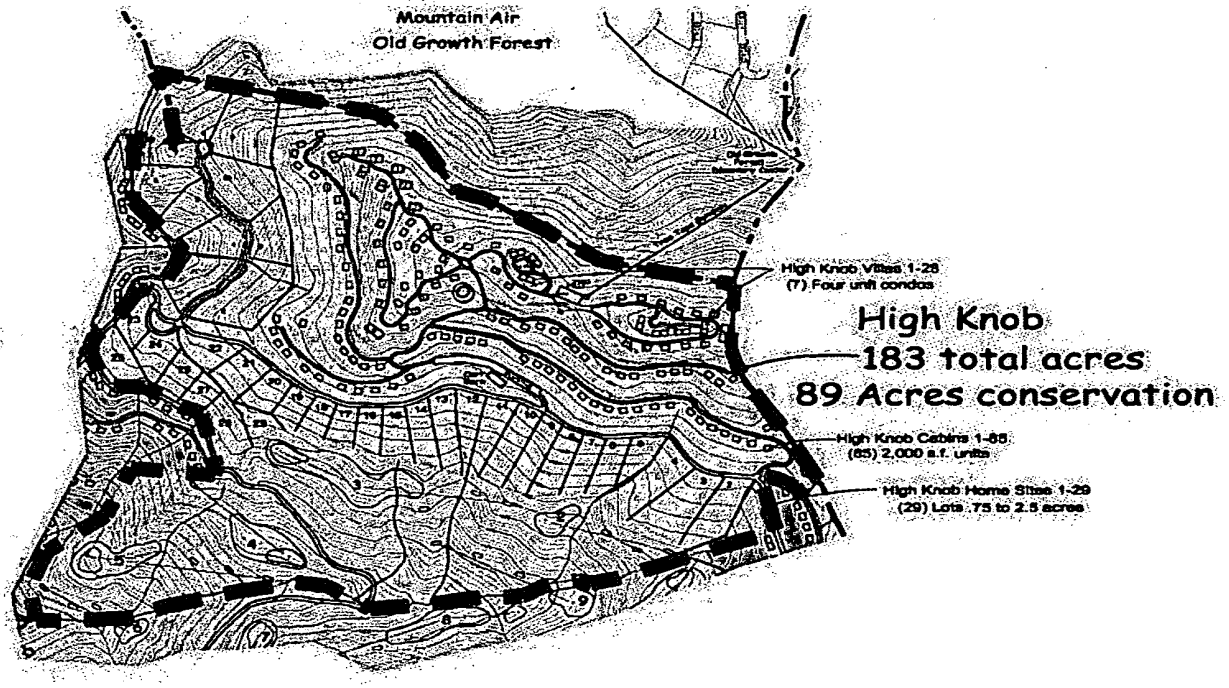
Lots - 29
Cabins - 85
Condominiums - 28

High Knob After Plan Development - 94 acres

After Master Plan Density

Preserve Camp N Lots -10
Preserve Camp O Cabins - 47
Preserve Camp O Condominiums - 12
Gathering/Meeting Space/ Mess Hall - 2,100 s.f.
Golf Holes 2,3,4, and 5

Total After Plan Density
Lots - 10
Cabins - 47
Condominiums - 12
Indoor Amenity space - 2,100 s.f.



cds Creative Development Solutions

0' 300' 600' 1200' 1800'

North

Mountain Spirit

Cherry Flats Area Plan

January 17, 2012

Legend

Cherry Flats Conservation - 100 Acres

Yield Plan Density

Lots - 15
Cabins - 133

Cherry Flats After Plan Development - 184 acres

After Master Plan Density

Settlement I Lots -19
Settlement I Cabins - 26
Settlement J Condominiums - 29

Base Camp G - 11,100 s.f. outfitters,gym, sports camp

Settlement H - 25,600 s.f. retail,restaurant, galleries
Settlement H Condominium/apartments - 35

Settlement K - 57,600 s.f chapel, retail, office, restaurants
Settlement K Hotel Lodge - 24 rooms
Settlement K Cabins - 9
Settlement K Condominium - 103

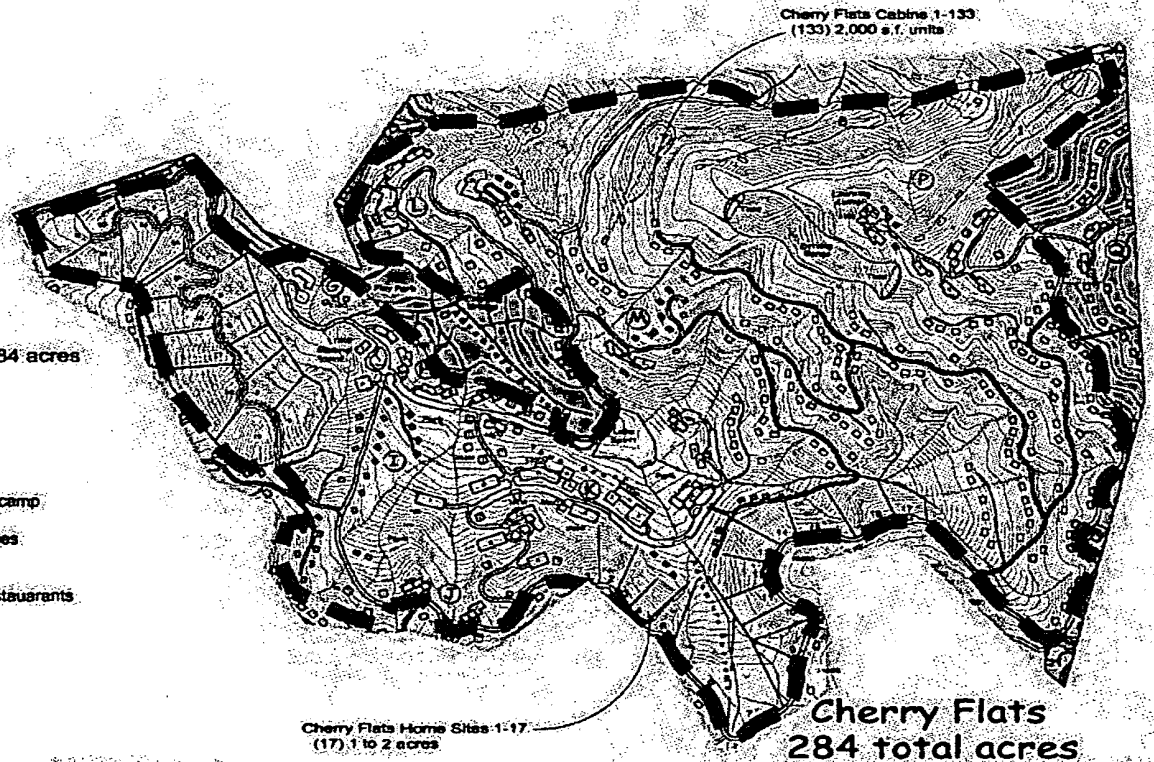
Settlement L Bed/Breakfast - 10 rooms
Settlement L Cabins - 11
Settlement L Condominium - 51

Settlement M Cabins - 9
Settlement M Condominium - 12

Golf Camp P - 4,600 s.f. pro-shop/restaurant
Golf Camp P Cabins - 4
Settlement L Condominium - 55

Golf Holes 1,6,7,8,9
Driving Range

Total After Plan Density
Lots - 19
Cabins - 59
Condominiums - 285
Hotel Lodge - 34 rooms
Retail/ Restaurant/ Office - 99,100 s.f.



Cherry Flats
284 total acres
100 Acres
conservation

cds

0 300' 600' 1200' 1800'

North

Disclaimer Note: This plan is a general concept subject to future changes and revisions. It is graphic in nature and is not intended to be used. The layout plan is based upon aerial photography and is not intended to be used as a property boundary survey, subdivision, or virtual parcel conveyance.

1210

Mountain Spirit

Blue Knob Area Plan

January 17, 2012

Legend

Blue Knob Conservation - 82 Acres

Yield Plan Density

Lots - 21
Cabins - 60
Condominiums - 112

Blue Knob After Plan Development - 59 acres

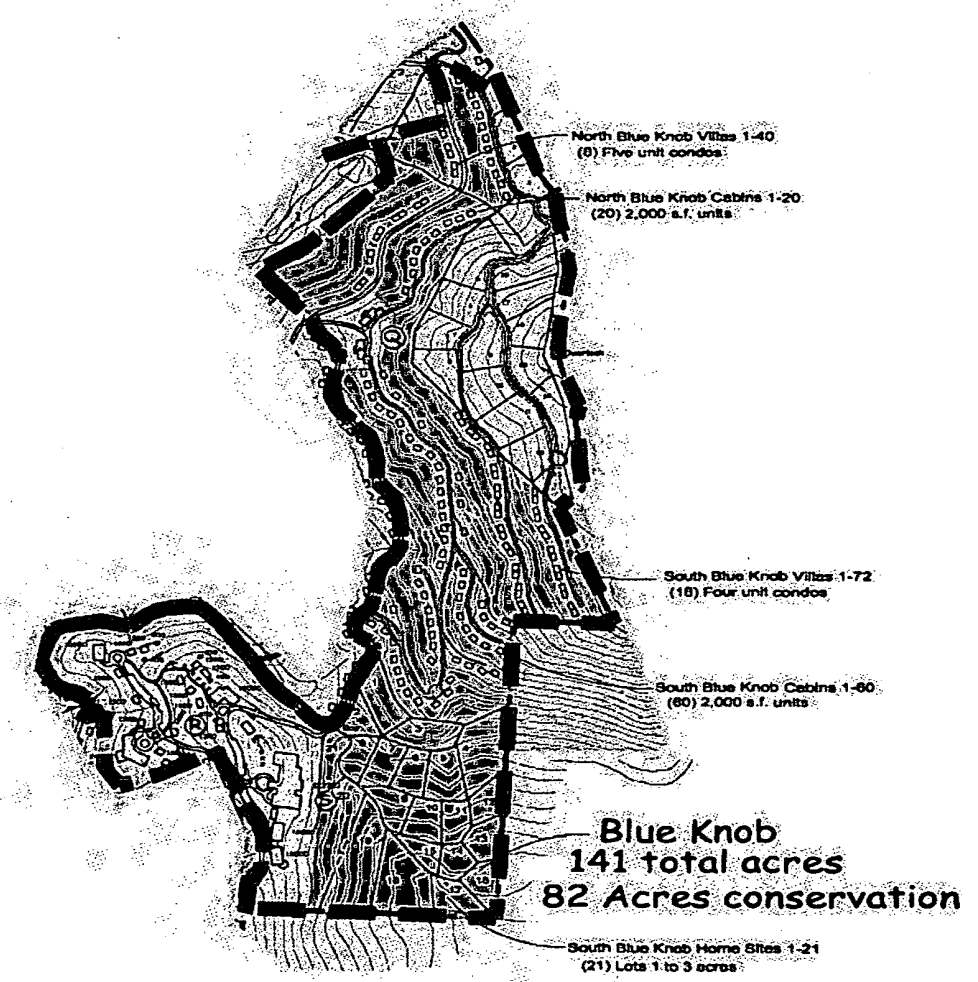
After Master Plan Density

Blue Knob Q Lots -18
Blue Knob Q Condominiums -16

Institute R - 73,400 s.f. of headquarters, retreat, lecture halls, classrooms, laboratories, art studios, barn studio, museum, library, workshops, wellness and medical center, technology center

Lodge and Spa - 36,000 s.f. spa and restaurant
140 condo/studio rooms

Total After Plan Density
Lots - 18
Condominiums - 16
Lodge - 140 condo/studio rooms
Institute - 73,400 s.f.
Spa - 36,000 s.f.



cds Creative Development Solutions

0' 300' 600' 1200' 1800'

North

Mountain Air

1211

Mountain Spirit

Licklog Mountain Area Plan

January 17, 2012

Legend

Licklog Mountain Conservation - 516 Acres

Yield Plan Density

Lots - 133
Cabins - 235
Condominiums - 50

Licklog Mt. After Plan Development - 227 acres

After Master Plan Density

Homestead D Condominium - 48

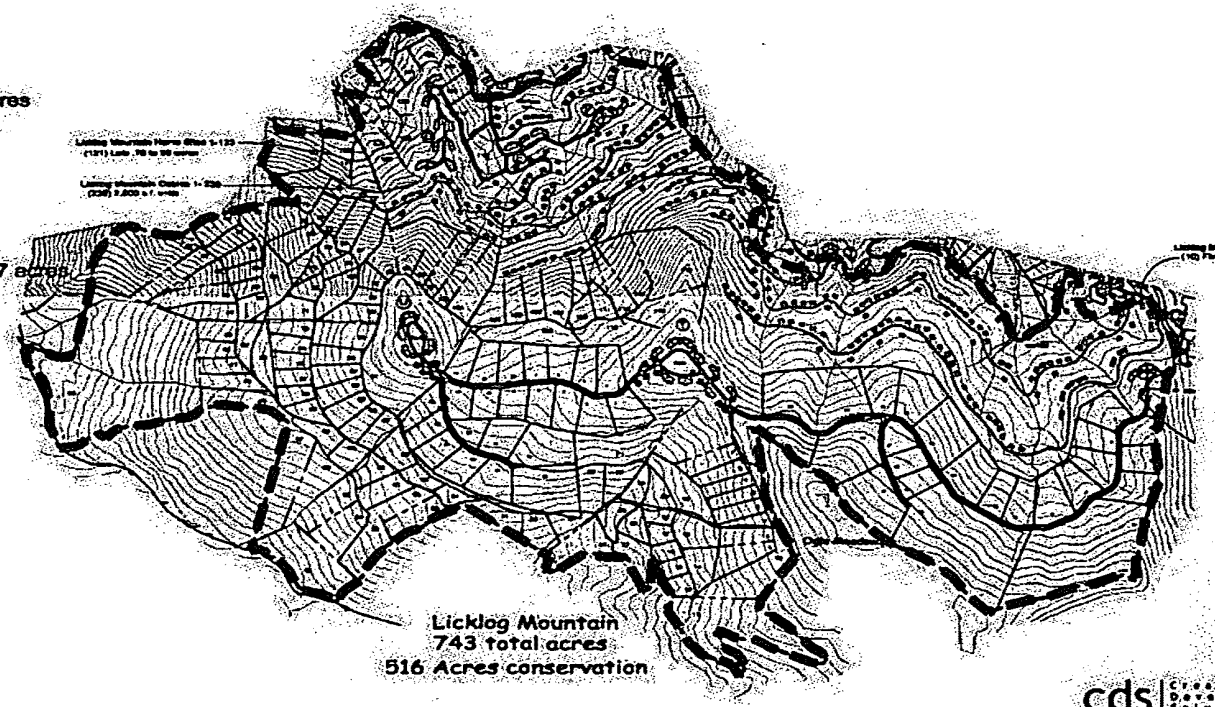
Homestead E Condominium - 19
Homestead E Cabins - 3

Homestead F Condominium - 35
Homestead F Cabins - 5

Stackle Rock Ridge T Lots - 25
Stackle Rock Ridge T Condominiums - 68

Stackle Rock Ridge U Lots - 23
Stackle Rock Ridge U Condominiums - 32

Total After Plan Density
Lots - 48
Cabins - 8
Condominiums - 202



DEVELOPMENT PLAN

1213

Mountain Air
Development Report
February 27, 2012

Development Plan

- Real Estate Overview
- Single Family Lots
- Single Family Home and Lot Packages
- Condominium Land and Unit Pricing

Single Family Lot & House Packages

Waterfall Cabins	Top Down	Bottom Up	Top Down Modified
Historical Sales Prices			
Square Footage			
Direct construction cost per Square Footage			
Construction cost per Square Footage w/ pro			
Gross sales price per Square Footage			
Gross Sales Price			
Less: Commissions			
Closing Costs			
Land Cost (model price)			
Construction Costs @			
Subtotal			
Total			

(b)(4)

Renaissance Cabins

	Top Down	Bottom Up	Top Down Modified
Historical Sales Prices			
Square Footage			
Direct construction cost per Square Footage			
Construction cost per Square Footage w/pro			
Gross sales price per Square Footage			
Gross Sales Price			
Less: Commissions			
Closing Costs			
Land Cost (model price)			
Construction Costs @			
Subtotal			
Total			

[redacted] %

(b)(4)

Spruce Run	Top Down	Bottom Up	Top Down Modified
Historical Sales Prices			
Square Footage			
Direct construction cost per Square Footag			
Construction cost per Square Footage w/p			
Gross sales price per Square Footage			
Gross Sales Price			
Less: Commissions			
Closing Costs			
Land Cost (model price)			8%
Construction Costs @			
Subtotal			
Total			

(b)(4)

Old Saw Mill	Top Down	Bottom Up	Top Down Modified
Historical Sales Prices			
Square Footage			
Direct construction cost per Square Footage			
Construction cost per Square Footage w/pr			
Gross sales price per Square Footage			
Gross Sales Price			
Less: Commissions			
Closing Costs			
Land Cost (model price)			
Construction Costs @			
Subtotal			
Total			

[redacted]

0%

(b)(4)

Lost Chimney	Top Down	Bottom Up	Top Down Modified
Historical Sales Prices			
Square Footage			
Direct construction cost per Square Footage			
Construction cost per Square Footage w/pro			
Gross sales price per Square Footage			
Gross Sales Price			
Less: Commissions			
Closing Costs			
Land Cost (model price)			
Construction Costs @			
Subtotal			
Total			

[redacted]

7%

(b)(4)

Heritage Ridge North	Top Down	Bottom Up	Top Down Modified
Historical Sales Prices			
Square Footage			
Direct construction cost per Square Footage			
Construction cost per Square Footage w/pro			
Gross sales price per Square Footage			
Gross Sales Price			
Less: Commissions			
Closing Costs			
Land Cost (model price)			
Construction Costs @			
Subtotal			
Total			

(b)(4)

Condominium Land & Unit Pricing

Andrew Banks Villas	Top Down	Bottom Up	Top Down Modified
Historical Sales Prices			
Square Footage			
Direct construction cost per Square Footage			
Construction cost per Square Footage w/pr			
Gross Sales Price			
Less: Commissions			
Closing Costs			
Land Cost (model price)			
Construction Costs (130%)			
Subtotal			
Total			

(b)(4)

Settlers Edge

	Top Down	Bottom Up	Top Down Modified
Historical Sales Prices			
Square Footage			
Direct construction cost per Square Footage			
Construction cost per Square Footage w/pr			
Gross Sales Price			
Less: Commissions			
Closing Costs			
Land Cost (model price)			
Construction Costs (130%)			
Subtotal			
Total			

(b)(4)

Lost Chimney	Top Down	Bottom Up	Top Down Modified
Historical Sales Prices			
Square Footage			
Direct construction cost per Square Footage			
Construction cost per Square Footage w/ pro			
Gross Sales Price			
Less: Commissions			
Closing Costs			
Land Cost (model price)			
Construction Costs (130%)			
Subtotal			
Total			

(b)(4)

Old Saw Mill

	Top Down	Bottom Up	Top Down Modified
Historical Sales Prices			
Square Footage			
Direct construction cost per Square Footage			
Construction cost per Square Footage w/ prof			
Gross Sales Price			
Less: Commissions			
Closing Costs			
Land Cost (model price)			
Construction Costs (130%)			
Subtotal			
Total			

(b)(4)

Lost Chimney Suites	Top Down	Bottom Up	Top Down Modified
Historical Sales Prices			
Square Footage			
Direct construction cost per Square Footage			
Construction cost per Square Footage w/pro			
Gross Sales Price			
Less: Commissions			
Closing Costs			
Land Cost (model price)			
Construction Costs (130%)			
Subtotal			
Total			

(b)(4)

(b)(4)

Heritage Ridge South

	Top Down	Bottom Up	Top Down Modified
Historical Sales Prices			
Square Footage			
Direct construction cost per Square Footage			
Construction cost per Square Footage w/pro			
Gross Sales Price			
Less: Commissions			
Closing Costs			
Land Cost (model price)			
Construction Costs (130%)			
Subtotal			
Total			

Heritage Ridge North

	Top Down	Bottom Up	Top Down Modified
Historical Sales Prices			
Square Footage			
Direct construction cost per Square Footage			
Construction cost per Square Footage w/pro			
Gross Sales Price			
Less: Commissions			
Closing Costs			
Land Cost (model price)			
Construction Costs (130%)			
Subtotal			
Total			

(b)(4)

Summit Village

	Top Down	Bottom Up	Top Down Modified
Historical Sales Prices			
Square Footage			
Direct construction cost per Square Footage			
Construction cost per Square Footage w/ prof			
Gross Sales Price			
Less: Commissions			
Closing Costs			
Land Cost (model price)			
Construction Costs (130%)			
Subtotal			
Total			

(b)(4)

MOUNTAIN AIR COUNTRY CLUB

1229

Mountain Air
Development Report
February 27, 2012

Mountain Air Country Club

- Amenities
- Club Structure
- Dues / Values
- Hospitality Program
- Club Issues
- Recommendations

Mountain Air

Development Report

February 27, 2012

Amenities

Members of the Mountain Air Country Club enjoy the benefits of several amenities and activities. These amenities include:

- Over eight miles of hiking trails
- Community parks at Creekside, Hawksledge, Heritage Ridge, Hemlock Bluff and Springrock
- Primitive camp sites
- Resident naturalist
- Organic garden program with head gardener
- Falling Leaf Member's Lodge
- Family activity director
- Spa treatment rooms
- Slickrock Cinema Movie Theater
- Point Happy Treehouse
- Camp Chautauqua
- Game room
- Heated swimming pool
- Saunas and outdoor spa
- Orville & Wilbur's Bar and Grill

Mountain Air
Development Report
February 27, 2012
Amenities

- Chautauqua Family Activity and 24-hour Fitness Center
- Village Green Fire Pit
- Slickrock Bell Tower, Performance Stage and Amphitheater
- Award-winning clubhouse
- Balsam Lounge
- Summit Board Room
- Business Center
- Membership Director
- 18 Holes of Golf
- Pro Shop
- Award-winning Lost Chimneys Golf & Performance Center
- Tennis Program
- Private airplane runway
- Pilot's Room
- 24-hour manned controlled access gate
- Mountain Market

Club Structure

Mountain Air Country Club is an equity-based membership which offers three classes of membership: Full Golf, Associate Memberships and Social Memberships. The Club is governed by a Board of Directors and not under the management of a development company.

Full Golf

Full Golf Members are entitled to use all golf, swim, tennis, and social facilities of the Club, with priorities for tee times and court times.

Associate Memberships

Associates Members are entitled to use all swim, tennis and social facilities of the Club on the same basis as Full Golf Members. They may also use the golf course no more than six (6) times in any calendar year subject to the priority privileges of Full Golf Members for tee times.

Social Memberships

Social Members are entitled to use all swim, tennis and social facilities of the Club, with the use of the tennis facilities subject to the priority privileges of Full Golf Members and Associate Members. Social Members may use the golf facilities no more than three (3) times each in any calendar year, subject to the priority privileges of Full Golf Members and Associate Members.

Mountain Air
Development Report
February 27, 2012
Dues / Values

(b)(4)

Club Membership	Price Today
Social Equity:	
Associate Equity:	
Full Golf Equity:	

Property Owner Association Monthly Dues

Improved:
Unimproved:

(b)(4)

**Neighborhood and condominium monthly dues range from and are in addition to Property Owner Association Monthly Dues*

Mountain Air
Development Report
February 27, 2012
Club Recommendations

Exhibit E

(b)(4)

Club Membership Summary

Current & Proposed

Current		Member					
Membership Class	Authorized #	Owned Equity	MACC Owned	Suspended	MADC Owned	Equity $	Total Equity $
Full Golf							
Associate							
Social							
Total						Average $	

Business Plan		Member					
Membership Class	Authorized #	Owned Equity	MACC Owned	Suspended	MADC Owned	Equity $	Total Equity $
Full Golf							
Associate							
Social							
Total						Average $	

Conservative		Member					
Base Case	Authorized	Owned Equity	MACC Owned	Suspended	MADC Owned	Equity $	Total Equity $
Full Golf							
Associate							
Social							
Total						Average $	

Mountain Air

(b)(4)

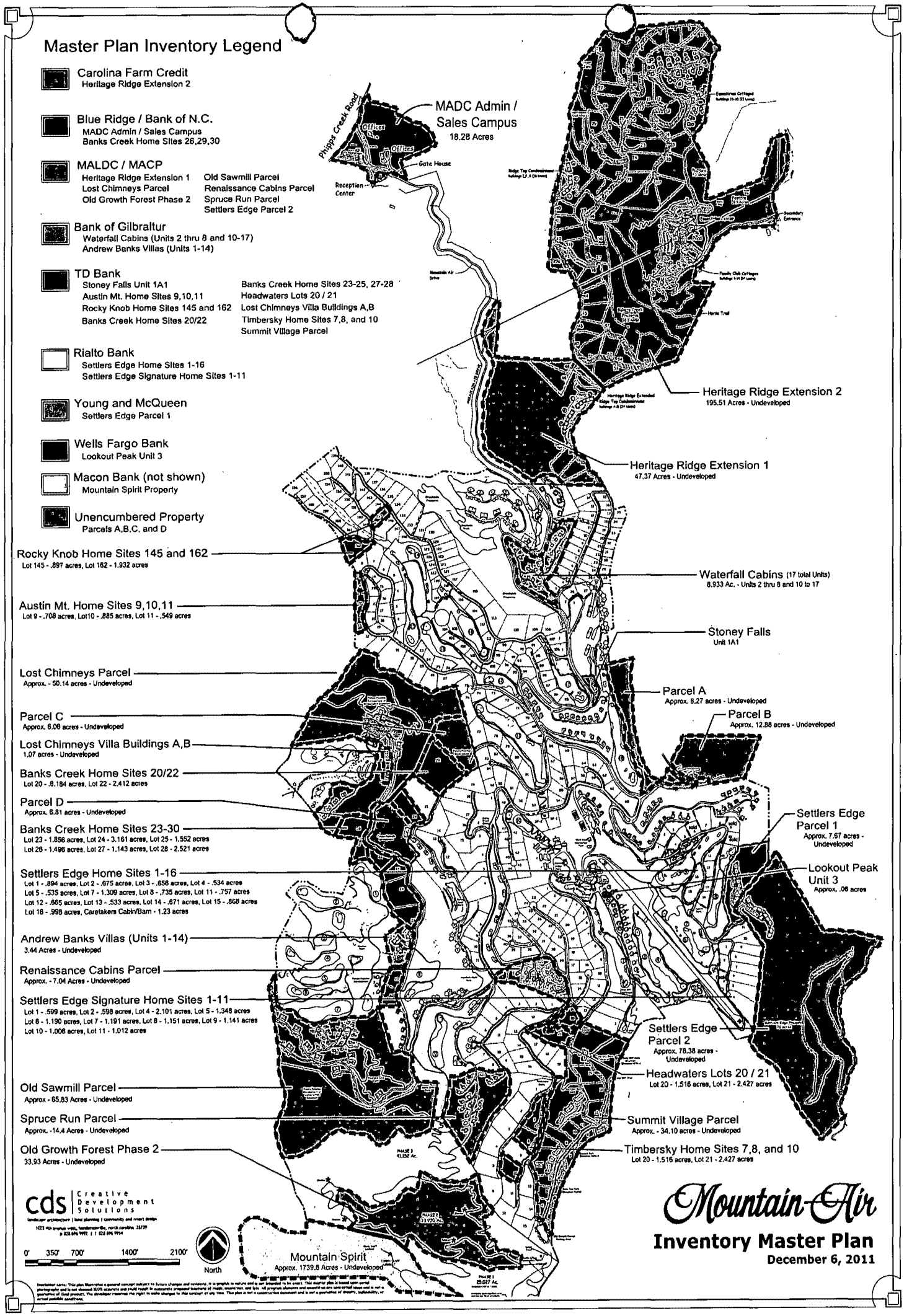
NORTH CAROLINA MOUNTAIN AREA
COMPARABLE CLUB ANANLYSIS
Golf Memberships

MAP NO.	CLUB	NUMBER OF HOLES	ADDITIONAL AMENITIES			TYPE OF CLUB	PRICE	MEMBERS		MONTHLY DUES	GREENS FEE	CART FEE	MEMBERSHIP FEATURES		
			Tennis Courts	Fitness Center	Pool			Current Number	Maximum Number				Refund	Transfer	Financing
1	Balsam Mountain Preserve	18 Holes	4 Courts	Yes	Yes	Non-Equity Convertible Tiered	$0	120	375	$816	$0	$20	Variable	Yes	Yes
3	Bright's Creek Golf Club	18 Holes	None	None	None	Equity Tiered	$55,000	262	500	$475	$0	$22	Variable	Yes	No
4	Burlingame Country Club	18 Holes	7 Courts	Yes	Yes	Equity Tiered	$30,000	200	300	$750	$0	$20	80% AP	No	No
5	Champion Hills Golf Club	18 Holes	2 Courts	Yes	Yes	Equity Tiered	$45,000	260	285	$750	$0	$20	None	Yes	No
6	Connestee Falls Golf Course	18 Holes	None	None	None	Semi-Private Tiered	$0	229	300	$105/$158	$0	$15	None	No	No
7	Cullasaja Club	18 Holes	6 Courts	Yes	Yes	Equity Tiered	$70,000	321	350	$775	$0	$24	100% E	Yes	No
8	Cummings Cove Golf & Country Club	18 Holes	2 Courts	Yes	Yes	Semi-Private Tiered	$7,000	160	400	$325	$0	$16	None	No	No
9	Diamond Creek Golf Club	18 Holes	None	None	None	Non-Equity Convertible Tiered	$125,000	220	300	$833	$0	$25	80% AP	No	No
10	Elk River Club	18 Holes	4 Courts	Yes	Yes	Equity Tiered	$100,000	265	265	$900	$0	$22	100% E	Yes	No
11	Etowah Valley Country Club & Golf Lodge	27 Holes	4 Courts	Yes	Yes	Semi-Private Tiered	$1,875	305	No Cap	$156	$0	$15	None	No	Yes
12	Falcon's Lair Golf Course	18 Holes	None	None	None	Semi-Private Tiered	$200	110	No Cap	$90	$0	$12	None	No	No
13	Glen Cannon Country Club	18 Holes	4 Courts	None	Yes	Equity Tiered	$550	295	500	$191/$238	$0	$10	100% E	No	No
14	Grandfather Golf & Country Club	36 Holes	9 Courts	Yes	Yes	Equity Tiered	$100,000	445	465	$783	$0	$21	45% AP	Yes	No
16	Highlands Cove	18 Holes	4 Courts	None	None	Semi-Private Tiered	$0	NA	NA	$200	32rds@$0	Included	None	No	No
17	Highlands Falls Country Club	18 Holes	4 Courts	Yes	Yes	Equity Tiered	$53,000	320	330	$700	$0	$20	100% E	No	No
18	Lake Toxaway Country Club	18 Holes	6 Courts	Yes	Yes	Non-Equity Convertible Tiered	$75,000	272	400	$663	$0	$22	100% E	No	No
19	Laurel Ridge Country Club	18 Holes	4 Courts	None	Yes	Semi-Private Tiered	$3,000	345	350	$271	$0	$20	None	No	No
20	Linville Ridge Country Club	18 Holes	8 Courts	Yes	Yes	Equity Tiered	$100,000	223	328	$917	$0	$22	50% AP	No	No

NORTH CAROLINA MOUNTAIN AREA
COMPARABLE CLUB ANANLYSIS

Golf Memberships

MAP NO.	CLUB	NUMBER OF HOLES	ADDITIONAL AMENITIES			TYPE OF CLUB	PRICE	MEMBERS		MONTLY DUES	GREENS FEE	CART FEE	MEMBERSHIP FEATURES		
			Tennis Courts	Fitness Center	Pool			Current Number	Maximum Number				Refund	Transfer	Financing
21	Maggie Valley Club	18 Holes	None	Yes	Yes	Resort Tiered	$0	250	No Cap	$260	$0	$15	None	No	No
22	Mountain Air Country Club	27 Holes	2 Courts	Yes	Yes	Equity Tiered	$75,000	300	550	$640	$0	$19	Variable	Yes	No
23	Mountaintop Golf & Lake Club	18 Holes	2 Courts	Yes	Yes	Equity Tiered	$125,000	326	350	$1,083	$0	$22	80%CA	Yes	No
24	Ranty Bay Golf & Country Club	18 Holes	2 Courts	None	Yes	Semi-Private Tiered	$30,000	230	450	$345	$0	$18	100% AP	No	No
25	Sapphire Mountain Golf Club	18 Holes	None	None	None	Semi-Private Tiered	$0	60	No Cap	$223/$333	$0	Included	None	No	No
26	Smoky Mountain Country Club	18 Holes	Yes	Yes	Yes	Semi-Private Tiered	$0	42	No Cap	$49/$79	$0	$10	None	No	No
28	The Cliffs at Glassy	18 Holes	4 Courts	Yes	Yes	Non-Equity Convertible Tiered	$100,000	442	No Cap	$765	$0	$22	100% AP	Yes	No
29	The Cliffs at High Carolina	18 Holes	TBD	Yes	Yes	Non-Equity Convertible Tiered	$100,000	30	No Cap	$765	$0	$20	100% AP	Yes	No
30	The Cliffs at Keowee Vinyards	18 Holes	2 Courts	None	None	Non-Equity Convertible Tiered	$100,000	268	No Cap	$765	$0	$22	100% AP	Yes	No
31	The Cliffs at Walnut Cove	18 Holes	None	Yes	Yes	Non-Equity Convertible Tiered	$100,000	281	No Cap	$765	$0	$22	100% AP	Yes	No
32	The Cliffs Valley	18 Holes	8 Courts	Yes	Yes	Non-Equity Convertible Tiered	$100,000	461	No Cap	$765	$0	$22	100% AP	Yes	No
33	The Country Club of Sapphire Valley	18 Holes	4 Courts	Yes	Yes	Equity Tiered	$50,000	250	300	$667	$0	$24	None	No	No
34	The Greenbrier Sporting Club	18 Holes	None	None	None	Equity Tiered	$100,000	387	500	$1,083	$0	$22	80% CA	Yes	No
35	The Orchard Golf & Country Club	18 Holes	4 Courts	None	Yes	Non-Equity Convertible Tiered	$100	330	350	$300	$0	$19	None	No	No
36	The Ridges Country Club	18 Holes	None	None	Yes	Semi-Private Tiered	$5,000	72	400	$200	$0	$15	100% AP	Yes	No
37	Wade Hampton Golf Club	18 Holes	None	None	None	Equity Tiered	$125,000	240	300	$1,265	$0	Included	100% E	Yes	No


Master Plan Inventory Legend
Carolina Farm Credit
Heritage Ridge Extension 2
Blue Ridge / Bank of N.C.
MADC Admin / Sales Campus
Banks Creek Home Sites 26,29,30
MALDC / MACP
Heritage Ridge Extension 1
Lost Chimneys Parcel
Old Growth Forest Phase 2
Old Sawmill Parcel
Renaissance Cabins Parcel
Spruce Run Parcel
Settlers Edge Parcel 2
Bank of Gilbraltur
Waterfall Cabins (Units 2 thru 8 and 10-17)
Andrew Banks Villas (Units 1-14)
TD Bank
Stoney Falls Unit 1A1
Austin Mt. Home Sites 9,10,11
Rocky Knob Home Sites 145 and 162
Banks Creek Home Sites 20/22
Banks Creek Home Sites 23-25, 27-28
Headwaters Lots 20 / 21
Lost Chimneys Villa Buildings A,B
Timbersky Home Sites 7,8, and 10
Summit Village Parcel
Rialto Bank
Settlers Edge Home Sites 1-16
Settlers Edge Signature Home Sites 1-11
Young and McQueen
Settlers Edge Parcel 1
Wells Fargo Bank
Lookout Peak Unit 3
Macon Bank (not shown)
Mountain Spirit Property
Unencumbered Property
Parcels A,B,C, and D
MADC Admin / Sales Campus
18.28 Acres
Phipps Creek Road
Offices
Gate House
Reception Center
Heritage Ridge Extension 2
195.51 Acres - Undeveloped
Heritage Ridge Extension 1
47.37 Acres - Undeveloped
Rocky Knob Home Sites 145 and 162
Lot 145 - .897 acres, Lot 162 - 1.932 acres
Waterfall Cabins (17 total Units)
8.933 Ac. - Units 2 thru 8 and 10 to 17
Austin Mt. Home Sites 9,10,11
Lot 9 - .708 acres, Lot10 - .885 acres, Lot 11 - .549 acres
Stoney Falls
Unit 1A1
Lost Chimneys Parcel
Approx. - 50.14 acres - Undeveloped
Parcel A
Approx. 8.27 acres - Undeveloped
Parcel B
Approx. 12.88 acres - Undeveloped
Parcel C
Approx. 6.06 acres - Undeveloped
Lost Chimneys Villa Buildings A,B
1.07 acres - Undeveloped
Banks Creek Home Sites 20/22
Lot 20 - .8.184 acres, Lot 22 - 2.412 acres
Parcel D
Approx. 6.81 acres - Undeveloped
Settlers Edge Parcel 1
Approx. 7.67 acres - Undeveloped
Banks Creek Home Sites 23-30
Lot 23 - 1.858 acres, Lot 24 - 3.161 acres, Lot 25 - 1.552 acres
Lot 26 - 1.496 acres, Lot 27 - 1.143 acres, Lot 28 - 2.521 acres
Settlers Edge Home Sites 1-16
Lot 1 - .894 acres, Lot 2 - .675 acres, Lot 3 - .658 acres, Lot 4 - .534 acres
Lot 5 - .535 acres, Lot 7 - 1.309 acres, Lot 8 - .735 acres, Lot 11 - .757 acres
Lot 12 - .665 acres, Lot 13 - .533 acres, Lot 14 - .671 acres, Lot 15 - .868 acres
Lot 16 - .998 acres, Caretakers Cabin/Barn - 1.23 acres
Lookout Peak Unit 3
Approx. .06 acres
Andrew Banks Villas (Units 1-14)
3.44 Acres - Undeveloped
Renaissance Cabins Parcel
Approx. - 7.04 Acres - Undeveloped
Settlers Edge Signature Home Sites 1-11
Lot 1 - .599 acres, Lot 2 - .598 acres, Lot 4 - 2.101 acres, Lot 5 - 1.348 acres
Lot 6 - 1.190 acres, Lot 7 - 1.191 acres, Lot 8 - 1.151 acres, Lot 9 - 1.141 acres
Lot 10 - 1.006 acres, Lot 11 - 1.012 acres
Settlers Edge Parcel 2
Approx. 78.38 acres - Undeveloped
Old Sawmill Parcel
Approx - 65.83 Acres - Undeveloped
Headwaters Lots 20 / 21
Lot 20 - 1.516 acres, Lot 21 - 2.427 acres
Spruce Run Parcel
Approx. -14.4 Acres - Undeveloped
Summit Village Parcel
Approx. - 34.10 acres - Undeveloped
Old Growth Forest Phase 2
33.93 Acres - Undeveloped
Timbersky Home Sites 7,8, and 10
Lot 20 - 1.516 acres, Lot 21 - 2.427 acres
cds Creative Development Solutions
0' 350' 700' 1400' 2100'
North
Mountain Spirit
Approx. 1739.8 Acres - Undeveloped
Mountain Air
Inventory Master Plan
December 6, 2011

Mtn. Air
Assumptions
Prepared February 21, 2012

(b)(4)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Annual Inflation										
Cumulative Inflation										
Annual Appreciation										
Cumulative Appreciation										
General & Administrative (Land development)										
Target - Floor/Ceiling										
% of Revenues										
General & Administrative (Land development & Homebuilding- 100% of total)										
Target - Floor/Ceiling										
% of Revenues										
Marketing										
Target - Floor/Ceiling										
% of Revenues										
Sales Administration										
Target - Floor/Ceiling										
% of Revenues										

Homesite Pricing	Historical	Discount	Proforma
Austin Mountain			
Banks Creek - CF			
Banks Creek - #20			
Banks Creek - BR			
Timber Sky			
Average Pricing			
Banks Creek - BR			
MADC Entry & Office Complex			
Settlers Edge			
Heritage Ridge - S			
Heritage Ridge - N			
Summit Village			
Headwaters			
Rocky Knob			
Single Family Homes - Lots			
Waterfall Cabin			
Renaissance Cabin			
Spruce Run			
Heritage Ridge - N			
Lost Chimney			
Old Sawmill			
Lookout Peak			

(b)(4)

Mtn. Air
Assumptions
Prepared February 21, 2012

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Condos - Land Pricing										
Andrew Bank Overlook										
Settlers Edge - A										
Heritage Ridge - S										
Heritage Ridge - N										
Lost Chimney										
Lost Chimney Suites										
Lost Chimney Weighted Average										
Old Sawmill										
Summit Village										
Stoney Falls										

(b)(4)

Mountain Air
Development Proforma - Vertical
Prepared February 21, 2012

Vertical	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Single Family Homes - Vertical Costs	Vertical PSF	Avg. SF	Vertical	Land Cost						
Waterfall Cabin Existing										
Waterfall Cabin New										
Renaissance Cabin										
Spruce Run										
Heritage Ridge - N										
Lost Chimney										
Old Sawmill										
Lookout Peak										

(b)(4)

Single Family Homes - Absorption	Total
Waterfall Cabin Existing	
Waterfall Cabin	
Renaissance Cabin	
Spruce Run	
Heritage Ridge - N	
Lost Chimney	
Old Sawmill	
Lookout Peak Complete	
Total Single Family Homes - Absorption	
Single Family Homes - Vertical Costs	
Waterfall Cabin Existing	
Waterfall Cabin	
Renaissance Cabin	
Spruce Run	
Heritage Ridge - N	
Lost Chimney	
Old Sawmill	
Lookout Peak	
Total Single Family Homes - Vertical Costs	
Single Family Homes - Vertical Margin	
Waterfall Cabin Existing	
Waterfall Cabin	
Renaissance Cabin	
Spruce Run	
Heritage Ridge - N	
Lost Chimney	
Old Sawmill	
Lookout Peak	
Total Single Family Homes - Vertical Gross Margin	
Less: Selling Costs	
Commission Expense on Vertical Costs	
Closing Costs on Vertical	
Total Single Family Homes - Vertical Net Margin	
Mountain Air Capital Partners - Gross Construction Costs	
Mountain Air Capital Partners - Vertical Gross Margin	
Mountain Air Capital Partners - Commission Expense	
Mountain Air Capital Partners - Closing Costs	
Mountain Air Capital Partners - Vertical Net Margin	

Mountain Air
Development Proforma - Vertical
Prepared February 21, 2012

Vertical	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Condos - Vertical Costs	Vertical PSF	Ave. SF	Vertical	Land Cost	Total					
Andrew Bank Overlook										
Settlers Edge - A										
Heritage Ridge - S										
Heritage Ridge - N										
Lost Chimney										
Lost Chimney Suites										
Lost Chimney Weighted Average										
Old Sawmill										
Summit Village										
Stoney Falls										
Condos Absorption										
Andrew Banks Overlook										
Settlers Edge - A										
Heritage Ridge - S										
Heritage Ridge - N										
Old Sawmill										
Summit Village										
Stoney Falls	complete									
Lost Chimney Suites										
Lost Chimney										
Total Condo - Absorption										
Condos - Vertical Costs										
Andrew Banks Overlook										
Settlers Edge - A										
Heritage Ridge - S										
Heritage Ridge - N										
Old Sawmill										
Summit Village										
Stoney Falls										
Lost Chimney Suites										
Lost Chimney										
Total Condo - Vertical Costs										
Condos - Vertical Margin										
Andrew Banks Overlook										
Settlers Edge - A										
Heritage Ridge - S										
Heritage Ridge - N										
Old Sawmill										
Summit Village										
Stoney Falls										
Lost Chimney Suites										
Lost Chimney										
Total Condos - Vertical Margin										
Less: Selling Costs										
Commission Expense on Vertical Costs										
Closing Costs on Vertical										
Total Single Family Homes - Gross Vertical Margin										
Mountain Air Capital Partners - Gross Construction Costs										
Mountain Air Capital Partners : Gross Vertical Margin										
Mountain Air Capital Partners : Commission Expense										
Mountain Air Capital Partners : Closing Costs										
Mountain Air Capital Partners - Net Vertical Margin										

(b)(4)

Conservation Easement Summary
Revised February 21, 2012

(b)(4)

Assumptions

- Acres +/-
- Land Sale Price
- Acquisition Costs
- Subtotal Land Purchase & Acquisition Costs
- Loan Amount
- Equity Requirement
- Average Price per Acre

Acquisition Summary	Total
Current Retail Offering Price	
Acreage	
Conservation Easement Acreage	
Retail Offering Price/Acre	
Yield Plan Entitlements	
Limited Develop Plan Entitlements	

(b)(4)

Limited Development Plan Entitlements	# of Lots	Absorption Total	Absorption Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Homesites								
Condominiums								
Cottages								
Total Lots								

(b)(4)

Revenues	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Old Growth Forrest									
Blankenship Creek									
High Knob									
Cherry Flats									
Blue Knob									
Licklog									
Total Revenues									
Expenses									
Seller Closing Costs									
Commission Expense									
Management Fee									
Total Expenses									
Pre-Tax Operating Cash Flow									
Cumulative Cash Flow									

Mountain Air
Development Proforma - Club Memberships & Amenities
Prepared February 21, 2012

In Model ↓ | input use [Y/N] n

Type	Proposed Members	Suspended	MACC	MADC	Total	Current Pricing	Model Revenues	Suggested Pricing	Suggested Revenues
Full Golf									
Associate									
Social									

(b)(4)

Model Pricing	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Absorption (excludes sales center)											
Membership Sales											
Revenues											
Less:											
Club Subsidy											
Amenities:											
Banks 9 - Golf Course											
Club Upgrades											
Teen Center											
Main Clubhouse Renovation											
Settler's Edge Meeting/Party House											
Lost Chimney Field Amenities											
Lost Chimney Fitness Center											
Old Growth Forest Shelter											
Total Amenities											
Net Cashflow/(Deficit) from Club Membership											
Suggested Membership Pricing											
Absorption (excludes sales center)											
Membership Sales											
Revenues											
Less:											
Club Subsidy											
Amenities:											
Banks 9 - Golf Course											
Club Upgrades											
Teen Center											
Main Clubhouse Renovation											
Settler's Edge Meeting/Party House											
Lost Chimney Field Amenities											
Lost Chimney Fitness Center											
Old Growth Forest Shelter											
Subtotal Amenities											
Net Cashflow/(Deficit) from Club Membership											

30,889

Mountain Air
Development Proforma
Prepared February 21, 2012

Infrastructure

- Settler's Edge Lift Station
- Asphalt Repairs/Re-Surface
- Water System Repairs
- Water System Upgrades
- City Water Tie-In
- Sanitary System Repairs
- Sanitary System Upgrades

Total Infrastructure

(b)(4)

Community Infrastructure	Budget	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Homesite Units												
Single Family Units												
Condo Units												
Total Units												
Infrastructure by Unit												
Homesite Units												
Single Family Units												
Condo Units												
Total Units												

Mountain Air
Land Development Proforma (without Mtn. Spirit)
Prepared February 21, 2012 (b)(4)

Summary	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Homesites											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Single Family											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Condos											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Revenues											
Homesites											
Single Family											
Condos											
Total Revenues											
Less: Selling Expenses											
Commission Expense											
Closing Costs											
Total Selling Expenses											
Net Margin											
Expenses											
Direct Infrastructure											
Community Infrastructure											
Amenities											
General & Administrative											
Marketing											
Sales Administration											
Total Expenses											
Net Cashflow/(Deficit)											
Cumulative Cashflow/(Deficit)											
Discounted Cash Flow											
Debt Balance											

Mountain Air
Development Proforma
Prepared February 21, 2012

(b)(4)

Land Proforma

Mountain Air Capital Partners	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Homesites											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Single Family											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Condos											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Revenues											
Homesites											
Single Family											
Condos											
Total Revenues											
Less: Selling Expenses											
Commission Expense											
Closing Costs											
Total Selling Expenses											
Net Margin											
Conservation Easement (Old Grow											
Expenses											
Direct Infrastructure											
Community Infrastructure											
Amenities											
General & Administrative											
Marketing											
Sales Administration											
Total Expenses											
Net Cashflow/(Deficit)											
Cumulative Cashflow/(Deficit)											
Debt Balance											

Mountain Air
Development Proforma
Prepared February 21, 2012

(b)(4)

Land Proforma
+ Vertical Construction

Mountain Air Capital Partners	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Homesites											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Single Family											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Condos											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Revenues											
Homesites											
Single Family											
Condos											
Single Family Vertical Margi											
Condos Vertical Margin											
Total Revenues											
Less: Selling Expenses											
Commission Expense											
Closing Costs											
Total Selling Expenses											
Net Margin											
Conservation Easement (Old G											
Expenses											
Direct Infrastructure											
Community Infrastructure											
Amenities											
General & Administrative											
Marketing											
Sales Administration											
Total Expenses											
Net Cashflow/(Deficit)											
Cumulative Cashflow/(Deficit)											
Debt Balance											

Mountain Air
Development Proforma
Prepared February 21, 2012

(b)(4)

Land Proforma
+ Vertical Construction
+ Membership Sales & Amenities

Mountain Air Capital Partners	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Homesites											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Single Family											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Condos											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Revenues											
Homesites											
Single Family											
Condos											
Single Family Vertical Margin											
Condos Vertical Margin											
Total Land & Construction Revenue											
Less: Selling Expenses											
Commission Expense											
Closing Costs											
Total Selling Expenses											
Net Margin											
Membership Sales											
Conservation Easement (Old Growt											
Total Revenues											
Expenses											
Direct Infrastructure											
Community Infrastructure											
Amenities											
General & Administrative											
Marketing											
Sales Administration											
Total Expenses											
Net Cashflow/(Deficit)											
Cumulative Cashflow/(Deficit)											
Debt Balance											

Mountain Air
Development Proforma
Prepared February 21, 2012

(b)(4)

Land Proforma
+ Vertical Construction
+ Membership Sales & Amenities
+ Conservation Easement Sale

Mountain Air Capital Partners	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Homesites											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Single Family											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Condos											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Revenues											
Homesites											
Single Family											
Condos											
Single Family Vertical Margin											
Condos Vertical Margin											
Total Land & Construction Revenues											
Less: Selling Expenses											
Commission Expense											
Closing Costs											
Total Selling Expenses											
Net Margin											
Membership Sales											
Conservation Easement Sales (Old Growth)											
Total Revenues											
Expenses											
Direct Infrastructure											
Community Infrastructure											
Amenities											
General & Administrative											
Marketing											
Sales Administration											
Total Expenses											
Net Cashflow/(Deficit)											
Cumulative Cashflow/(Deficit)											
Discounted Cash Flow											
Debt Balance											

Mountain Air
Development Proforma
Prepared February 21, 2012 (b)(4)

Renaissance Cabin	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Homesites											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Single Family											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Condos											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Revenues											
Homesites											
Single Family											
Condos											
Total Revenues											
Less: Selling Expenses											
Commission Expense											
Closing Costs											
Total Selling Expenses											
Net Margin											
Expenses											
Direct Infrastructure											
Community Infrastructure $											
Amenities $											
General & Administrative											
Marketing											
Sales Administration											
Total Expenses											
Net Cashflow/(Deficit)											
Cumulative Cashflow/(Deficit)											

Mountain Air
Development Proforma
Prepared February 21, 2012

(b)(4)

Spruce Run	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Homesites											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Single Family											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Condos											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Revenues											
Homesites											
Single Family											
Condos											
Total Revenues											
Less: Selling Expenses											
Commission Expense											
Closing Costs											
Total Selling Expenses											
Net Margin											
Expenses											
Direct Infrastructure											
Community Infrastructure											
Amenities											
General & Administrative											
Marketing											
Sales Administration											
Total Expenses											
Net Cashflow/(Deficit)											
Cumulative Cashflow/(Deficit)											

Mountain Air
Development Proforma
Prepared February 21, 2012

(b)(4)

Settlers Edge Condos	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Homesites											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Single Family											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Condos											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Revenues											
Homesites											
Single Family											
Condos (weighted avg. pricing)											
Total Revenues											
Less: Selling Expenses											
Commission Expense											
Closing Costs											
Total Selling Expenses											
Net Margin											
Expenses											
Direct Infrastructure											
Community Infrastructure $											
Amenities $											
General & Administrative											
Marketing											
Sales Administration											
Total Expenses											
Net Cashflow/(Deficit)											
Cumulative Cashflow/(Deficit)											

Mountain Air
Development Proforma (b)(4)
Prepared February 21, 2012

Lost Chimney	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Homesites											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Single Family											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Condos											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Revenues											
Homesites											
Single Family											
Condos (weighted avg. pricing)											
Total Revenues											
Less: Selling Expenses											
Commission Expense											
Closing Costs											
Total Selling Expenses											
Net Margin											
Expenses											
Direct Infrastructure											
Community Infrastructure	$										
Amenities	$										
General & Administrative											
Marketing											
Sales Administration											
Total Expenses											
Net Cashflow/(Deficit)											
Cumulative Cashflow/(Deficit)											

Mountain Air
Development Proforma
Prepared February 21, 2012

(b)(4)

Heritage Ridge South	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Homesites											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Single Family											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Condos											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Revenues											
Homesites											
Single Family											
Condos											
Total Revenues											
Less: Selling Expenses											
Commission Expense											
Closing Costs											
Total Selling Expenses											
Net Margin											
Expenses											
Direct Infrastructure											
Community Infrastructure											
Amenities											
General & Administrative											
Marketing											
Sales Administration											
Total Expenses											
Net Cashflow/(Deficit)											
Cumulative Cashflow/(Deficit)											

Mountain Air (b)(4)
Development Proforma
Prepared February 21, 2012

Old Sawmill	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Homesites											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Single Family											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Condos											
Beginning Inventory											
Inventory Additions											
Units Sold											
Ending Inventory											
Revenues											
Homesites											
Single Family											
Condos (weighted avg. pricing)											
Total Revenues											
Less: Selling Expenses											
Commission Expense											
Closing Costs											
Total Selling Expenses											
Net Margin											
Expenses											
Direct Infrastructure											
Community Infrastructure $											
Amenities $											
General & Administrative											
Marketing											
Sales Administration											
Total Expenses											
Net Cashflow/(Deficit)											
Cumulative Cashflow/(Deficit)											

Mountain Air
Development Proforma (b)(4)
Prepared February 21, 2012

Settlers Edge Homesites - Rialto Capital	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Homesites						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Single Family						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Condos						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Revenues						
Homesites						
Single Family						
Condos (weighted avg. pricing)						
Total Revenues						
Less: Selling Expenses						
Commission Expense						
Closing Costs						
Total Selling Expenses						
Net Margin						
Expenses						
Direct Infrastructure						
Community Infrastructure	$					
Amenities	$					
General & Administrative						
Marketing						
Sales Administration						
Total Expenses						
Net Cashflow/(Deficit)						
Cumulative Cashflow/(Deficit)						
Debt Balance						

Mountain Air
Development Proforma
Prepared February 21, 2012

(b)(4)

Gibraltar Capital

Waterfall Cabins & Andrew Banks Villas	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Homesites						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Single Family						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Condos						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Revenues						
Homesites						
Single Family						
Condos (weighted avg. pricing)						
Total Revenues						
Less: Selling Expenses						
Commission Expense						
Closing Costs						
Total Selling Expenses						
Net Margin						
Expenses						
Direct Infrastructure						
Community Infrastructure						
Amenities						
General & Administrative						
Marketing						
Sales Administration						
Total Expenses						
Net Cashflow/(Deficit)						
Cumulative Cashflow/(Deficit)						
Debt Balance						

Mountain Air
Development Proforma
Prepared February 21, 2012

Bank of North Carolina

Banks Creek & MADC Admin/Sales Campus	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Homesites								
Beginning Inventory								
Inventory Additions								
Units Sold								
Ending Inventory								
Single Family								
Beginning Inventory								
Inventory Additions								
Units Sold								
Ending Inventory								
Condos								
Beginning Inventory								
Inventory Additions								
Units Sold								
Ending Inventory								
Revenues								
Homesites								
Single Family								
Condos (weighted avg. pricing)								
Total Revenues								
Less: Selling Expenses								
Commission Expense								
Closing Costs								
Total Selling Expenses								
Net Margin								
Expenses								
Direct Infrastructure								
Community Infrastructure								
Amenities								
General & Administrative								
Marketing								
Sales Administration								
Total Expenses								
Net Cashflow/(Deficit)								
Cumulative Cashflow/(Deficit)								
Debt Balance								

Strategy:

Propose (2) loans; 1 interest only for finished inventory; 1 commercial mortgage on Offices

(b)(4)

	Principal	Terms	Rate	Annual P+I
Loan #1 - Finished Inventory				
Loan #2 - MADC offices				

Mountain Air
Development Proforma
Prepared February 21, 2012

(b)(4)

TD Bank Collateral	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Homesites						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Single Family						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Condos						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Revenues						
Homesites						
Single Family						
Condos (weighted avg. pricing)						
Total Revenues						
Less: Selling Expenses						
Commission Expense						
Closing Costs						
Total Selling Expenses						
Net Margin						
Expenses						
Direct Infrastructure						
Community Infrastructure	$					
Amenities	$					
General & Administrative						
Marketing						
Sales Administration						
Total Expenses						
Net Cashflow/(Deficit)						
Cumulative Cashflow/(Deficit)						
Debt Balance						

Mountain Air (b)(4)
Development Proforma
Prepared February 21, 2012

TD Bank

Finished & Partially Finished	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Homesites						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Single Family						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Condos						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Revenues						
Homesites						
Single Family						
Condos (weighted avg. pricing)						
Total Revenues						
Less: Selling Expenses						
Commission Expense						
Closing Costs						
Total Selling Expenses						
Net Margin						
Expenses						
Direct Infrastructure						
Community Infrastructure						
Amenities						
General & Administrative						
Marketing						
Sales Administration						
Total Expenses						
Net Cashflow/(Deficit)						
Cumulative Cashflow/(Deficit)						

Mountain Air
Development Proforma
Prepared February 21, 2012 (b)(4)

Summit Village - TD Bank	Total	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
Homesites							
Beginning Inventory							
Inventory Additions							
Units Sold							
Ending Inventory							
Single Family							
Beginning Inventory							
Inventory Additions							
Units Sold							
Ending Inventory							
Condos							
Beginning Inventory							
Inventory Additions							
Units Sold							
Ending Inventory							
Revenues							
Homesites							
Single Family							
Condos (weighted avg. pricing)							
Total Revenues							
Less: Selling Expenses							
Commission Expense							
Closing Costs							
Total Selling Expenses							
Net Margin							
Expenses							
Direct Infrastructure							
Community Infrastructure	$						
Amenities	$						
General & Administrative							
Marketing							
Sales Administration							
Total Expenses							
Net Cashflow/(Deficit)							
Cumulative Cashflow/(Deficit)							
Discounted Cash Flow							

Mountain Air
Development Proforma
Prepared February 21, 2012

(b)(4)

Lookout Peak Unit #3 - Wells Fargo	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Homesites						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Single Family						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Condos						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Revenues						
Homesites						
Single Family						
Condos (weighted avg. pricing)						
Total Revenues						
Less: Selling Expenses						
Commission Expense						
Closing Costs						
Total Selling Expenses						
Net Margin						
Expenses						
Direct Infrastructure						
Community Infrastructure $						
Amenities $						
General & Administrative						
Marketing						
Sales Administration						
Total Expenses						
Net Cashflow/(Deficit)						
Cumulative Cashflow/(Deficit)						
Debt Balance						

Mountain Air (b)(4)
Development Proforma
Prepared February 21, 2012

Heritage Ridge North - Carolina Farm Credit	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Homesites						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Single Family						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Condos						
Beginning Inventory						
Inventory Additions						
Units Sold						
Ending Inventory						
Revenues						
Homesites						
Single Family						
Condos (weighted avg. pricing)						
Total Revenues						
Less: Selling Expenses						
Commission Expense						
Closing Costs						
Total Selling Expenses						
Net Margin						
Expenses						
Direct Infrastructure						
Community Infrastructure	$					
Amenities	$					
General & Administrative						
Marketing						
Sales Administration						
Total Expenses						
Net Cashflow/(Deficit)						
Cumulative Cashflow/(Deficit)						
Debt Balance						

Exhibit 23

Exemplar Form I-526 and Sample Table of Contents

Department of Homeland Security
U.S. Citizenship and Immigration Services

OMB No. 1615-0026; Exp. 01/31/2012

Form I-526, Immigrant Petition by Alien Entrepreneur

Do Not Write in This Block - For USCIS Use Only (Except G-28 Block Below)		
Classification _____	**Action Block**	Fee Receipt
Priority Date _____		**To be completed by Attorney or Representative, if any** ☐ G-28 is attached Attorney's State License No. _____
Remarks:		

START HERE - Type or print in black ink.

Part 1. Information About You

Family Name: Doe | Given Name: John | Middle Name: Investor

In care of Street Number and Name: c/o Yankee Stadium

Address: 1 East 161st Street | Apt. Number:

City: Bronx | State or Province: NY | Country: U.S.A. | Zip/Postal Code: 10451

Date of Birth (mm/dd/yyyy): 1/1/1990 | Country of Birth: UNITED KINGDOM | Social Security # (if any): | A # (if any):

If you are in the United States, provide the following information: Date of Arrival (mm/dd/yyyy): 07/04/2011 | I-94 #: 123456789

Current Nonimmigrant Status: F-1 | Date Current Status Expires (mm/dd/yyyy): 07/03/2014 | Daytime Phone # with Area Code: (212) 555-1212

Part 2. Application Type *(Check one)*

a. ☒ This petition is based on an investment in a commercial enterprise in a targeted employment area for which the required amount of capital invested has been adjusted downward.

b. ☐ This petition is based on an investment in a commercial enterprise in an area for which the required amount of capital invested has been adjusted upward.

c. ☐ This petition is based on an investment in a commercial enterprise that is not in either a targeted area or in an upward adjustment area.

Part 3. Information About Your Investment

Name of commercial enterprise in which funds are invested *(Required Field - Do Not Leave Blank)*: Mountain Air Lenders, LLC

Street Address: 45 Mountain Air Drive, Burnsville, NC 28714

Phone # with Area Code: +1 (740) 704-3256 | Business organized as (corporation, partnership, etc.): LLC

Kind of business (e.g. furniture manufacturer): Lender | Date established (mm/dd/yyyy): 10/11/2011 | IRS Tax #: TBD

RECEIVED: _____ RESUBMITTED: _____ RELOCATED: SENT _____ REC'D _____

Part 3. Information About Your Investment *(Continued)*

Date of your initial investment (mm/dd/yyyy): 03/28/2012

Amount of your initial investment: $ 000,000,500,000.00

Your total capital investment in the enterprise to date: $ 000,000,500,000.00

Percentage of the enterprise you own: 1.42

If you are not the sole investor in the new commercial enterprise, list on separate paper the names of all other parties (natural and non-natural) who hold a percentage share of ownership of the new enterprise and indicate whether any of these parties is seeking classification as an alien entrepreneur. Include the name, percentage of ownership, and whether or not the person is seeking classification under section 203(b)(5). **NOTE:** A "natural" party would be an individual person, and a "non-natural" party would be an entity such as a corporation, consortium, investment group, partnership, etc.

If you indicated in **Part 2** that the enterprise is in a targeted employment area or in an upward adjustment area, name the county and State: County Yancey State NC

Part 4. Additional Information About the Enterprise

Type of Enterprise (check one):

☒ New commercial enterprise resulting from the creation of a new business.

☐ New commercial enterprise resulting from the purchase of an existing business.

☐ New commercial enterprise resulting from a capital investment in an existing business.

omposition of the Petitioner's Investment:

Total amount in U.S. bank account	$
Total value of all assets purchased for use in the enterprise	$
Total value of all property transferred from abroad to the new enterprise	$
otal of all debt financing	$
al stock purchases	$
r (explain on separate paper)	$
	$ 000,500,000.00
	$ 000,000,500,000.00

ade the investment	Gross $ 000,000,000.00	Net $ 000,000,000.00
	Gross $ 000,000,000.00	Net $ 000,000,000.00
investment	Gross $ See ATTACH	Now $ See ATTACH

Part 5. Employment Creation Information

Number of full-time employees in the enterprise in U.S. (excluding you, your spouse, sons, and daughters)

When you made your initial investment? 0 Now 0 Difference 0

How many of these new jobs were created by your investment? 0

How many additional new jobs will be created by your additional investment? 10

What is your position, office, or title with the new commercial enterprise?

Member

Briefly describe your duties, activities, and responsibilities.

Vote on certain issues consistent with operating agreement and LLC Act. See attached.

What is your salary? $ 000,000,000.00 What is the cost of your benefits? $ 000,000,000.00

Part 6. Processing Information

Check One:

☒ The person named in **Part 1** is now in the United States, and an application to adjust status to permanent resident will be filed if this petition is approved.

☐ If the petition is approved and the person named in **Part 1** wishes to apply for an immigrant visa abroad, complete the following for that person:

Country of nationality:

Country of current residence or, if now in the United States, last permanent residence abroad: United kingdom

If you provided a United States address in **Part 1**, print the person's foreign address:

Buckingham Palace, London, SW1A 1AA United Kingdom

If the person's native alphabet is other than Roman letters, write the foreign address in the native alphabet:

Are you in deportation or removal proceedings? ☐ Yes (Explain on separate paper) ☒ No

Have you ever worked in the United States without permission? ☐ Yes (Explain on separate paper) ☒ No

Part 7. Signature *Read the information on penalties in the instructions before completing this section.*

certify, under penalty of perjury under the laws of the United States of America, that this petition and the evidence submitted with it is ll true and correct. I authorize the release of any information from my records that U.S. Citizenship and Immigration Services needs to etermine eligibility for the benefit I am seeking.

gnature s/ John Investor Doe Date 3/29/2012

TE: *If you do not completely fill out this form or fail to the submit the required documents listed in the instructions, you may not be nd eligible for the immigration benefit you are seeking and this petition may be denied.*

t 8. Signature of Person Preparing Form, If Other Than Above (Sign below)

lare that I prepared this application at the request of the above person, and it is based on all information of which I have knowledge.

ture Print Your Name H. Ronald Klasko Date 3/29/12

lame Klasko Rulon Stock & Seltzer Daytime phone # with area code +1 (215) 825-8600

1800 John F. Kenendy Blvd, Suite 1700, Philadelphia, PA 19103

Doe, John Investor
Exemplar I-526 Petition for Alien Entrepreneur
Appalachian EB-5, LLC Regional Center
Mountain Air EB-5 Project

Index of Exhibits[1]

1. Regional Center and Project Documents

I. Regional Center Designation Letter from USCIS dated xx/xx/2012 approving Exemplar I-526 for the Mountain Air EB-5 Project

II. Certificate of Formation for Mountain Air Lenders, LLC (New Commercial Enterprise), on 10/11/2011 in the State of Delaware

III. Confidential Private Placement Memorandum for Mountain Air Lenders, LLC

IV. Mountain Air Lenders, LLC Subscription Agreement, Executed by the Investor

V. Mountain Air Lenders, LLC Operating Agreement, Executed by the Investor

VI. Mountain Air EB-5 Job Allocation Agreement, Executed by the Investor

VII. Subscription and Processing Fee Escrow Agreement between Mountain Air Lenders, LLC, Appalachian EB-5, LLC, NES Financial Corp., and SunTrust Bank

VIII. Escrow Administration Services Agreement between Appalachian EB-5, LLC and NES Financial Corp.

IX. Articles of Correction for Mountain Air Global, LLC, 10/21/2011 (North Carolina)

X. Articles of Organization of Appalachian Mountain Air Global, LLC, 10/13/2011 (North Carolina)

XI. Articles of Correction for Mountain Air Manager, LLC, 10/21/2011 (North Carolina)

XII. Articles of Organization of Appalachian Mountain Air Manager, LLC, 10/13/2011 (North Carolina)

XIII. Evidence that the Project is Located in a Rural Area (TEA)

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[1] Please note that Exhibits are not attached as they would duplicate the exhibits submitted with the I-924 Application. Please refer to the appropriate documents submitted with the I-924 Application.

2. Previously Approved Project Business Plan and Economic Impact Report

XIV. Comprehensive EB-5 Project Business Plan

XV. Economic Impact Report, "The Economic Impact of the Mountain Air EB-5 Project in the Prospective Appalachian EB-5 Regional Center"

XVI. Mountain Air Master Development Plans, Maps and Pro Forma

3. Evidence of the Qualifying Investment (Listed but omitted)

XVII. Statement from Escrow Agent Confirming Deposit of $500,000 into Escrow Account and $60,000 into administrative fee Escrow Account on 3/28/12

XVIII. Copy of investors' bank statement showing transfers of $500,000 and $60,000 into Escrow on 3/28/12

XIX. Evidence of the Lawful source of the Investor's funds.

From: (215) 825-8607 Origin ID: REDA
H. Ronald Klasko
Klasko, Rulon, Stock & Seltzer, LLP
1800 John F. Kennedy Boulevard
Suite 1700
Philadelphia, PA 19103

J12101112190225

Ship Date: 29MAR12
ActWgt: 1.0 LB
CAD: 103808884/INET3250

Delivery Address Bar Code

SHIP TO: (215) 825-8615 BILL SENDER

U.S. Citizenship and Immigration Se
California Service Center
ATTN: EB-5 PROCESSING UNIT
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

Ref # 8615 - Appalachian EB-5, LLC
Invoice #
PO #
Dept #

CSC

MAR 30 2012

STAMP #65

FRI - 30 MAR A2
PRIORITY OVERNIGHT

TRK# 7933 9646 4404
0201

924, 526

92677
CA-US
SNA

NC JORA

512G1/C44D/A278

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U.S. Department of Homeland Security
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

U.S. Citizenship and Immigration Services

ACTION COMPLETED
APPROVED FOR FILING
AUG 08 2013
INITIALS:
FOC: CSC

Date: JUL 11 2013

Andrew Dover
Appalachian EB-5 Regional Center
45 Mountain Air Drive
Burnsville, NC 28714

Application:	Form I-924, Application for Regional Center under the Immigrant Investor Pilot Program
Applicant(s):	Andrew Dover
Re:	Initial Regional Center Designation Appalachian EB-5 Regional Center RCW1209050633 / ID12090050633

This notice is in reference to the Form I-924, Application for Regional Center Under the Immigrant Investor Pilot Program that was filed by the applicant with the U.S. Citizenship and Immigration Services ("USCIS") on March 30, 2012. The Form I-924 application was filed to request approval of initial regional center designation under the Immigrant Investor Program. The Immigrant Investor Program was established under § 610 of the Department of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act of 1993 (Pub. L. 102-395, Oct. 6, 1992, 106 Stat. 1874).

I. Executive Summary of Adjudication

1. Effective the date of this notice, USCIS approves the Form I-924 request to designate Appalachian EB-5 Regional Center as a qualifying participant in the Immigrant Investor Program.

II. Regional Center Designation

USCIS approves the applicant's request to focus, promote economic growth, and offer capital investment opportunities in the following geographic area and industry categories:

ACTION NOT REQUIRED
READY FOR INTERFILING

UNABLE TO UPDATE

C30020

A. Geographic Area

State/Counties							
North Carolina Counties			Tennessee Counties				
Haywood	Stokes	Caldwell	Hamilton	Cocke	Campbell	Jackson	Rhea
Madison	Ashe	Mitchell	Claiborne	Louden	Johnson	Cannon	Roane
Buncombe	Burke	Polk	Sequatchie	Union	Bradley	Macon	Scott
Henderson	Davie	Forsyth	Cumberland	Meigs	DeKalb	Coffee	Sevier
Rutherford	Avery	Surry	Grainger	Carter	Fentress	Greene	Smith
Transylvania	Clay	Swain	Van Buren	Unicoi	Franklin	Monroe	Sullivan
McDowell	Graham	Yadkin	Hamblen	Bledsoe	McMinn	Morgan	Warren
Cherokee	Jackson	Watauga	Washington	Marion	Grundy	Overton	White
Alexander	Macon	Wilkes	Anderson	Clay	Hancock	Pickett	Knox
Allegheny	Yancey		Jefferson	Blount	Hawkins	Putnam	Polk

Note: Pursuant to the Policy Memorandum on EB-5 Adjudications Policy (PM-602-0083), an amendment request is not required if investment opportunities arise outside the geographic area referenced above. USCIS will evaluate eligibility upon the filing of an initial Form I-526 related to that new investment opportunity.

B. Industry Categories

NAICS	Industry Title
2213	Water, Sewage, and Other Systems
2361	Residential Building Construction
2362	Non-Residential Building Construction
2373	Highway, Street, and Bridge Construction
23711	Water and Sewer Line and Related Structures Construction
23799	Other Heavy and Civil Engineering Construction
5312	Offices of Real Estate and Brokers
5313	Activities Related to Real Estate
5411	Legal Services
5413	Architectural, Engineering, and Related Services

Note: Pursuant to the Policy Memorandum on EB-5 Adjudications Policy (PM-602-0083), an amendment request is not required if investment opportunities arise outside the industry categories referenced above. USCIS will evaluate eligibility upon the filing of an initial Form I-526 related to that new investment opportunity.

III. Job Creation

USCIS approves the geographic area and industry categories noted above based on the economic impact analysis presented and reviewed in conjunction with the adjudication of this regional center proposal.

This hypothetical project does not have the factual details necessary to be in compliance with the requirements described in Matter of Ho, 22 I&N Dec. 206 (Assoc. Comm'r 1998), and therefore, USCIS's approval of the hypothetical job creation estimates presented in the Form I-924 will not be accorded deference and may not be relied upon by an individual investor when filing the Form I-526. The business plan and job creation estimates will receive a de novo review by USCIS when an individual investor files Form I-526. Once an actual project is adjudicated upon the filing of the initial Form I-526 related to the I-924 hypothetical project approval, USCIS will give deference to subsequent Forms I-526 when the critical assumptions remain materially unchanged from the initially-approved Form I-526.

When filing Form I-526, it will be the responsibility of the individual investor to submit a comprehensive, detailed and credible business plan, showing by a preponderance of the evidence that his or her investment in the new commercial enterprise will create not fewer than 10 full-time positions. If prior to filing a form I-829, the job creation estimated in the business plan submitted by the individual investor materially changes or will not be realized, then it will be the responsibility of the EB-5 investor to notify USCIS of an agreed upon methodology to allocate job creation among eligible investors.

IV. Guidelines for Filing Form I-526 Petitions

Each individual petition, in order to demonstrate that it is affiliated with the Appalachian EB-5 Regional Center, in conjunction with addressing all the requirements for an individual immigrant investor petition, shall also contain the following:

1. A copy of this regional center approval notice and designation letter including all subsequent amendment approval letters (if applicable).

2. An economic impact analysis which reflects a job creation methodology required at 8 CFR § 204.6 (j)(4)(iii) and shows how the capital investment by an individual immigrant investor will create not fewer than ten (10) indirect jobs for each immigrant investor.

3. A comprehensive, detailed and credible business plan for an actual project that contains the factual details necessary to be in compliance with the requirements described in Matter of Ho, 22 I&N Dec. 206 (Assoc. Comm'r 1998).

4. Legally executed organizational documents of the commercial enterprise.

Note: The project reviewed with this Form I-924 application is a hypothetical project. Organizational and transactional documents associated with the new commercial enterprise (NCE) submitted with this Form I-924 have not been reviewed to determine compliance with program requirements since these documents

will receive de novo review in subsequent filings (e.g., an amended Form I-924 application with a Form I-526 exemplar or the first Form I-526 petition filed by an investor under the regional center project).

V. Designee's Responsibilities in the Operations of the Regional Center

As provided in 8 CFR § 204.6 (m)(6), to ensure that the regional center continues to meet the requirements of section 610(a) of the Appropriations Act, a regional center must provide USCIS with updated information to demonstrate the regional center is continuing to promote economic growth, improved regional productivity, job creation, and increased domestic capital investment in the approved geographic area. Such information must be submitted to USCIS on an annual basis or as otherwise requested by USCIS. The applicant must monitor all investment activities under the sponsorship of the regional center and to maintain records in order to provide the information required on the Form I-924A Supplement to Form I-924. Form I-924A, Supplement to Form I-924 Application is available in the "Forms" section on the USCIS website at www.uscis.gov.

Regional centers that remain designated for participation in the Immigrant Investor Program as of September 30th of a calendar year are required to file Form I-924A Supplement in that year. The Form I-924A Supplement with the required supporting documentation must be filed on or before December 29th of the same calendar year.

The failure to timely file a Form I-924A Supplement for each fiscal year in which the regional center has been designated for participation in the Immigrant Investor Program will result in the issuance of an intent to terminate the participation of the regional center in the Immigrant Investor Program, which may ultimately result in the termination of the designation of the regional center.

The regional center designation is non-transferable, as any changes in management of the regional center will require the approval of an amendment to the approved regional center designation.

If the applicant has any questions concerning the regional center designation under the Immigrant Investor Program, please contact the USCIS by email at USCIS.ImmigrantInvestorProgram@uscis.dhs.gov.

Sincerely,

Daniel M. Renaud
Acting Chief, Immigrant Investor Program

C30136

cc: H. Ronald Klasko, Esq.

DeJulius, Robert W

From: CSC-EB5-RCID3-5
Sent: Thursday, June 27, 2013 4:18 PM
To: Goto, Blake K; Onuk, Semra K; DeJulius, Robert W
Subject: FW: Clarification E-mail Request: Unique Identifier: ID1209050633; Receipt Number: RCW1209050633; Regional Center Name: Appalachian EB-5 Regional Center
Attachments: Exhibits for respoinse to clarification email (01497709).PDF

FYI

From: Daniel B. Lundy [mailto:dlundy@klaskolaw.com]
Sent: Thursday, June 27, 2013 9:45 AM
To: CSC-EB5-RCID3-5
Cc: H. Ronald Klasko; Andy Dover
Subject: re: Clarification E-mail Request: Unique Identifier: ID1209050633; Receipt Number: RCW1209050633; Regional Center Name: Appalachian EB-5 Regional Center

Dear Sir/Madam:

Thank you for your email requesting clarification of certain issues relating to the application for designation as a regional center for Appalachian EB-5 Regional Center. On Behalf of the Regional Center, we are providing the following response and additional documents. Attached, please find the following:

Exhibit 1: Letter from Mountain Air in Response to the Email

Exhibit 2: Pent up Demand Chart

Exhibit 3: Article: "Our Expectations for 2013: Further Growth and Price Appreciation Ahead."

Exhibit 4: Copy of President Obama's speech relating to housing demand

Exhibit 5: National Association of Realtors Economists' Outlook Blog

Exhibit 6: North Carolina Association of Realtors Current Sales Data

Exhibit 7: Federal Reserve Housing Starts Chart

Exhibit 8: Beverly- Hanks Market Report

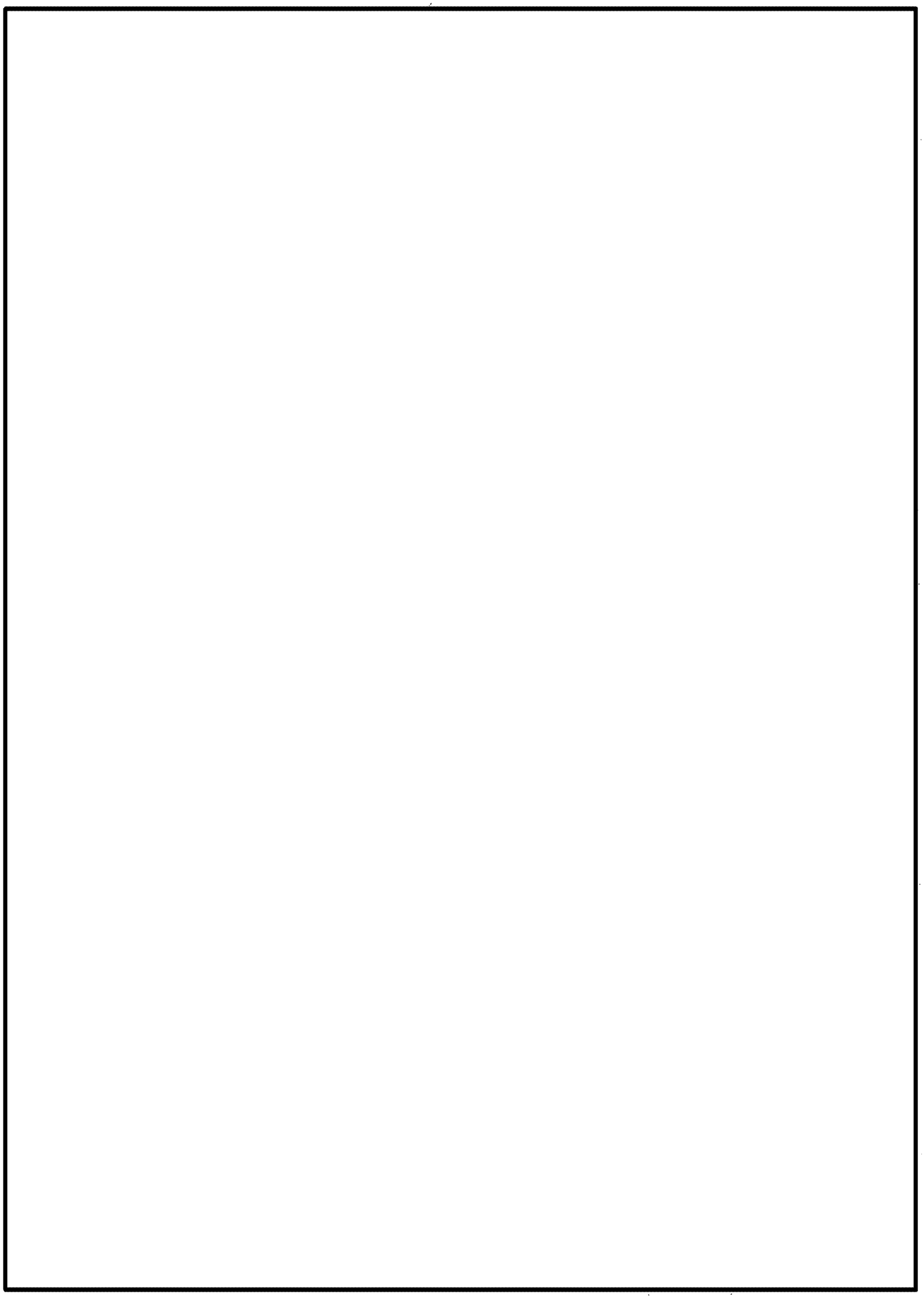
Exhibit 9: Letter from Beverly-Hanks re Mountain Air market position

Exhibit 10: Private Mountain Communities Market Report

Exhibit 11: Letter from Blue Ridge Country Magazine re Award for Mountain Air Community.

In your email, you state:

"USCIS must determine that there is a reasonable probability that the project is feasible in order to support



In conclusion, we believe that the evidence provided establishes beyond a preponderance of the evidence that the Mountain Air project is both feasible and more likely than not to create the jobs necessary to support the number of investors sought and to have a positive impact on the regional and national economies. The approval of Appalachian EB-5 Regional Center would further the goals of the EB-5 program, and bring needed investment and jobs to the area. We respectfully request that you approve this application.

Sincerely,

Daniel B. Lundy, Esq.

On behalf of H. Ronald Klasko, Esq.

Daniel B. Lundy, Esq. (N.Y. Bar only)
Klasko Rulon Stock & Seltzer, LLP
1800 John F. Kennedy Blvd., Suite 1700
Philadelphia, PA 19103
(215) 825-8600
(215) 825-8699 (Fax)
dlundy@klaskolaw.com

Websites:
www.klaskolaw.com
www.worksite-compliance.com
www.eb1immigration.com
http://blog.klaskolaw.com
www.eb5immigration.com

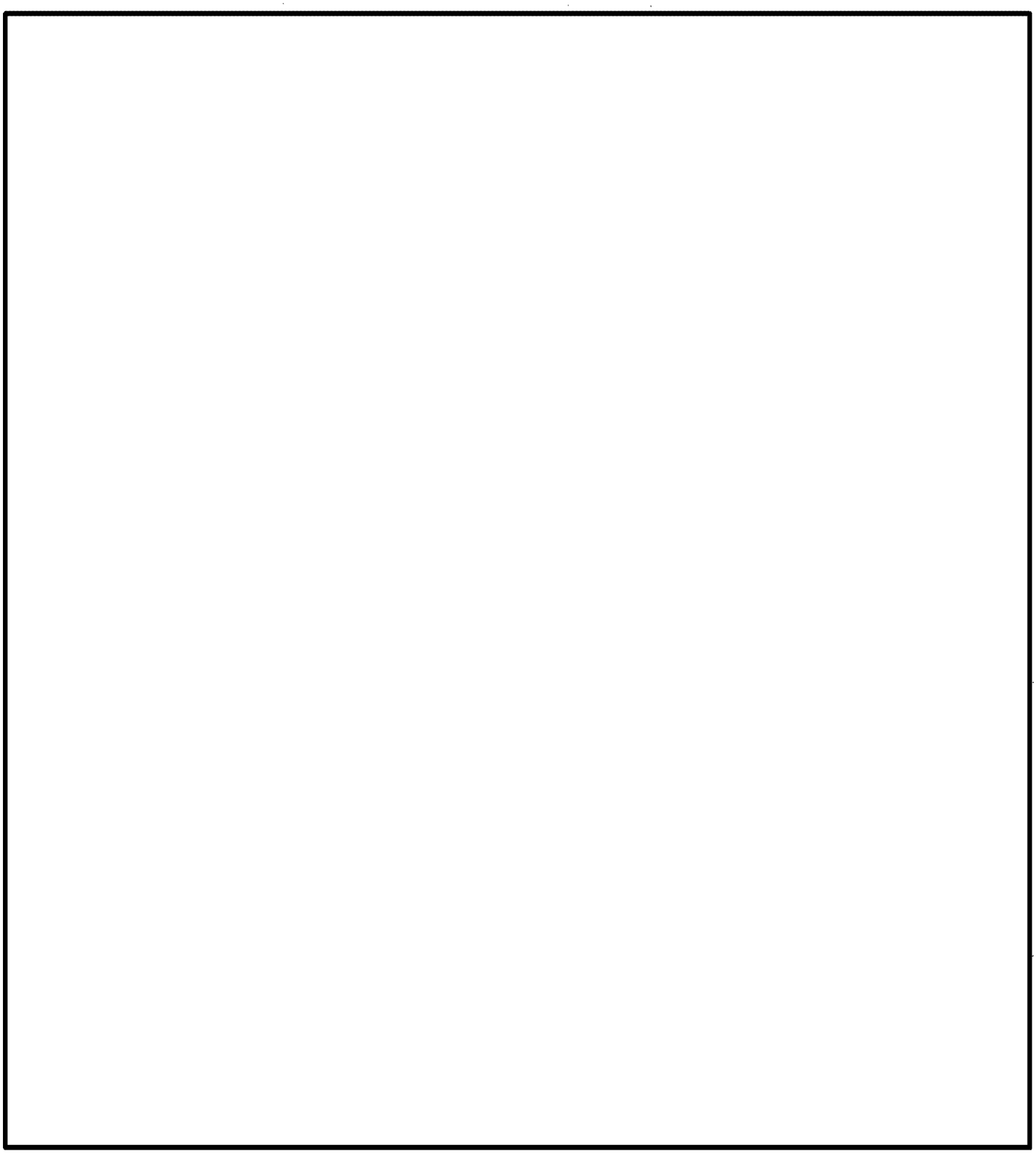
From: CSC-EB5-RCID3-5 <CSC-EB5-RCID3-5@uscis.dhs.gov>
Date: June 20, 2013, 10:36:27 AM PDT
To: "H. Ronald Klasko" <RKlasko@klaskolaw.com>
Subject: Clarification E-mail Request: Unique Identifier: ID1209050633; Receipt Number: RCW1209050633; Regional Center Name: Appalachian EB-5 Regional Center

Dear Attorney H. Ronald Klasko,

This e-mail is an informal communication to facilitate USCIS' review of your Form I-924 application in regard to Appalachian EB-5 Regional Center /RCW 1209050633. You may receive additional e-mails from us seeking clarification. We are presently reviewing your response to our Notice of Intent to Deny (ITD) and would like to clarify the following unresolved issue:

The Market Analysis:

USCIS must determine that there is a reasonable probability that the project is feasible in order to support



As USCIS would like further clarification and detail, the applicant is requested to resolve this final remaining issue discussed above. We ask that you respond to this email on or before Thursday, June 27, 2013. If your response is lengthy or involves a large amount of attachment, the submission of evidence may be mailed to our office at the following address.

USCIS/California Service Center
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677
Attention: Rose Prince, Investor Branch (WS22315)

If sending by courier mail, please provide us with the tracking number.

Sincerely,

Immigrant Investor Program
U.S. Citizenship and Immigration Services

Robert W. DeJulius| Senior Adjudications Officer | Division 3| USCIS | DHS | Laguna Niguel, CA 92677 | (949) 389-3443 |✉: robert.deJulius@dhs.gov

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Daniel B. Lundy, Esq. (N.Y. Bar only)
Klasko Rulon Stock & Seltzer, LLP
1800 John F. Kennedy Blvd., Suite 1700
Philadelphia, PA 19103
(215) 825-8600
(215) 825-8699 (Fax)
dlundy@klaskolaw.com

Websites:
www.klaskolaw.com
www.worksite-compliance.com
www.eb1immigration.com
http://blog.klaskolaw.com
www.eb5immigration.com

DeJulius, Robert W

From: Rili, Ana L
Sent: Thursday, June 20, 2013 9:27 AM
To: DeJulius, Robert W; Chrysler, Allen
Subject: RE: E-mail Request for Appalachian EB-5 RC

Thanks, Bob.

Allen – please send the following request for clarification to Attorney Klasko at rklasko@klaskolaw.com re RCW1209050633/Appalachian EB-5 Regional Center

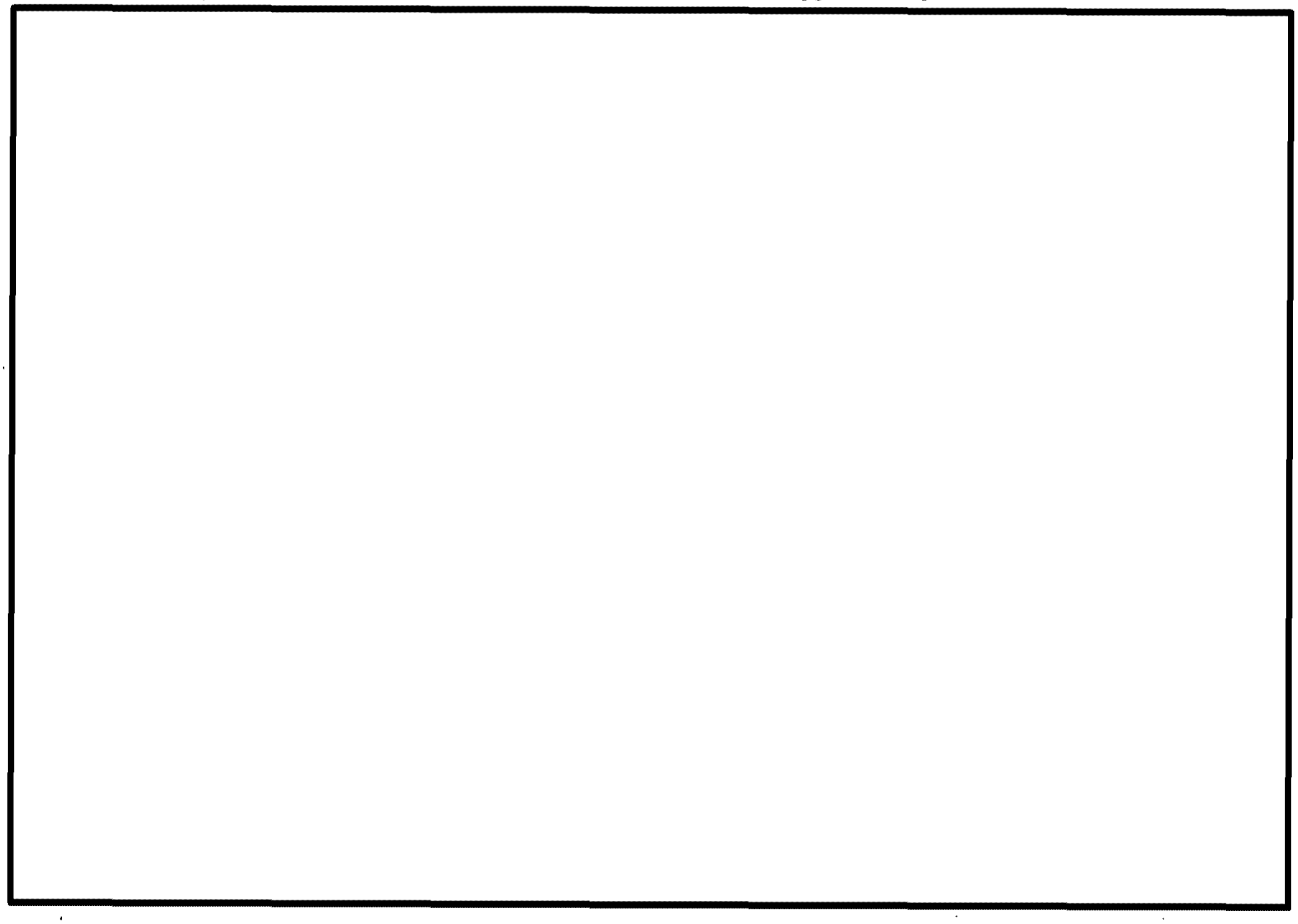
---

Dear Attorney H. Ronald Klasko,

This e-mail is an informal communication to facilitate USCIS' review of your Form I-924 application in regard to Appalachian EB-5 Regional Center /RCW 1209050633. You may receive additional e-mails from us seeking clarification. We are presently reviewing your response to our Notice of Intent to Deny (ITD) and would like to clarify the following unresolved issue:

The Market Analysis:

(b)(4) USCIS must determine that there is a reasonable probability that the project is feasible in order to support forecasted employment creation. It was noted in the ITD that the applicant's provision of demographic



(b)(4)

As USCIS would like further clarification and detail, the applicant is requested to resolve this final remaining issue discussed above. We ask that you respond to this email on or before Thursday, June 27, 2013. If your response is lengthy or involves a large amount of attachment, the submission of evidence may be mailed to our office at the following address.

USCIS/California Service Center
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677
Attention: Rose Prince, Investor Branch (WS22315)

If sending by courier mail, please provide us with the tracking number.

Sincerely,

Immigrant Investor Program
U.S. Citizenship and Immigration Services

Robert W. DeJulius| Senior Adjudications Officer | Division 3| USCIS | DHS | Laguna Niguel, CA 92677 | (949) 389-3443 | ✉: robert.deJulius@dhs.gov

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Chrysler, Allen

From: USCIS Immigrant Investor Program
Sent: Thursday, January 26, 2012 3:31 PM
To: Chrysler, Allen
Subject: FW: EB-5 Regional Center Support
Attachments: 20120125105704230.pdf

Another to print and interfile. Thanks.

- Chris

From: Congressional-Inquiries, CSC [mailto:CSC.Congressional-Inquiries@uscis.dhs.gov]
Sent: Wednesday, January 25, 2012 8:13 AM
To: 'Townley, Shelley'
Cc: 'USCIS.ImmigrantInvestorProgram@dhs.gov'
Subject: FW: EB-5 Regional Center Support

Hi Shelley,

We are unable to respond to your inquiry concerning your EB5 petition/inquiry. Please send your inquiry directly to USCIS.ImmigrantInvestorProgram@dhs.gov.

Note: This email is also being forwarded to the EB5 box directly.

Thank you and have a nice day,
Gloria U.
DHS – USCIS | Congressional Liaison Unit - California Service Center | 24000 Avila Rd. 2nd Fl., Laguna Niguel, CA
(Office: (949)831-8480 | FAX: (949)389-3409 | CSC.Congressional-Inquiries@dhs.gov

-----Original Message-----
From: Townley, Shelley [mailto:Shelley.Townley@mail.house.gov]
Sent: Wednesday, January 25, 2012 8:08 AM
To: Congressional-Inquiries, CSC
Subject: FW: EB-5 Regional Center Support

Good Morning,

Please see the attached letters from Congressman Heath Shuler, the NC Dept. of Commerce and Advantage West in support of the Application for Regional Center Under the Immigrant Investor Pilot Program.

I do not have a receipt number for the application by Appalachian Regional Center. Please let me know if you have any questions or concerns.

Kind Regards,

Shelley Townley
Constituent Liaison
Office of Congressman Heath Shuler
11th District of North Carolina

828-252-1651/fax-252-8734
shelley.townley@mail.house.gov
www.shuler.house.gov

Congressman Shuler wants to stay in touch with you. Please click here to subscribe to our newsletter.

Please consider the environment before printing this email.

-----Original Message-----
From: NoReply@mail.house.gov [mailto:NoReply@mail.house.gov]
Sent: Wednesday, January 25, 2012 10:57 AM
To: Townley, Shelley
Subject:

This E-mail was sent from "RNP01A588" (Aficio MP C5000).

Scan Date: 01.25.2012 10:57:04 (-0500)
Queries to: NoReply@mail.house.gov

No virus found in this message.
Checked by AVG - www.avg.com
Version: 10.0.1416 / Virus Database: 2109/4765 - Release Date: 01/25/12

ADVANTAGEWEST
Economic Development Group
NORTH CAROLINA'S MOUNTAINS
134 Wright Brothers Way, Fletcher, NC 28732 • Phone (828) 687-7234 • Fax (828) 687-7552 • Web: www.advantagewest.com

December 21, 2011

Department of Homeland Security
U.S. Citizenship and Immigration Services
California Service Center
ATTN: EB-5 RC Proposal
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

Dear Examiner:

The Western North Carolina Regional Economic Development Commission, (d/b/a AdvantageWest Economic Development Group) is the regional economic development partnership serving the 23 westernmost counties of North Carolina. Chartered by the state General Assembly in 1994, AdvantageWest is a nonprofit, public-private partnership governed by a 21-member board of directors. Our job creation initiatives focus on advanced manufacturing, entrepreneurial development, agribusiness, the green economy and the Western North Carolina Film Commission.

This letter expresses our strong support that the Appalachian EB-5 Regional Center application be approved by the United States Customs and Immigration Services as a regional center. Approval will spur foreign investment and create much needed jobs in our region. In October, the month with the most recent information available, our region had a 9.5% unemployment rate. It is my understanding the Appalachian Center's first priority will be the proposed Mountain Air project.

North Carolina ranks all 100 counties into three economic development distress tiers. A county ranked as Tier 1 is one of the most economically distressed and a Tier 3 county is the most economically prosperous. In January 2012, the AdvantageWest region will have twelve (12) Tier 1 counties (the most economically distressed), eight (8) Tier 2 counties and three (3) Tier 3 counties. The proposed Mountain Air project is located in Yancey County, one of the twelve Tier 1 counties in the AdvantageWest region. According to prominent economist Jeff Carr, the Mountain Air project could create 700 permanent jobs in the AdvantageWest region. It is part of the Regional Center's goal to create 5,000 jobs in five years in western North Carolina. It is exactly this type of investment that can help move North Carolina's economy forward and why the Appalachian EB-5 Regional Center and Mountain Air project have our full endorsement.

Should you have any questions, or need additional information, please contact Scott Hamilton, 828-687-7234 or e-mail him at shamilton@awnc.org. Thank you for your consideration.

Sincerely,

W. Thomas Alexander
Chairman

Scott T. Hamilton
President & CEO

ODLUM TROPAION LLC 04/10
1071 Terrace Court 740-704-3256
Zanesville, OH 43701

1136
56-929/441

DATE 3/14/12

PAY TO THE ORDER OF U.S. Department of Homeland Security $ 6,230.00

Six Thousand Two Hundred Thirty and XX/100 DOLLARS

Security features included. Details on back.

NORTH VALLEY BANK
1-888-347-4355

MEMO filing fees

MP

TRADITIONAL BLUE

(b)(4)

C30056

RECD CSC 12MAR30 19:30

1286

COPY

RECEIPT NUMBER		CASE TYPE I924
RCW1209050633		Application for Regional Center Under the Immigrant Investor Pilot Program
RECEIVED DATE March 30, 2012	APPLICATION TYPE: A (INITIAL)	REGIONAL CENTER NAME APPALACHIAN EB 5 REGIONAL CENTER
NOTICE DATE March 30, 2012	PAGE 1 of 1	REGIONAL CENTER ID ID1209050633
H RONALD KLASKO KLASKO RULON STOCK & SELTZER LLP RE: APPALACHIAN EB 5 REGIONAL CENTER 1800 JOHN F KENNEDY BLVD STE 1700 PHILADELPHIA PA 19103		NOTICE TYPE: Receipt Notice

Receipt Notice - This notice confirms that USCIS has accepted your "Application for Regional Center Under the Immigrant Investor Pilot Program" (Form I-924) for processing. This notice does not grant any immigration status or benefit. This notice does not grant any immigration status or benefit.

Processing Time – The current processing time for this type of case is estimated at 120 days. Unlike many other USCIS case types, verification or tracking of this case is not available on our website. We will notify you by mail when we make a decision on this case or if we need further evidence to establish your eligibility for the regional center designation.

Unique Identifier – In the top portion of this Notice, you will find a unique identifier that has been assigned to your Form I-924. Unlike a receipt number which changes with every filing, this unique identifier is *permanently* assigned to your approved or prospective regional center, and will be associated with any future request to amend the regional center. Please refer to your regional center's unique identifier as well as to the Form I-924 receipt number in all subsequent correspondence with USCIS regarding this application.

E-Mail Communication Regarding Your Pending Form I-924 Application – USCIS has established a direct e-mail communication tool to facilitate communication between USCIS and those applicants with pending Form I-924s. Form I-924 applicants may use the e-mail communication process to correspond with USCIS regarding pending Form I-924 applications, to include questions that may arise if USCIS issues a Request for Evidence (RFE) or a Notice of Intent to Deny (NOID). USCIS may also reach out to Form I-924 applicants via e-mail to informally ask for clarification on certain issues in order to facilitate USCIS' review, understanding, and adjudication of the Form I-924 application. USCIS may also e-mail a courtesy copy of the RFE or NOID to the e-mail address listed on the I-924 and, if applicable, to the e-mail address listed on the Form G-28 associated with the application.

Please use the following table to determine which email address has been assigned to your Form I-924.

If your unique identifier ends in the number:	Then please utilize this email address:
0, 1, or a 2	CSC-EB5-RCID0-2@dhs.gov
3, 4, or 5	CSC-EB5-RCID3-5@dhs.gov
6 or 7	CSC-EB5-RCID6-7@dhs.gov
8 or 9	CSC-EB5-RCID8-9@dhs.gov

Example: If a regional center's unique identifier is IDxxxxxxxxx0, then the regional center's Form I-924 has been assigned to email account CSC-EB5-RCID0-2@dhs.gov, as the unique identifier ends in "0".

E-Mail "Subject Line" Advisory - Please ensure that the subject line in your email correspondence contains the following information in this order: (1) Regional Center Unique Identifier; (2) Receipt Number; (3). Regional Center Name. Doing so will facilitate USCIS' timely handling of and response to your email correspondence.

E-mail Scope - This e-mail communication tool is to be used solely to facilitate communication between applicants with a pending Form I-924 and USCIS. The scope of the communication must relate to matters concerning the pending Form I-924. The direct e-mail communication initiative it is not a forum for general policy and legal questions about adjudicative procedures or decisions, or for questions relating to either "Immigrant Petition by Alien Entrepreneur" (Form I-526), "Petition by Entrepreneur to Remove Conditions" (Form I-829), or any "Appeal or Motion" (Form I-290B). USCIS will not respond to e-mails received concerning issues unrelated to the currently pending Form I-924. For more information about how to make other EB-5 inquiries, visit the EB-5 Inquiries page on the USCIS website (www.uscis.gov). USCIS will not respond to e-mails received concerning issues unrelated to the currently pending Form I-924 via this email communication process.

General Questions - USCIS has a page entitled EB-5 Inquiries at www.uscis.gov that outlines how the public may make other inquiries on EB-5 related matters, to include inquiries that you may have after the Form I-924 has been adjudicated. This page clarifies the EB-5 inquiries that are appropriate to send to the general EB-5 mailbox (at uscis.immigrantinvestorprogram@dhs.gov), and other avenues that can be used to send questions or inquires to USCIS that are not suitable for the general EB-5 mailbox.

Attorney Or Accredited Representative - If a valid Form G-28 is associated with the Form I-924, USCIS will need to have a viable Form G-28 e-mail address for the legal representative in order to use the e-mail process to correspond with the Form I-924 applicant. If a valid Form G-28 is associated with the Form I-924 applicant, but USCIS does not have a viable Form G-28 e-mail address, then one will need to be obtained prior to USCIS sending any out-going e-mail correspondence to the applicant which discuss issues related to the Form I-924. In such circumstance, the legal representative should provide an updated Form G-28 with a valid e-mail address by sending a pdf of a fully executed Form G-28 to the EB-5 mailbox at uscis.immigrantinvestorprogram@dhs.gov.

Please see the additional information on the back. You will be notified separately about any other cases you filed.

U.S. CITIZENSHIP & IMMIGRATION SVC
CALIFORNIA SERVICE CENTER
P.O. BOX 30111
LAGUNA NIGUEL CA 92607-0111
Customer Service Telephone: (800) 375-5283