ECONOMIC IMPACT

The development of the additional 50.57 acre tract into the Homestead, will create a positive economic impact for the County.

CURRENT COUNTY REVENUES

According to the Chatham County Tax Office, this tract currently yields the following tax revenue:

<table>
<thead>
<tr>
<th>Parcel No.</th>
<th>Number of Acres</th>
<th>2005 Tax Valuation</th>
<th>2005 Tax @ $.657 per $100 valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>#17419</td>
<td>50.57</td>
<td>$484,560.00</td>
<td>$3,183.56</td>
</tr>
</tbody>
</table>

It is notable that over $5,300.00 was paid in agricultural land use taxation when this tract was sold to the Gaines Brothers, LLC in November of 2004.

PROJECTED INCREASES IN REVENUE: INITIAL STAGES

First, the tracts will be improved with the initial roadway and utilities infrastructure. Second, the amenities area will be improved. Even before the first house is constructed at The Homestead, the property will have a substantial increased tax value. It is not uncommon for a development, even in the early construction stage, to result in such an increase.

The Homestead’s amenities area will, under this Modification, be shifted West, placing nearly all the amenities onto the 50.57 acre tract. The improvements within the first two years are estimated at one and a half million dollars. Those improvements, will, therefore, yield an additional $9,855.00 annually to Chatham County. The additional tax value is not new value, but is simply shifted from the original Homestead PUD to the 50.57 acre tract. The placement of the amenities area on this tract will yield better vistas and more open space.
Once subdivided, and before construction, lots in The Homestead are estimated to average $115,000.00. The original project asked for 475 lots and was thereafter approved for 454 lots. This new 50.57 acre tract will add 9 additional lots to the overall number of lots, bringing the total for the entire project to 463.

Nine new raw lots will more than double the current value of the 50.57 acres to $1,035,000.00 in value annually to the Chatham County Tax Rolls. At 2005 tax rates, this will garner an additional $6,800.00 in tax annually.

Once construction of residences is underway, projections of revenue rise dramatically.

Each of the 9 additional houses at The Homestead will have an average finished constructed value of $500,000.00. Thus, using the 2005 tax rate, the additional 9 houses will yield added valuation of $4,500,000.00 and additional tax of over $29,500.00 annually.

To recap, at build-out, this addition to The Homestead would yield the following ad valorem property tax revenues:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Use Valuation Recapture</td>
<td>$ 5,300.00</td>
<td>(pd in ‘04)</td>
</tr>
<tr>
<td>Raw Lots Value Increase</td>
<td>$ 6,800.00</td>
<td>(annually)</td>
</tr>
<tr>
<td>Constructed Residences</td>
<td>$ 29,500.00</td>
<td>(annually)</td>
</tr>
<tr>
<td>Clubhouse and Amenities (shifted from original tract)</td>
<td>$ 9,855.00</td>
<td>(annually)</td>
</tr>
</tbody>
</table>

**TOTAL:** $ 51,455.00
**TOTAL W/O LAND USE:** $ 46,155.00
OTHER TAXATION OR ECONOMIC BENEFITS:

Chatham County assesses an impact fee upon issuance of a building permit. That impact fee is currently $2,900.00. Thus, for the nine additional houses, the impact fee will total $26,100.00 in additional County revenues over the years in which The Homestead is built.

Tap on fees for the County Water System will add additional revenue. Current tap on fees are $2040 for a standard ¾” residential line. For the 9 additional residential connections, that would total $18,360.00 in total additional revenue over the build-out period.

Additional tax revenues will be available as a result of sales tax and motor vehicle taxes.

ADDITIONAL ECONOMIC IMPACT:

A substantial economic impact will result from the jobs which The Homestead will create for the local economy: Full time permanent jobs will be created in the development company, club house and spa. Construction jobs will be created during the build-out period. Landscaping and other service sector jobs will be created as demanded by the permanent residents.

As the County has had greater experience with high quality residential developments, such as The Preserve at Jordan Lake, Governors Club, Governors Village and Governors Forest, it has become more obvious that these developments are a tax gain, not a tax drain, on Chatham County.

In summary, The Homestead will produce a quality project, with superior economic and financial results for Chatham County.