

## LETTER OF COMMITMENT

**Project Name:** Austin Park Apartments

**Borrower:** Mainsail Development, LLC  
**Borrower Address:** 2780 East Fowler Ave #303  
Tampa, FL 33612

**Principal Name & Title:** Dustin D. Melvin - President

**Contact Telephone:** 813-961-0619  
**E-mail:** dmelvin@mainsaildevelopmentllc.com

The funding terms stated herein form the Letter of Commitment (the "Commitment") dated February 17, 2010, by and between **Mainsail Development, LLC** (the "Owner"), **Julie Holden** as Owner's consultant ("Consultant"), and **Rusco Investments, Inc.** in association with its subsidiaries and associate companies collectively known as the ("Investor").

**1. Property/Project:** Austin Park Apartments, a 268 unit garden apartment community, located at Piney Grove Road and Piney Woods Road in Columbia, South Carolina.

**2. Key Principals:** Owner will provide a general description of the ownership of the Owner, along with this signed Commitment, listing the names of all members of the Owner and their respective percentage interests, and all individuals and entities that have a direct or indirect control over the Owner. The ownership description shall include the Owner's management officials and all other persons involved in the day-to-day decision making of the Owner or any other individual or entity described in the ownership description.

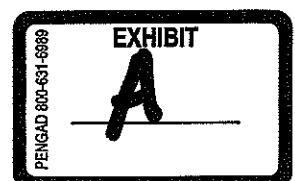
Key Principals:    **80% interest**    **Dustin D. Melvin**    **President**  
                          **20% interest**    **Roy Melvin**            **C.E.O**

**3. Funding Amount:** \$ 29,800,000

**A.** The Loan requested by Owner to complete the Project is Twenty Nine Million Eight Hundred Thousand (\$29,800,000) USD (the "Funding Amount"). Subject to Owner's acceptance of this Commitment and the placement of 1% of the Funding Amount (\$298,000) with the Investor, Investor shall make available at closing, the necessary funds that must be expensed either to the Owner or expensed on behalf of commitments of the Owner, in the first requisition for funding.

**4. Terms and Guidelines:**

**(A). Term:** Investor will take an equity position in the Project of 60% of the Funding Amount ("Investor's Equity"). A lien will be placed on the Property by Investor at closing (the "Lien"). A mortgage will be placed on the Property by Investor at Project completion



(the "Mortgage") for 60% of the Funding Amount, to be paid in accordance with Section 8 of this Commitment. Funding is non-recourse to all principals.

**(B). Buyout Provision: OWNER'S RIGHT OF REPURCHASE:** Following the Project Completion Date and until the Property is sold, Owner shall be allowed to repurchase 50% of Investor's Equity at a price of 54% of the outstanding Mortgage balance or may repurchase 100% of Investor's Equity at a price of 109% of the outstanding Mortgage balance. Owner shall indicate to Investor within six (6) months after the Project Completion Date, which, if either, of the above options it intends to exercise.

**5. Loan to Value Ratio:** The Loan to value ratio shall be no more than eighty-two percent (82%) of the as built or completion value of the Project.

**6. Interest Rate:** An annual percentage rate, to be negotiated in the mortgage agreement, will be charged on the outstanding Investor's Equity, until it is retired. No interest shall be due or payable during the first twenty-four (24) months from date of commencement of the Project.

**7. Repayment/Prepayment:** The Loan shall be repaid as follows: the Mortgage will be placed on the Property by Investor for 60% of Funding Amount. Loan repayment shall be paid in accordance with mortgage agreement, by Owner, until debt is retired or until the Buyout Provision in Section 5(B) is exercised.

**8. Security:** The Loan shall be evidenced by a promissory note and trust deed from the Owner and secured by a title insured first position lien and first priority security interest, as applicable, in the Project and all collateral, property, equipment, leases, rents, revenue, and reserves, funded by the loan proceeds, if applicable.

**9. Third Party Reports; Due Diligence:** Investor may require additional due diligence that may include, but is not limited to; Investor's review, verification and approval at its sole discretion of the following: (a) a current MAI appraisal; (b) a Phase I environmental report (and any further Phase II study or asbestos survey, if deemed necessary by Investor); (c) a structural engineering report, if deemed necessary by Investor, (d) and any other report, survey and/or analyses deemed necessary by Investor. Owner shall be notified and consulted prior to any ordering of third party reports and due diligence. In this case, funds from the initial funding payments, from the first requisition, may be utilized to procure any and all engineering, geotechnical reports and architectural designs as those that may be required. Upon obtaining any such reports or designs, the Owner shall make them all available to Investor.

**10. Owner's Fee Deposit:** Upon execution of this Commitment by all parties as well as review and approval of Loan documents by Owner, Owner shall deposit a fully refundable fee ("Owner's Fee") equal to one percent (1%) of the Funding Amount (\$298,000) with the Investor. If for any reason the project does not fund, the entire Owner's Fee shall be refunded to Owner.

**11. General Closing Conditions & Requirements:** Notwithstanding anything in this Commitment to the contrary, Investor is obligated to fund the project once (a) all terms and conditions set forth in this Commitment are satisfied; (b) Investor issues a request for the Owner to clear any open conditions upon which the Loan will be funded with a mutually

agreed upon draw schedule, and (c) Owner has signed and returned this Commitment and deposited Owner's Fee with Investor. Investor may decline to issue Closing Documents for any reason, in its absolute discretion, including if Investor shall determine that the terms and conditions in the real estate, franchise market or financial markets are unacceptable. Issuance of Closing Documents is subject to satisfactory completion by Investor of its due diligence, including review and approval of all information that Investor deems pertinent in its sole discretion. This Commitment, and every term hereof, is issued with the following conditions where applicable:

- a. Receipt of Title Report and Policy (when applicable).
- b. Executed Commitment along with Section 11, Owner's Fee deposit.
- c. Executed Document Package where applicable.
- d. Any other documents as specified by Investor as needed.

**12. Closing Costs:** Owner will be required to pay all costs, fees, and expenses (as long as those cost, fees, and expenses have been approved in advance by Owner) arising in connection with the Loan at Closing. These may include, for example, title insurance premiums, title search fees, recording fees, documentary stamps, intangible tax, survey charges, funding fees and other expenses. Owner will also be obligated to pay reasonable Attorneys' fees (as long as those fees have been approved in advance by Owner) and costs incurred in connection with the Loan. If Investor's attorneys are required to perform any extraordinary services in connection with the Loan, or if the Loan does not close on the date scheduled, as a result of some occurrence or issue to be resolved that has not arisen from Investor's activity or lack thereof, extra fees may accrue. Investor will have no obligation to pay mortgage brokerage commissions, finders fees, or the like in connection with the Loan (except where duly documented); and Owner will indemnify and hold Investor harmless from claims for such commissions or fees.

**13. Attorney's Fees and Costs in the Event Loan Does Not Close:** Owner, by accepting this Commitment from Investor, agrees that should the funding fail to close for any reason other than the arbitrary refusal of Investor to close, that Investor's counsel shall be entitled to be reimbursed for any reasonable out-of-pocket costs and to be paid a reasonable fee for its services through the termination date to be paid immediately upon receipt of a statement.

**14. Expenses of Investor Project Funding Monitoring:** Once this Commitment is fully executed, Owner shall be obligated to pay all mutually agreed upon, and reasonably incurred out-of-pocket expense by Investor and its attorneys (as long as those expenses have been approved in advance by Owner), and Construction Loan Monitoring professionals, in connection with the funding.

**15. Loan Documents:** Owner will be obligated at Closing to execute and deliver the loan documents provided in order to effect the terms and intent of an executed Closing (the "Closing Documents"). The Closing Documents shall contain the terms of this Commitment as agreed to by Owner and Investor.