



DRAFT
Bozeman Cohousing
Land Purchase Investment Overview
12/26/2019
Ver. 2.02

Introduction

Bozeman Cohousing is a group of local residents, which includes MSU professors, business owners, veterans, and retirees. Cohousing is a type of small neighborhood that is designed and developed by the future homeowners. The homes are designed to facilitate strong community ties among neighbors while also providing the privacy of individual dwellings. There are over 150 similar cohousing communities across the United States, most of which have waiting lists to buy in, but ours will be the first cohousing community in Montana.

To accomplish this, we are working with a consultant who specializes in cohousing development as well as an architect with extensive cohousing design experience. Our homes will be modest, market-rate dwellings (unless we are able to secure subsidization) that are designed with sustainability and conservation in mind. We plan to set aside large areas for gardens and open space where children can play and adults can socialize.

Cohousing facilitates increased affordability and sustainability. Social relationships and shared amenities allow residents to comfortably occupy a smaller, more affordable, and more sustainable home. The physical design facilitates aging in place as well as an intergenerational community rich in opportunities for children and support for parents. In addition to helping residents live more meaningful, affordable, and successful lives, cohousing can also benefit Bozeman more broadly; it is a model for humane and vibrant density that will facilitate the preservation of open space and agricultural land. These positive and innovative aspects of the project have earned media coverage and the financial and programmatic support of Montana State University. The investment we are proposing is not only a financial deal, but also an investment in this place and the people who live here.



Status

We have raised about \$100,000 from our development group (Bozeman Cohousing) to fund feasibility and the initial stages of design, which will be the sole responsibility of the development group, which is prepared to continue to fund the design and development process. The group includes over 10 committed households ready to buy units once completed. The number of committed buyers has been consistently growing.

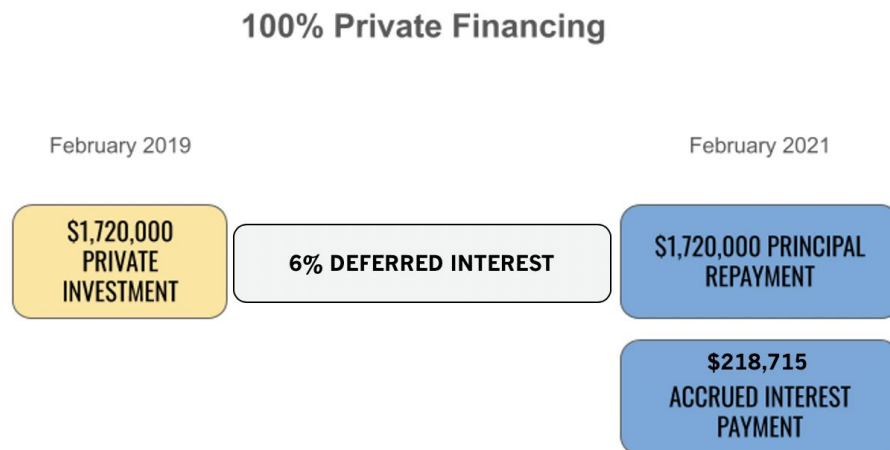
Opportunity

Our group, Bozeman Cohousing, is currently under contract to purchase the 5.3 acre property at 3120 Wagon Wheel Rd. for the amount of 1.72 million dollars. We are in the process of annexing the property into the City of Bozeman, which is anticipated to increase the value of the land. The land will collateralize the proposed investment. We have received an opening investment of \$150,000 toward the land purchase and are soliciting additional investors to supplement this investment or potentially replace it were the terms more advantageous. Our goal is to find accredited investors who support our mission of community building and sustainability, and are interested in using their investment to facilitate this exciting project.

There are two potential avenues to land financing we have identified:

Option 1: 100% Private Financing

This scenario involves private financing to cover the cost of the land purchase entirely. The diagram below depicts the investment structure:

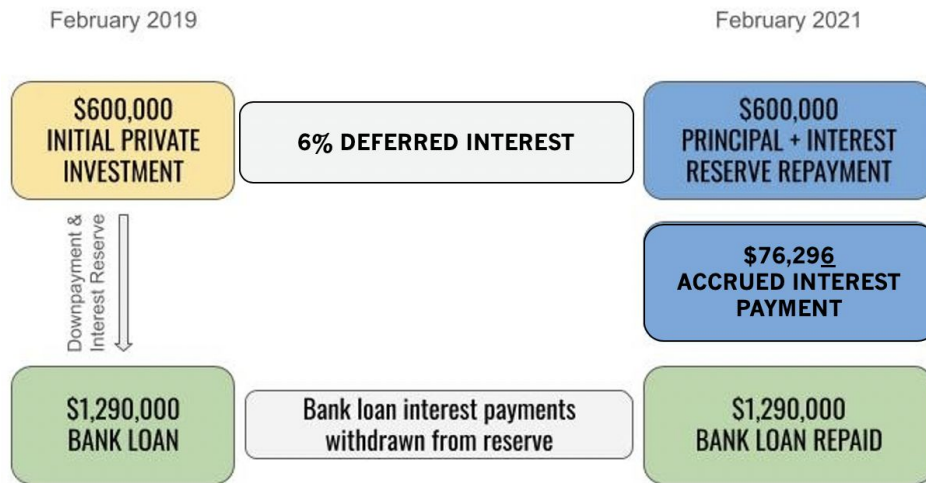




Option 2: Bank Loan Leveraged Private Financing

This scenario involves private financing to secure and service a bank loan, which together covers the entire cost of the land purchase. The diagram below depicts the investment structure:

Bank Loan Leveraged Private Financing



Prospective Terms

Investors will accrue interest monthly on all money invested. Payment of interest will be deferred until the date of closing on the sale of the land to Bozeman Cohousing (Bozeman Coho LLC), who will have exclusive right to purchase the land on or before February 20th 2022. Terms of the sale will include payment by Bozeman Cohousing of principal (\$1.72 million), accrued interest, taxes, insurance, and closing costs.

Bozeman Cohousing will lease the land for \$1/yr or otherwise have exclusive right to pursue development on the land, responsibility to maintain the property, and exclusive right to any income generated by use of the property until February 20th, 2022.

If Bozeman Cohousing does not purchase the land by February 20th, 2022, and the investment was made by a single individual or entity, that individual or entity will gain exclusive right to the land. If multiple investors participate, each will have the opportunity to force sale of the land or choose to hold onto their share. If some investors wish to sell and others wish to stay invested, investors will have first right to buy each other out of shares at a market rate established by multiple appraisals.



Overall Project Cash Flow

As mentioned above, cohousing is developed by the future residents. The development group (Bozeman Coho LLC), currently consists of 11 full members and 10 additional households who have begun the membership process. We are currently conducting feasibility on the land, which will yield an exact unit count. As the project moves along, we will continue to market and gain members with a milestone of at least 80% pre-sold to secure construction financing. The purpose of the land investment is to bridge from the land purchase to construction financing. Development costs (unsecured design, legal, marketing fees) will be funded by the future residents through the development group. The chart below describes the conceptual cash flow for the project. The following page includes the project P&L.

Project Conceptual Cash Flow





Bozeman Coho LLC
3120 Wagonwheel Rd

21-Nov-19
 11:46 AM

P & L SUMMARY

PRELIMINARY PROFORMA BUDGET

This budget is preliminary and has been prepared for discussion purposes only. Costs are estimates and may not be accurate. This budget will be revised as the design is finalized and more accurate costs estimates are obtained.

Prepared:	KMc	EB
Updated:	17-Oct-19	21-Nov-19

REVENUE:	NOTES	CURRENT BUDGET	% OF SALES
RESIDENTIAL SALES Total Units= 36		\$ 16,056,150	95.9%
LOCATION PREMIUMS		\$ 50,000	0.3%
OPTIONS & UPGRADES 40%		\$ 140,000	0.8%
GARAGES 20 spaces \$ 25,000		\$ 500,000	3.0%
CARPORTS		\$ -	0.0%
MISC INCOME			0.0%
TOTAL SALES REVENUE		16,746,150	100.0%

COSTS:			
01 ADMIN., LEGAL, & MISC.		279,000	1.7%
02 PERMITS & FEES		297,000	1.8%
03 DESIGN & ENGINEERING		575,500	3.4%
04 COMMON FURNISHINGS Group Allowance		20,000	0.1%
05 LAND ACQUISITION		1,915,000	11.4%
06 MARKETING Group Allowance		485,000	2.9%
07 PROJECT MANAGEMENT		485,000	2.9%
08 FINANCING		727,309	4.3%
09 COSTS INCURRED AT CLOSING	1	0	0.0%
10 CONSTRUCTION		10,070,400	60.1%
		-	0.0%
12 CONTINGENCY		130,000	0.8%
			0.0%
TOTAL DEVELOPMENT COSTS		14,984,209	89.5%
PROJECTED DISTRIBUTABLE CASH	2	\$ 1,761,941	10.5%
		\$ 16,746,150	

DISTRIBUTABLE CASH TO BE ALLOCATED AS FOLLOWS:

DEVELOPER FEE	\$ 880,970
COMMUNITY-TO THE HOA for additional capital improvement	\$ 440,485
INVESTORS & PARTICIPATING NOTEHOLDERS	\$ 440,485

NOTES:

- 1 All closing costs at unit closings to be paid by Buyers
 Distributable Cash may vary depending on requirements of the construction lender, amount of investment, and final actual costs.
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