



## INVESTMENT SUMMARY FOR MORRISON HILLS RETIREMENT COMMUNITY, LP

We are borrowing from Prudential Insurance and insuring through HUD. This gives us a low interest rate of a net 4.56% non-recourse financing amortized over 40 years.

The total Project Cost is \$17,925,843 with an Equity requirement of \$4,425,843. \$2,930,858 of the equity requirement must be in cash escrow. The other \$1,494,985 is to be in asset or cash based escrows of \$479,000 for Initial Operating Deficit, \$540,000 for Working Capital, and Debt Services Escrow of 380,500 (for the \$ \$1,494,985) and can be in one or multiple letters of credit ("LOC") that expire and are released in 3-4 years once 93% stabilized occupancy is achieved

We are asking for \$60,000 per unit for 1% ownership for Partnership. We need a minimum of \$3,000,000 for the Cash requirement. HUD has limited ownership to a maximum of 25% ownership for the cash requirement for the Limited's with no limit for the General Partner. Additionally, we are asking for one or more LOCs for a maximum of \$1,500,000. One percent (1%) ownership will be given per \$60,000 of LOC. The LOC can be collateralized by almost any asset, including qualifying investments that may remain in place during the time of commitment. There is no 25% limitation on the LOCs. Once the LOC is released, Limited Partners, who participated with a LOC equity will remain with the ownership awarded for the use of their assets.

The investment is being made through a Private Placement Memorandum which requires a minimum net worth of \$1,000,000 or access to information that would presumably allow an investor to make completely informed investment decisions. Those investors are known as "accredited" or "sophisticated" investors.

Initial projections show an 8-14% return on cash and LOC investment. In today's environment, senior living is a great way to invest in a well underwritten project

Construction is expected to take 12 months. Year One of Operations is expected to show a loss of \$305,000. Thereafter, we will engage a specialized CPA firm to perform a Cost Seg analysis to gain significant tax advantages for the owners. Each investor will need to consult with their tax advisor as to the effect of their participation on each investor personal tax situation

We have been in the development stage of this most recent effort of this project since the end of October 2019. All City requirements have been met and approved and all HUD requirements except for the finalization of equity requirement are in place for submittal. Once all equity commitments are finalized, complete financing package will be submitted to the Department of Housing and Urban Development ("HUD") by PGIM, the real estate finance division of Prudential. We are participating in the one step approach, so are anticipating a 6-8-week turnaround with a closing shortly thereafter. Construction permits can be obtained and started as soon as we close

For more information about the investment, please email Tom Coplin, [tcoplin717@yahoo.com](mailto:tcoplin717@yahoo.com), or call him on his mobile at (225) 247-1566. Thank you for your time and consideration.

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