

CONFIDENTIAL

REAL PROPERTY CO-TENANCY PURCHASE DISCLOSURE MEMORANDUM

FOR THE PURCHASE OF
TENANT-IN-COMMON INTERESTS
IN THE TITLE OF THE
[REDACTED] **TOWNHOMES**
DEVELOPMENT PROPERTY
[REDACTED] Blvd.)
[REDACTED] [REDACTED]



(artistic rendering of the current [REDACTED] Townhomes project design – east elevation) (subject to change)

This information is provided only for prospective property interest purchasers and their financial and/or legal advisors.

For more information, please contact:

The date of this Memorandum is:

July 4, 20[REDACTED]

Memorandum #

[REDACTED]
TOWNHOMES LLC

Building
Suite [REDACTED]
USA

Telephone: [REDACTED]
Facsimile: [REDACTED]
E-mail: info@[REDACTED]

This cover page continued on the following pages.

Tenant in Common Interest

\$13,500 per Unit

Each Unit equals a 0.18% Interest in the Property

Recommended Minimum Purchase: 10 Units (\$135,000) (1.8% Interest)

Maximum Offering Amount: 500 Units (\$6,750,000) (90% Interest)

Expandable to 555 Units (\$7,492,500) (99.9% Interest)

██████████ Townhomes, LLC, a ██████████ limited liability company (“we”, “us”, “our”, “Owner”, “Seller”, “Manager”, or “Developer”), is offering for sale up to 500 (expandable to 555) undivided co-tenancy interests (the “Interests” or “Units”) in the title of our real property comprising approximately 0.67 acre located on the southwest corner of ██████████ and ██████████ Boulevard in the City of ██████████ (the “Property”), whereupon we intend to build Freedom Pointe Townhomes, a planned new construction multi-unit residential and commercial (mixed-use) condominium development recently approved by the Provo City Planning Commission (the “Project”).

The Interest represents a fee simple Tenant in Common Interest in real property and improvements that are offered to any accredited or otherwise sophisticated purchaser who wishes to acquire less than full ownership of the Property by acquiring an Interest in the title of the Property as a co-owner (“Tenant in Common”) pursuant to the Tenants in Common Agreement attached as an exhibit hereto.

This document, which may be supplemented or amended from time to time, including all exhibits attached hereto and other information incorporated herein by reference, is our Confidential Real Property Co-Tenancy Purchase Disclosure Memorandum (collectively, the “Memorandum”), which describes the nature and risks associated with the Property, the Project, and the Interests. The Interests may be offered only to persons of substantial means who qualify as “accredited investors” as described under Rule 501(a) of the Securities Act of 1933 (the “Act”) and/or otherwise sophisticated persons who can accept the risks associated with real estate development. Seller will rely on representations of each potential purchaser that they are accredited or otherwise sophisticated investors for such purposes.

Seller believes that the Interests are not “securities” under ██████████ law or under the Act and no registration is required under the Act. However, to protect itself from any potential claim in this regard, where possible, it has taken steps to comply with exemptions from registration available under the Act, and state securities laws, if applicable.

To the best knowledge of Seller, this offering of an ownership Interest in this Property is, where applicable, in compliance with all requirements for exemption from registration under the Act, and in compliance with appropriate state securities regulations. Each purchaser of an Interest will be required to represent in writing that he or she is acquiring an Interest for investment purposes only and not with an intent of, or in connection with, any redistribution or resale within the meaning of the Act or otherwise.

THE INTERESTS ARE SUBJECT TO A HIGH DEGREE OF RISK AS SET FORTH IN THE “RISK FACTORS” SECTION OF THIS MEMORANDUM. DO NOT PURCHASE AN INTEREST UNLESS YOU CAN ACCEPT THESE AND OTHER RISKS AND UNLESS YOU CAN AFFORD A TOTAL LOSS OF YOUR INVESTMENT.

THE INTERESTS HAVE NOT BEEN APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES AUTHORITY OF ANY STATE NOR HAS THE COMMISSION OR ANY SUCH STATE PASSED ON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL AND IS A CRIMINAL OFFENSE.

	Price to Purchasers	Selling Costs (1)(2)	Proceeds to Seller (3)
Per Unit (4)	\$13,500.00	\$1,215.00	\$12,285.00
Minimum Purchase (4)	\$135,000.00	\$12,150.00	\$122,850.00
Maximum Offering (5)	\$6,750,000.00	\$607,500.00	\$6,142,500.00

FOOTNOTES:

- (1) In connection with the sale of Units, where permitted by law sales commissions and/or finder fees up to six percent (6%) of the subscription amount may be paid. Only licensed realtors, issuer-agents or FINRA registered brokers may receive sales commissions. In no case will such fees or commissions exceed six percent (6%) of the subscription amount.
- (2) Non-accountable marketing expenses of three percent (3%) of the gross proceeds of the offering, of which up to one percent (1%) may be reallocated to participating selling realtors or broker-dealers for marketing and due diligence, may be paid in connection with the purchase of Units.
- (3) Net proceeds are calculated before deducting expenses, such as legal, tax, accounting, title insurance, closing costs, printing, mailing and other similar out of pocket expenses estimated at 2% of the aggregate offering amount.
- (4) No minimum number of Units needs to be sold for the offering to proceed. Funds will not be escrowed and will become immediately available to the Developer to proceed with its business plan and objectives and will not be conditioned upon any event precedent.
- (5) The Offering may be increased at the Seller's option up to 555 Units (\$7,492,500).

Purchasers should be aware that Seller is acting only on its own behalf and, prior to purchase of an Interest in the Property, neither Seller nor any affiliate of Seller is acting as a fiduciary for Purchasers. More than one Purchaser may acquire an Interest in the Property at any time.

In purchasing an Interest, each Purchaser confirms that neither Seller, nor any affiliate, has made any representation of any kind with respect to any investment success of the Property, nor the Interest, nor the tax advantages which may be realized by this transaction, if any, nor any other representation other than the information contained in this memorandum, including, but not limited to:

- the nature of the Interest;
- the profitability of the Interest;
- the holding of an undivided Tenant in Common Interest in the Property; or
- the suitability of the Interest or Property as a replacement Property under Section 1031 of the Internal Revenue Code, as amended (the "Code").

Seller does not, and cannot, make any representation as to the success, or lack thereof, of the Property, the Project, the ownership of an Interest in the Property, or the appropriateness of a purchase of an Interest in the Property for the Purchaser's individual tax or investment situation. Each person must rely on his or her own examination of the Property, including the merits and risks involved in owning the Property.

EACH POTENTIAL PURCHASER IS REQUIRED TO RETAIN HIS OR HER OWN LEGAL AND/OR TAX COUNSEL IN CONNECTION WITH A PURCHASE OF THE PROPERTY AND EACH PURCHASER MUST RELY SOLELY ON SUCH COUNSEL WITH RESPECT TO THE SUITABILITY OF THE INTEREST FOR INVESTMENT OR QUALIFICATION AS A "REPLACEMENT PROPERTY" AS SUCH TERM IS DEFINED UNDER SECTION 1031 OF THE CODE. PURCHASER ALSO MUST UNDERSTAND THAT THE SELLER HAS NOT OBTAINED A RULING FROM THE INTERNAL REVENUE SERVICE THAT INTERESTS WILL BE TREATED AS UNDIVIDED INTERESTS IN REAL ESTATE AS OPPOSED TO PARTNERSHIP INTERESTS. THE TAX CONSEQUENCES OF A PURCHASE OF AN INTEREST IN THE PROPERTY, ESPECIALLY THE QUALIFICATION OF SUCH INTEREST UNDER SECTION 1031 OF THE CODE AND THE RELATED "1031 EXCHANGE RULES" ARE COMPLEX AND VARY WITH THE FACTS AND CIRCUMSTANCES OF EACH INDIVIDUAL PURCHASER. ACCORDINGLY,

EACH PURCHASER REPRESENTS AND WARRANTS THAT: (I) HE HAS CONSULTED HIS OWN INDEPENDENT TAX ADVISOR REGARDING A PURCHASE OF AN INTEREST IN THE PROPERTY AND THE QUALIFICATION OF THE TRANSACTION UNDER SECTION 1031 OF THE CODE, (II) HE IS NOT RELYING ON THE SELLER, ANY OF ITS AFFILIATES, OR AGENTS, INCLUDING ITS COUNSEL AND ACCOUNTANTS, FOR ANY TAX ADVICE REGARDING TO THE QUALIFICATION OF THE INTERESTS UNDER SECTION 1031 OF THE CODE OR ANY OTHER MATTER, AND (III) HE IS NOT RELYING ON ANY STATEMENTS MADE IN THIS MEMORANDUM OR ADDENDA THEREOF REGARDING THE QUALIFICATION OF THE INTERESTS UNDER SECTION 1031 OF THE CODE.

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