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Sent: Mon 9/30/2013 10:06:16 PM Coordinated Universal Time

Subject: Buffington Chart
Attachment: Buffington Chart.pptx
Attachment: Buffington Chart.pdf

Attached is a chart that shows our reorganization strategy for acquiring Buffington Homes and Land. Please review.

Chris Urbina

Cielo

500 N. Capital of TX Hwy. Bldg. III, Ste. 120 Austin, TX 78746 512-328-0000 x136 (w) 512-484-3094 (c)

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Cielo HB SPE Organization/Strategy Chart

Estimated Closing Costs

\$1 MN

CIELO HB SPE (\$22MN)

Capitalization: \$19.8MN Mackinac, \$2.2MN Cielo GP (10% of total capital on parri passu basis)

Ownership: 70-50% to capital partners, remaining

shared equally between Mackinac and CEH.

\$1 MN

\$20 MN

Release Land and Lots from UDF

Buy HB A Shares from UDF

2% Mgmt Fee 4% Closing Fee Split to Carry

2% Mgmt Fee 4% Closing Fee Split to Carry

Sells lots at predetermined takedown price

CIELO HOMEBUILDING (CH)

Controls Management

Capitalization: \$30 MN Revolver (4.5% Interest Rate)
Purpose: To drop cost of capital from 5% to 2%
adding \$2-2.5MN EBIDA and establish controlling

interest in CH

Distribution Waterfall

	Beginning Tier	Catch-up Rate	Ending Tier
Tom/Patrick (Carry)	10%	70%	40%
Cielo-Buff (\$22MN)	90%	30%	60%

Until Investor Return of Capital + 10% Until Carry caught up to Ending Tier

CIELO LAND I (CL I)

Approximately 1300 Lots with continuing CapEx

Capitalization: \$22MN from Legacy Stakeholders Purpose: Provide vehicle to secure 36 months of lot supply and to subordinate developed lots to CH in order to secure lower cost financing

Distribution Waterfall

Beginning	
Tier	Ending Tier
0%	100%
100%	0%
	Tier 0%

Until Investor Return of Capital + 10%

CIELO LAND II (CL II) (ESTIMATED \$30MN FUTURE FUNDING)

Capitalization: Separate from Cielo HB SPE funding Purpose: Provide vehicle for new land opportunities and future lot supply

Distribution Waterfall

Beginning	
Tier	Ending Tier
0%	100%
100 %	0%
	0%

Until Investor Return of Capital + 10%

Critical Path Items

- Finalize structure and terms with all partners
- 2. Purpose to Tom Buffington
- 3. Secure UDF approval
- 4. Finalize with legacy stakeholders
- 5. Close

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