

Vidco Capital, LLC

Commercial Mortgage

Community Development District & Special Assessment Bonds Due Diligence Checklist

The following documents should be in the following order and sent in electronic format.

- A. General Information on the Proposed Development
 - a. Description of Development
 - b. Project timeline including history
 - c. Location (include maps and photographs if available)
 - d. Is the development subject to zoning regulations and building codes?
 - e. What are the adjacent land uses? What are the nearest competing housing developments?
 - f. Has the development group acquired title to the land? If so, what is the current debt versus appraised value?

- B. Proposed Development
 - a. What is the status of development at this time? Has any construction work been initiated? Are there any mechanics liens or other encumbrances on the property?
 - b. Who is the design engineer? Who will be the inspecting engineer?
 - c. Identify the general contractor? Will the contractor be bonded on this job? Obtain a copy of the proposed form of bond.
 - d. Will the work be done under maximum not-to-exceed contracts?
 - e. Is a drawdown schedule available?
 - f. Will there be provision for liquidated damages for failure to complete on time?
 - g. Describe the inspection procedure in connection with draw down of funds? Will waivers of liens be provided prior to any drawdown of funds?
 - h. What are the detailed land and improvement costs?
 - i. Is the land owned 100% by the developer? If not, are there options? Is there a lien or mortgage on the land?
 - j. What are the projected lot sales prices? Are there any comparables in the area?
 - k. What funds will the developer draw from bond proceeds at closing or during the construction phase?

- C. Developer
 - a. Background and Experience
 - i. Background on company and principals
 - ii. Experience in Louisiana development and overall development experience

Vidco Capital, LLC

Commercial Mortgage

- iii. Is the developer properly licensed to do business in Louisiana?

- b. Financial Strength
 - i. How/when will any developer equity be paid into the project? For how much will each principal be at risk?
 - ii. Organizational / ownership chart of the LLC, Partnership, or Development Company who will own the project
 - iii. What are the sources of equity for the developer? We will need to review the developer's financial statement to determine sufficient resources to provide initial equity and to cover assessments on unsold lots.
 - iv. Is the developer or any of the principals subjects of lawsuits?
 - v. Is there any history of defaults or bankruptcy on the part of the developer or its principals?
 - vi. Attach financial statements of each principal who will have a stake or equity interest in the project. Provide 3 years of detailed information especially on the primary equity partner.

Studies and Information to be obtained:

1. Feasibility study
2. Site maps/plans
3. Photographs of project site and surrounding area
4. Developer's financial statements
5. Proposed construction contract
6. Form of contractor's bond
7. Proposed construction and draw schedules.
8. Copies of zoning, construction, wetlands and other required permits or approvals
9. Land sale/purchase agreement
10. Engineering study
11. Articles of Incorporation or partnership agreement.

If there is any additional information which would be beneficial or informative please include. If you have any questions, please do not hesitate to call.

Kenneth W. Vidrine
Vidco Capital, LLC
Commercial Mortgage
1602 W. Pinhook Rd. Suite 211
Lafayette, LA 70508
kvidrine@vidcocapital.com

www.vidcocapital.com