

SITLA Preferred Joint Venture Transaction Terms

1. A single purpose LLC is created to develop, construct, market and manage the project. Our partner is the Managing Member.
2. 50/50 partnership
 - a. SITLA contributes land at agreed value and cash if needed
 - b. Developer/Partner matches SITLA equity with cash contribution
3. Project/LLC pays market fees to Managing Member for functions (i.e. development, construction, marketing, property management etc.) it directly performs. There is no layering of fees. Example, the Managing Member would be paid a construction fee if it were the general contractor but would not be paid a construction management fee for overseeing a contractor.
4. In limited cases, fees can accrue to equity requirements.
5. LLC can leverage project at 60 to 70 percent of value.
6. SITLA cannot sign on loan; if recourse financing is used, Developer/Partner is the only signing party.
7. SITLA is interested in partners with long-term vision. As such, 5-year prohibition against buy-outs within partnership is reasonable. Reasonable penalties in place otherwise.
8. SITLA & Developer/Partner has option after designated period to adjust ownership through buy-out.
9. Positive cash flow distribution to LLC members.
10. Economic requirements are a reasonable teen IRR expectation and at least a 20 year hold period.
11. A competitive process is expected in most circumstances.