



Sandpiper Real Estate

FRACTIONAL OWNERSHIP CONCEPT

Introducing Oceanfront Vacation Homes at a *Fraction* of the Price

Recent skyrocketing prices of desirable oceanfront properties has made it more difficult than ever to buy your own beach vacation home. Even in absence of the hefty expense of owning one of these dream homes on your own, the time and effort required to manage and maintain your investment is more than most busy professionals can fit into their schedules. Considering that that average second home owner uses their property less than 3 weeks a year, the amount of effort and expense involved is not easily justified by the amount of actual use and enjoyment you could get out of investing in an entire property.

FRACTIONAL OWNERSHIP PURCHASE

Fractional Ownership is a middle ground solution to vacation home ownership. It is between whole ownership, with sole responsibility, and timeshares where you purchase restricted time, not the real estate itself. With Fractional Ownership, you own an "undivided fractional fee simple interest" in the property which can be passed down through generations or resold. Just as you might arrange among family members or friends, Fractional Ownership is simply the shared purchase of an otherwise costly asset. Each owner pays an equal share and receives an equal percentage ownership of the asset. Via a Tenant In Common deed, you will each own a piece of coastal Real Estate.

PROFESSIONAL PROPERTY MANAGEMENT

The addition of a Professional Vacation Property Manager allows the owners of Sandpiper to use their investment much the same as you might a vacation rental, but without the rent!

OWNER'S USE CALENDAR

Any Owner's Use Calendar must be elected by the Owner's Committee with a 2/3 majority. For illustration purposes, we have provided one possible Owner's Use Schedule for 2007 & 2008, which provides each owner with rights to occupy the property during specific assigned weeks across each season. In such a model, weeks would be distributed such that each Owner receives one Season Week per season, Spring, Summer, Winter and Fall. The rotation process in this example is a round-robin Season Week assignment. Fraction A would begin the rotation in 2007, with each successive fraction being assigned the next week in rotation. Each Fraction would begin the annual rotation in subsequent years in order, from Fraction A through Fraction L, allowing for equitable access to all weeks by all owners.

FRACTIONAL FINANCING

Conventional Mortgage financing is available to qualified borrowers through a number of lenders serving the fractional real estate market. One of these is Paragon Mortgage of Wilmington, NC, a specialist in the fractional financing market. Any mortgaging of a fractional real estate interest by one owner to secure financing will not encumber the ownership interests of any others. Various owners will likely have varying others sources for closing funds as well, including cash, home equity loan, 1031 exchange, and retirement or REIT rollovers.

USE IT BUT DON'T LOSE IT

Since you are only buying the portion of the vacation home that you are likely to use, you will save yourself tens of thousands of dollars in needless expense. Furthermore, in the event you cannot take advantage of any of your Season Weeks, you may choose to rent the week through the Property Manager.

WORRY-FREE VACATION HOME OWNERSHIP IS A REALITY

Fractional Ownership makes owning a 2nd home a trip to the beach, not a 2nd job. Now you can enjoy all the benefits of owning a piece of the beach yourself, without the hassle so typically associated. All you need to do is show up for your vacation. The sharing of expenses across 12 owners makes it possible to have the luxury of a professional management company take care of all the headaches for a single monthly fee. Our Property Manager will collect HOA dues, pay the bills, maintain the property, and have it ready for your vacation when you arrive. Remember, your portion of the operating expenses, interest and depreciation may be tax deductible, significantly reducing your after-tax cost.*

*. Please consult your accountant or attorney to determine your own tax impact.