PLAINTIFF'S EXHIBIT 5

PENGAD-Bayonne, N.J.

JAY PEAK
VERMONT

# Jay Peak Penthouse Suites L.P.

## A Limited Partnership Chartered in the State of Vermont

An investment opportunity within a Ski & Golf Resort located in the State of Vermont, a US Government Designated Regional Center, structured to assist investors obtain EB-5 Visa giving Lawful Permanent Residency in the United States.

# Private Offering Memorandum

rapid Visas

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JAY PEAK
VERMONT

# JAY PEAK PENTHOUSE SUITES L.P.

A Limited Partnership Chartered In the State Of Vermont


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*This Offering Memorandum contains important information about the Limited Partnership to which Investors should become familiar prior to making investment therein. Please read all information and retain this Offering Memorandum for future reference.*

THESE SECURITIES ARE SUBJECT TO A HIGH DEGREE OF RISK – SEE "RISK FACTORS"

THE DATE OF THIS MEMORANDUM IS JULY 8TH 2010


CONFIDENTIALITY AGREEMENT AND COPYRIGHT ACKNOWLEDGEMENT

A prospective Investor into Jay Peak Penthouse Suites L.P. (the "Partnership"), by accepting receipt in what ever manner or form, of this Private Offering Memorandum (the "Memorandum"), agrees not to duplicate, disseminate or to furnish copies of the Memorandum or any part thereof in any form whatsoever, including but not limited to electronic means, or to divulge information garnered from this Memorandum to persons other than such Investor's investment and tax advisors, accountants and legal counsel instructed solely to assist the Investor in the evaluation, and such advisors, accountants and legal counsel together with the prospective Investors and any other persons to which this Memorandum comes into their possession (i) are prohibited from duplicating, disseminating or using the Memorandum and any information contained herein in any manner other than to determine whether the Investor wants to invest into the Partnership, (ii) acknowledge the copyright of the authors in the Memorandum, and that copyright violators may be prosecuted and (iii) acknowledge that written translation of this Memorandum, or any part thereof, into any other language is not authorized. The agreements made herein shall survive if the Investor withdraws from the Jay Peak Penthouse Suites project for whatever reason, whenever said withdrawal should occur, and shall continue in full force and effect regardless of the eventual result of any application for lawful permanent residence in the United States of America made in conjunction with investment in this project. If the Investor withdraws from the project for whatever reason the Investor shall immediately return to the General Partner of the Partnership his or her copy of this Private Offering Memorandum, together with any copies furnished by the Investor to such Investor's advisors or counsel.


IMPORTANT NOTICE – NO LEGAL ADVICE

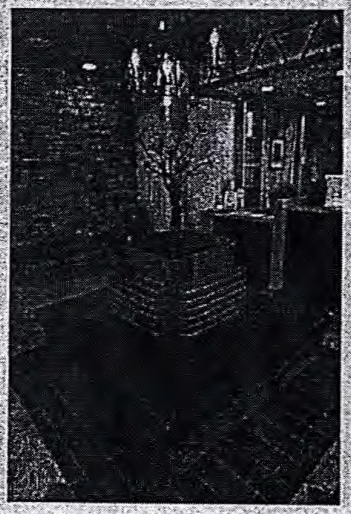
*The contents of this Memorandum are not intended as an interpretation of immigration law or legal advice for any purpose, and any prospective investor should not consider anything in this Memorandum as such advice or as a legal opinion or investment advice on any matters, and should seek independent professional advice.*

# PENTHOUSE SUITES — Concepts, Interiors and Amenities

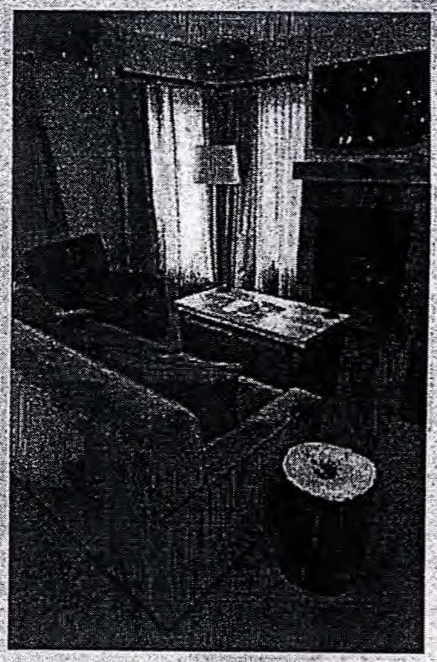
The spacious penthouse suites offer a warm design with a fresh mountain ambience. Located on the top floor of the building, the suites have a residential semblance with a full deluxe kitchen, living room and either one or two master bedrooms. Each large bedroom includes a king or two queen beds, a flat screen TV and spacious elegant tiled bathroom. For those who enjoy entertaining, these suites features an expansive living room and additional flat screen television. The outside balcony bestows spectacular views of Jay Peak summit, and fac into the province of Quebec, Canada

Amenities to include High-speed wireless Internet in rooms, Designer Robes, and Toiletries, Extensive in-room services, 1,000-sq-ft approx. business center, State-of-the-art audiovisual capabilities, parking garage, Ski valet and lockers, Ice and vending machines, Dogs welcome for a small cleaning fee.

Conceptual: Two Bedroom Penthouse Suite



Conceptual: Penthouse Lobby

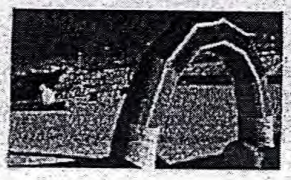


Conceptual: TV Sitting Area

Conceptual: Penthouse Suites Living Room

# THE MOUNTAIN LEARNING CENTER at JAY PEAK

Open year round, will through its programs, and as a host center for groups, be a facility that provokes life-long learning, insight, environmental understanding, appreciation of nature, social interchange and cultural activities.



JAY PEAK
VERMONT

# Section 1
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## SECTION 1

JAY PEAK PENTHOUSE SUITES L.P.
(A VERMONT LIMITED PARTNERSHIP)
4850 VT ROUTE 242 JAY, VERMONT 05859

A PRIVATE OFFERING OF LIMITED PARTNERSHIP INTERESTS

ALL OF THE LIMITED PARTNERSHIP INTERESTS ARE BEING OFFERED BY JAY PEAK PENTHOUSE SUITES L.P., THE ISSUER. THERE IS NO PUBLIC MARKET FOR THESE INTERESTS. SEE RISK FACTORS, P. 17

## THE OFFERING

US$32,500,000; MINIMUM INVESTMENT FOR EACH LIMITED PARTNERSHIP INTEREST IS $500,000

JAY PEAK PENTHOUSE SUITES L.P. (THE "PARTNERSHIP" OR "LIMITED PARTNERSHIP") WILL, WITHIN THE STRATEGIC CENTER OF JAY PEAK RESORT, A FOUR SEASON SKI AND GOLF RESORT COMPLEX ESTABLISHED FOR OVER 50 YEARS, LOCATED IN JAY, VERMONT (THE "RESORT"), UNDERTAKE CERTAIN REAL ESTATE DEVELOPMENT AND BUSINESS ACTIVITIES WHICH WILL INCLUDE:

(1) ACQUISITION OF DEVELOPMENT AND DECLARANT RIGHTS TO CONSTRUCT AND OWN AN ADDITIONAL ONE FLOOR WITHIN THE JAY PEAK PHASE II HOTEL UNITS BUILDING (THE "PHASE II CONDOMINIUM"), WHICH FLOOR WILL OCCUPY THE TOP FLOOR AND COMPRISE 55 PENTHOUSE UNITS AND CONCIERGE SERVICES (THE "PENTHOUSE UNITS HOTEL") TO BE LEASED OUT TO AND OPERATED BY A TENANT TO BE APPROVED BY THE PARTNERSHIP;

(2) ON LAND RETAINED BY JAY PEAK INC. (THE "RESORT OWNER"), ERECTING IN ONE OR MORE BUILDINGS A MOUNTAIN LEARNING CENTER (TO BE USED IN WINTER AS A SKI AND SNOWBOARD LEARNING FACILITY, WITH NIGHTIME USE FOR SNOWTUBING AND SLEDDING). IN SEASONS OTHER THAN WINTER, THIS FACILITY BECOMES THE HUB OF A NATURE CENTER WHICH MAY INCLUDE ACTIVITIES SUCH AS MOUNTAIN BIKING, ZIPLINE BASE, SPORTING CLAYS, FLY FISHING, AND FEATURING PROGRAMS FOR NATURE APPRECIATION, BIRDING, WILDLIFE PHOTOGRAPHY, AND ECO TOURS. THE LEARNING CENTER WILL ALSO INCLUDE A MOUNTAINSIDE BAR AND RESTAURANT WITH EXTENSIVE SUNDECKS, (ALL MOUNTAIN LEARNING FACILITIES COLLECTIVELY REFERRED TO AS THE "ANCILLARY PROJECTS"), AND (3) LEASING BACK FROM THE RESORT OWNER FOR NOMINAL CONSIDERATION THE ANCILLARY PROJECTS AND SUBLEASING THE ANCILLARY PROJECTS AND THEIR OPERATIONS TO A TENANT TO BE APPROVED BY THE PARTNERSHIP FOR UP TO 10 YEARS PURSUANT TO THE TERMS OF THE LEASES AND SUBLEASES (THE DEVELOPMENT AND ACTIVITIES OUTLINED IN 1-3 ARE COLLECTIVELY REFERRED TO AS THE "PROJECT"). JAY PEAK INC. AS THE RESORT OWNER WILL INVEST $5,000,000 IN CASH, LAND OR OTHER VALUE INTO THE PROJECT TO CREATE THE MOUNTAIN BIKE TRAILS, SPECIALIZED LIFT EQUIPMENT, TOUR ROUTES, AND COMMON AREA FACILITIES TO SUPPORT THE PENTHOUSE UNITS HOTEL AND THE ANCILLARY PROJECTS.

THE PARTNERSHIP WILL ACQUIRE THE NECESSARY DEVELOPMENT AND DECLARANT RIGHTS TO BUILD AND OWN THE PENTHOUSE UNITS HOTEL FROM JAY PEAK HOTEL SUITES PHASE II L.P., THE DECLARANT OF THE PHASE II CONDOMINIUM. THE PARTNERSHIP WILL SUBMIT THE PENTHOUSE UNITS HOTEL TO THE PHASE II CONDOMINIUM AS PARTIAL CONSIDERATION FOR ITS ACQUISITION OF THE DEVELOPMENT AND DECLARANT RIGHTS. IT IS ANTICIPATED THAT THE PHASE II CONDOMINIUM WILL CONSIST OF FIVE TOTAL UNITS IN ONE BUILDING, CONSISTING OF THE PENTHOUSE UNITS HOTEL TO BE OWNED BY THE PARTNERSHIP AND LEASED TO AND OPERATED BY A TENANT TO BE APPROVED BY THE PARTNERSHIP , TWO COMMERCIAL UNITS TO BE OWNED BY THE RESORT OWNER OFFERING VARIOUS GUEST SERVICES RUN BY THE RESORT OWNER OR ITS LEASEES, ONE UNIT TO BE OWNED BY THE RESORT OWNER AND OPERATED BY ITS LEASEE JAY PEAK HOTEL UNITS PHASE II L.P. AS AN INDOOR WATER PARK/VIRTUAL GAMING FACILITY AND ONE UNIT TO BE OWNED AND OPERATED BY JAY PEAK HOTEL UNITS PHASE II L.P. AS A SEPARATE HOTEL.

THE JAY PEAK PENTHOUSE SUITES L.P PROJECT (SOMETIMES REFERRED TO HEREIN AS THE "JAY PEAK PENTHOUSE PHASE"), AMOUNTING TO $32.5 MILLION OF DEVELOPMENT COSTS TO BE FINANCED PURSUANT TO THIS OFFERING MEMORANDUM, WILL BE SUPPLEMENTED WITH THE ADDITIONAL INVESTMENT IN CASH, LAND OR VALUE OF $5 MILLION PROVIDED BY THE RESORT OWNER, RAISING THE ESTIMATED OVERALL DEVELOPMENT COSTS TO $37,500,000 (SEE SUMMARY OF OFFERING; PROJECT SUMMARY).



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BY CREATING THIS PENTHOUSE UNITS HOTEL AND THE ANCILLARY PROJECTS, AND AIDING THE FURTHER EXPANSION AND TRANSITION OF JAY PEAK INTO AN "ALL SEASONS RESORT," JAY PEAK PENTHOUSE SUITES L.P. WILL STIMULATE ECONOMIC DEVELOPMENT AND CREATE MANY NEW PERMANENT JOBS AT THE RESORT, IN THE GREATER JAY PEAK REGION, AND WITHIN THE STATE OF VERMONT REGIONAL CENTER.

ALL LIMITED PARTNERSHIP INTERESTS ARE PAYABLE IN FULL UPON SUBSCRIPTION (THE "OFFERING").THE MINIMUM CAPITAL CONTRIBUTION SHALL BE $500,000, PLUS A NONREFUNDABLE ADMINISTRATION AND SYNDICATION FEE OF $50,000 FOR COSTS AND EXPENSES IN CONNECTION WITH THIS OFFERING, FOR A TOTAL SUBSCRIPTION AMOUNT OF $550,000. THERE IS NO MINIMUM SALE REQUIREMENT, EXCEPTING FOR FOREIGN INVESTORS SEEKING QUALIFICATION AS AN "ALIEN ENTREPRENEUR" WHERE THE MINIMUM AMOUNT, CURRENTLY $500,000, IS SET BY LAW. THE GENERAL PARTNER MAY IN ITS SOLE DISCRETION WAIVE THE MINIMUM SUBSCRIPTION AMOUNT AND RAISE THE MINIMUM AMOUNT IN THE FUTURE. THE OFFERING WILL CONTINUE UNTIL IT HAS RAISED $32,500,000 UNLESS TERMINATED SOONER BY THE GENERAL PARTNER IN ITS SOLE DISCRETION. THIS OFFERING SUPERSEDES IN ITS ENTIRETY ALL PRIOR OFFERINGS MADE BY THE ISSUER, IF ANY.

WHILE THIS INVESTMENT OFFERING HAS BEEN STRUCTURED SO THAT INVESTORS MAY MEET THE REQUIREMENTS UNDER 8 U.S.C.§ 1153 (B)(5)(A) - (D); INA § 203 (B)(5)(A) - (D) OF THE IMMIGRATION & NATIONALITY ACT (THE "ACT") AND QUALIFY UNDER THIS PROGRAM (THE "PROGRAM") TO BECOME ELIGIBLE FOR ADMISSION TO THE UNITED STATES OF AMERICA AS LAWFUL PERMANENT RESIDENTS AND CONFER THIS BENEFIT UPON THEIR SPOUSES AND UNMARRIED, MINOR CHILDREN, THE INVESTMENT OFFERING IS ALSO OPEN TO INVESTORS NOT SEEKING IMMIGRATION BENEFITS.

YOU SHOULD DEPEND SOLELY ON THE INFORMATION CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED OR APPROVED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THESE AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE U.S. SECURITIES AND EXCHANGE COMMISSION DOES NOT PASS UPON THE MERITS OF ANY SECURITIES OFFERED OR THE TERMS OF THE OFFERING, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY OFFERING CIRCULAR OR SELLING LITERATURE. THESE SECURITIES ARE OFFERED UNDER ONE OR MORE EXEMPTIONS FROM REGISTRATION; HOWEVER, THE COMMISSION HAS NOT MADE AN INDEPENDENT DETERMINATION THAT THESE SECURITIES ARE EXEMPT FROM REGISTRATION.

UK INVESTORS: THIS OFFERING DEFINED AS A PROMOTION IN THE UNITED KINGDOM HAS NOT BEEN APPROVED BY AN AUTHORIZED PERSON WITHIN THE MEANING OF THE FINANCIAL SERVICES AND MARKETS ACT OF 2000. RELIANCE ON THIS OFFERING (PROMOTION) FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE AN INDIVIDUAL TO SIGNIFICANT RISK OF LOSING ALL OF THE PROPERTY OR OTHER ASSETS INVESTED.

INVESTMENT IN SMALL BUSINESSES INVOLVES A HIGH DEGREE OF RISK. AN INVESTMENT IN INTERESTS OF THE LIMITED PARTNERSHIP INVOLVES SUBSTANTIAL RISKS INCLUDING BUT NOT LIMITED TO RELIANCE AND CONTINUITY OF MANAGEMENT, THIRD PARTY SERVICES, GENERAL MARKET FORCES AND RISKS, AND COMPLEX TAX ISSUES. INVESTORS SHOULD NOT INVEST ANY FUNDS IN THIS OFFERING UNLESS THEY CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT. SEE THE "RISK FACTORS" SECTION OF THE "SUMMARY OF THE OFFERING" AND THE "RISK FACTORS" SECTION OF THE FINANCIAL DATA FOR THE RISK FACTORS THAT MANAGEMENT BELIEVES PRESENT THE MOST SUBSTANTIAL RISKS TO AN INVESTOR IN THIS OFFERING. THERE IS CURRENTLY NO PUBLIC MARKET FOR THE INTERESTS AND TRANSFERABILITY OF THE INTERESTS WILL BE LIMITED.

THIS OFFERING IS MADE ONLY TO "ACCREDITED INVESTORS", AS DEFINED IN RULE 501(A) OF REGULATION D, AND WHO ARE SOPHISTICATED IN FINANCIAL AND BUSINESS MATTERS, UNLESS THE INVESTOR IS NOT RESIDENT IN THE UNITED STATES AT THE TIME OF THE OFFERING NOR AT THE TIME OF SALE OF A LIMITED PARTNERSHIP INTEREST TO THE INVESTOR, WHEREUPON REGULATION S OF THE 1933 SECURITIES ACT SHALL APPLY. EACH INTENDING INVESTOR SHOULD OBTAIN THE ADVICE OF THEIR OWN PROFESSIONAL ADVISORS INCLUDING LEGAL, FINANCIAL, TAX INVESTMENT AND OTHER ADVISORS INCLUDING IMMIGRATION IF APPLICABLE BEFORE DECIDING TO INVEST.



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| | PRICE TO INVESTORS | PROCEEDS TO LIMITED PARTNERSHIP |
|---|---|---|
| MINIMUM INVESTMENT | $ 500,000.00 | $ 32,500,000 |
| | | PROCEEDS TO JAY PEAK, INC. |
| ADMINISTRATION FEE | $ 50,000.00 | $ 3,250,000 |

ALL INVESTED FUNDS ARE STATED AND PAYABLE IN US DOLLARS.

NOTES:

1. SEE "RISK FACTORS." POSSIBLE ACQUISITION OF INTERESTS BY AFFILIATES AND OTHERS.
2. JAY PEAK, INC. WILL RECEIVE THE ADMINISTRATION FEE, AND BE RESPONSIBLE FOR THE COSTS OF THE CONCEPTUAL DESIGN, LEGAL, ACCOUNTING, ADMINISTRATION AND ALL OTHER COSTS RELATING TO THE COSTS OF THE LIMITED PARTNERSHIP INTERESTS.
3. INVESTORS FROM THE UNITED KINGDOM; JAY PEAK PENTHOUSE SUITES L.P IS A LIMITED PARTNERSHIP REGISTERED IN VERMONT USA, AND DOES NOT FALL WITHIN THE DEFINITION OF A "COLLECTIVE INVESTMENT SCHEME" FOR THE PURPOSES OF THE UK FINANCIAL SERVICES AND MARKETS ACT OF 2000 AS RECITED, AND AS AMENDED. THIS OFFERING HAS ADDITIONALLY BEEN PREPARED IN COMPLIANCE WITH SECTION 21 OF THE SAID ACT, AND CONTAINS ADDITIONAL RISK WARNINGS ARISING THEREFROM. SEE RISK FACTORS PAGE: 17

THE DATE OF THIS MEMORANDUM IS JULY 8, 2010.

THIS MEMORANDUM # ..... HAS BEEN PROVIDED TO: _____



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## IMPORTANT INFORMATION

REVIEW ALL INFORMATION — A POTENTIAL INVESTOR SHOULD CAREFULLY REVIEW ALL THE INFORMATION AND EXHIBITS CONTAINED IN THIS MEMORANDUM INCLUDING THE LIMITED PARTNERSHIP AGREEMENT, THE FINANCIAL AND OPERATING DATA OF THE PARTNERSHIP ATTACHED HERETO, WHICH IS INCORPORATED HEREIN BY REFERENCE, AND THE SUBSCRIPTION AGREEMENT IN MAKING AN INVESTMENT DECISION. INVESTORS MUST RELY ON SUCH INVESTORS' OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. EACH PROSPECTIVE INVESTOR IS INVITED TO ASK QUESTIONS OF, AND UPON REQUEST MAY OBTAIN ADDITIONAL INFORMATION FROM THE GENERAL PARTNER CONCERNING THE LIMITED PARTNERSHIP, ITS CONTEMPLATED BUSINESS, THE TERMS AND CONDITIONS OF SUCH OFFERING AND ANY OTHER RELEVANT MATTERS TO THE EXTENT THE GENERAL PARTNER POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

SOURCES OF INFORMATION — THE INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM THE LIMITED PARTNERSHIP. NO REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, IS MADE AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION AND NOTHING CONTAINED IN THIS MEMORANDUM IS OR SHALL BE RELIED ON AS A PROMISE OR REPRESENTATION AS TO THE PAST OR FUTURE. THIS MEMORANDUM IS PROVIDED SUBJECT TO AMENDMENT AND SUPPLEMENTATION BY THE GENERAL PARTNER IN ITS SOLE DISCRETION, AND THE TRANSACTION CONTEMPLATED HEREIN MAY BE MODIFIED OR WITHDRAWN AT ANY TIME. THE OBLIGATIONS OF THE PARTIES TO THIS TRANSACTION WILL BE SET FORTH AND GOVERNED BY THE DOCUMENTS REFERRED TO IN THIS MEMORANDUM.

AUTHORIZED STATEMENTS — THIS OFFERING MEMORANDUM CONTAINS ALL OF THE REPRESENTATIONS BY THE PARTNERSHIP CONCERNING THIS OFFERING, AND NO PERSON SHALL MAKE DIFFERENT OR BROADER STATEMENTS THAN THOSE CONTAINED HEREIN. INVESTORS ARE CAUTIONED NOT TO RELY UPON ANY INFORMATION NOT EXPRESSLY SET FORTH IN THIS MEMORANDUM.

MEMORANDUM NOT LEGAL ADVICE — PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE PARTNERSHIP AS LEGAL OR TAX ADVICE. EACH INVESTOR MUST RELY SOLELY UPON HIS OR HER OWN REPRESENTATIVES (INCLUDING HIS OR HER LEGAL COUNSEL, ACCOUNTANT AND OTHER PERSONAL ADVISORS) AS TO LEGAL, TAX, IMMIGRATION, BUSINESS AND RELATED MATTERS CONCERNING A PROSPECTIVE INVESTMENT IN THE PARTNERSHIP.

PRIVATE MEMORANDUM — THIS MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE INFORMATION OF PERSONS AND ENTITIES INTERESTED IN THE PRIVATE PLACEMENT OF THE INTERESTS OFFERED HEREBY AND MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE. ANY REPRODUCTION OR DISTRIBUTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, WITHOUT THE PRIOR WRITTEN CONSENT OF THE PARTNERSHIP IS PROHIBITED. BY ACCEPTING THIS MEMORANDUM, PROSPECTIVE INVESTORS AGREE THAT THEY WILL NOT DISCLOSE ITS CONTENTS TO ANYONE OTHER THAN THEIR PROFESSIONAL ADVISERS, OR REPRODUCE IT, IN WHOLE OR IN PART, WITHOUT THE PRIOR WRITTEN CONSENT OF THE PARTNERSHIP.

DETERMINATION OF OFFERING PRICE — THE PRICE OF THE MINIMUM INTEREST WAS DETERMINED BY THE PARTNERSHIP TO ASSIST INVESTORS WHO WISH TO MEET THE REQUIREMENTS UNDER THE ACT.

BEST EFFORTS OFFERING — ALL INTERESTS ARE OFFERED BY THE PARTNERSHIP ON A "BEST EFFORTS" NON-MINIMUM BASIS. THERE IS NO ASSURANCE THAT ALL OR ANY OF THE DESIRED CAPITAL WILL BE RAISED THROUGH THE OFFERING. THE OFFERING HAS NO MINIMUM AMOUNT AND THE PARTNERSHIP WILL UTILIZE PROCEEDS AS THEY ARE RECEIVED. SEE PAGE 15 COMPLETION OF PROJECT.

LIQUIDITY AND CAPITAL RESOURCES — THE PARTNERSHIP'S LIQUIDITY NEEDS TO DATE HAVE BEEN SATISFIED BY SUPPORT FROM RELATED PARTIES (SEE "TRANSACTIONS WITH RELATED PARTIES - FINANCIAL DATA"). MANAGEMENT BELIEVES THAT THE MAXIMUM PROCEEDS OF THIS OFFERING WILL GENERATE SUFFICIENT CAPITAL TO CONDUCT THE BUSINESS OF THE PARTNERSHIP UNTIL THE PLANNED OPENING OF THE PENTHOUSE UNITS HOTEL AND ANCILLARY PROJECTS.

MISCELLANEOUS — THE DESCRIPTION IN THIS MEMORANDUM OF ANY AGREEMENT, DOCUMENT, STATUTE, RULE, REGULATION, OR PROPOSED LEGISLATION IS NOT DESIGNED TO BE COMPLETE AND IS, THEREFORE, QUALIFIED IN ITS



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ENTIRETY BY REFERENCE TO THE RESPECTIVE AGREEMENT, DOCUMENT, STATUTE, RULE, REGULATION OR PROPOSED LEGISLATION.

FORWARD-LOOKING STATEMENTS AND PROJECTIONS — THIS OFFERING MEMORANDUM CONTAINS FORWARD-LOOKING STATEMENTS AND PROJECTIONS THAT MAY ADDRESS, AMONG OTHER THINGS, HOTEL AND SKI RESORT DEVELOPMENT STRATEGY, PROJECTED CONSTRUCTION TIMES, EXPANSION STRATEGY, DEVELOPMENT OF SERVICES, USE OF PROCEEDS, PROJECTED REVENUE AND CAPITAL EXPENDITURES, OPERATING COSTS, LIQUIDITY, DEVELOPMENT OF ADDITIONAL REVENUE SOURCES, DEVELOPMENT AND MAINTENANCE OF PROFITABLE MARKETING AND MANAGEMENT AND MAINTENANCE ALLIANCES, ABILITY TO DEVELOP "RESORT" IDENTIFICATION, AND NATIONAL AND INTERNATIONAL EXPANSION. THESE STATEMENTS MAY BE FOUND IN THE SECTIONS OF THIS PRIVATE PLACEMENT MEMORANDUM ENTITLED "SUMMARY OF OFFERING," "RISK FACTORS," "USE OF PROCEEDS," "THE PARTNERSHIP'S BUSINESS PLAN" AND IN THIS PRIVATE PLACEMENT MEMORANDUM GENERALLY. ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THESE FORWARD-LOOKING STATEMENTS AND PROJECTIONS AS A RESULT OF VARIOUS FACTORS, INCLUDING ALL THE RISKS DISCUSSED IN "RISK FACTORS" AND ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM.

SPECULATIVE OFFERING AND RISK — THE INTERESTS OFFERED HEREBY SHOULD BE CONSIDERED ONLY BY PERSONS WHO CAN AFFORD TO SUSTAIN A LOSS OF THEIR ENTIRE INVESTMENT. INVESTORS WILL BE REQUIRED TO REPRESENT THAT THEY ARE FAMILIAR WITH AND UNDERSTAND THE TERMS OF THIS OFFERING, AND THAT THEY OR THEIR PURCHASER REPRESENTATIVES HAVE SUCH KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS THAT THEY ARE CAPABLE OF EVALUATING THE MERITS AND RISKS OF THIS INVESTMENT. INVESTORS SHOULD BE AWARE THAT THEIR INVESTMENT IN THE LIMITED PARTNERSHIP MAY BE ILLIQUID INDEFINITELY, UNLESS EITHER THE PENTHOUSE UNITS HOTEL IS SOLD OR ANY OF THE FRACTIONAL SHARES TO BE ULTIMATELY GRANTED TO AND HELD BY THE LIMITED PARTNER ARE SOLD.

RESTRICTIONS ON TRANSFERS — NO INTERESTS MAY BE RESOLD OR OTHERWISE DISPOSED OF BY AN INVESTOR UNLESS, IN THE OPINION OF COUNSEL TO THE PARTNERSHIP, REGISTRATION UNDER THE APPLICABLE FEDERAL OR STATE SECURITIES LAWS IS NOT REQUIRED OR COMPLIANCE IS MADE WITH SUCH REGISTRATION REQUIREMENTS. RESTRICTIONS MAY ALSO ARISE FROM THE REQUIREMENTS OF AND COMPLIANCE WITH IMMIGRATION LAWS AND REGULATIONS AND THE LIMITED PARTNERSHIP AGREEMENT (SEE LIMITED PARTNERSHIP AGREEMENT).

LIMITS ON DISCLOSURE — THE OFFERING MATERIALS ARE SUBMITTED IN CONNECTION WITH THE PRIVATE OFFERING OF THE INTERESTS AND DO NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED. ANY REPRODUCTION OR DISTRIBUTION OF THE OFFERING MATERIALS IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF THEIR CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE PARTNERSHIP IS PROHIBITED. ANY PERSON ACTING CONTRARY TO THE FOREGOING RESTRICTIONS MAY PLACE HIMSELF AND THE PARTNERSHIP IN VIOLATION OF FEDERAL OR STATE SECURITIES LAWS.

VOIDABILITY OF SALES – THE INTERESTS OFFERED HEREIN WILL BE SOLD TO AND ACQUIRED BY A PURCHASER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER FEDERAL AND CERTAIN STATES SECURITIES LAWS AND REGULATIONS, AND MAY NOT BE OFFERED FOR SALE OR RESOLD EXCEPT IN A TRANSACTION EXEMPT FROM SAID SECURITIES LAWS AND REGULATIONS, OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT HEREUNDER. SALES MADE PURSUANT TO EXEMPTIONS FROM FEDERAL AND STATE SECURITIES LAWS ARE VOIDABLE BY EACH SUBSCRIBER UPON NOTICE TO THE GENERAL PARTNER GIVEN WITHIN THREE DAYS FOLLOWING THE LATER OF RECEIPT BY THE SUBSCRIBER OF THIS MEMORANDUM OR THE RECEIPT AND ACCEPTANCE BY THE GENERAL PARTNER OF THE SUBSCRIBER'S EXECUTED SUBSCRIPTION AGREEMENT. THE LIMITED PARTNERSHIP WILL OFFER SUCH RESCISSION RIGHT TO EACH SUBSCRIBER, IRRESPECTIVE OF THE SUBSCRIBER'S STATE OR COUNTRY OF RESIDENCY, NOTWITHSTANDING THE LACK OF SUCH REQUIREMENTS UNDER FEDERAL OR STATE SECURITIES LAWS.

OFFERING BEING MADE PURSUANT TO CERTAIN STATES SECURITIES LAW REGISTRATION EXCEPTIONS —ANY AND ALL NOTICES UNDER THIS SECTION SHOULD BE SENT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE LIMITED PARTNERSHIP IN CARE OF WILLIAM STENGER, 4850 VT ROUTE 24 JAY, VERMONT 05859.

RESTRICTIVE INFORMATION:

INTERESTS WILL BE OFFERED WITHOUT REGISTRATION UNDER THE SECURITIES ACT OR STATE SECURITIES ACTS, AS SUMMARIZED BELOW, AND MORE SPECIFICALLY DETAILED HEREUNDER:



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WITHIN THE UNITED STATES, IN RELIANCE UPON RULE 506 OF REGULATION "D" PROMULGATED BY THE SEC, ONLY TO PERSONS WHO ARE "ACCREDITED INVESTORS" WITHIN THE MEANING OF RULE 501 PROMULGATED BY THE SEC; AND,

OUTSIDE THE UNITED STATES, IN RELIANCE UPON REGULATION "S" PROMULGATED BY THE SEC ONLY TO PERSONS WHO ARE NOT "U.S. PERSONS" WITHIN THE MEANING OF SUCH REGULATIONS.

FOR THE PURPOSES OF THIS MEMORANDUM, "U.S. PERSON" MEANS ANY NATURAL PERSON RESIDENT IN THE UNITED STATES.

THE INCLUSION OF INFORMATION FOR EACH STATE IN THIS MEMORANDUM IS NOT INTENDED TO IMPLY THAT THE INTERESTS COVERED BY THIS MEMORANDUM ARE TO BE OFFERED FOR SALE IN EVERY STATE, BUT IS MERELY A PRECAUTION IN THE EVENT THIS MEMORANDUM MAY BE TRANSMITTED INTO ANY STATE OTHER THAN BY THE ISSUER.

FOR RESIDENTS IN ALL STATES:

THE SECURITIES OFFERED HEREBY HAVE NEITHER BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 SECURITIES ACT"), NOR PURSUANT TO THE SECURITIES LAWS OF ANY STATE, AND ARE THEREFORE BEING OFFERED AND WILL BE SOLD TO AND ACQUIRED BY PURCHASERS IN TRANSACTIONS WHICH THE PARTNERSHIP BELIEVES TO BE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE 1933 SECURITIES ACT PURSUANT, TO §§3(B) AND 4(2) OR OTHER APPLICABLE SECTION(S) THEREOF, AND OF THE SECURITIES LAWS OF THE STATES IN WHICH THE INTERESTS MAY BE OFFERED FOR SALE (PURSUANT TO THE EXEMPTIONS IDENTIFIED BELOW). ONCE PURCHASED BY A SUBSCRIBER, THESE SECURITIES MAY NOT BE RE-OFFERED FOR SALE OR RE-SOLD OTHER THAN BY AN EFFECTIVE REGISTRATION STATEMENT OR IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE APPLICABLE LAW. THE SECURITIES HAVE NEITHER BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES REGULATORY AUTHORITY, NOR HAS THAT COMMISION OR ANY SUCH AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

FOR VERMONT RESIDENTS ONLY:

THE SALE OF LIMITED PARTNERSHIP INTERESTS OFFERED AND DESCRIBED IN THIS MEMORANDUM WILL ONLY BE SOLD TO AND ACQUIRED BY INVESTORS IN A TRANSACTION EXEMPT FROM REGISTRATION OF SECURITIES WITH THE VERMONT DEPARTMENT OF BANKING, INSURANCE, SECURITIES AND HEALTH CARE ADMINISTRATION UNDER SECTION 5202(13)(C) OR OTHER APPLICABLE SECTION(S) OF THE VERMONT UNIFORM SECURITIES ACT (2002) (THE "VERMONT ACT"). AS SUCH, THE LIMITED PARTNERSHIP INTERESTS HAVE NOT BEEN REGISTERED AS SECURITIES UNDER THE VERMONT ACT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

FOR CALIFORNIA RESIDENTS ONLY:

THE SALE OF THE INTERESTS DESCRIBED IN THIS MEMORANDUM HAVE NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH INTERESTS OR THE PAYMENT OR THE RECEIPT OF CONSIDERATION THEREFORE PRIOR TO SUCH QUALIFICATION IS UNLAWFUL, UNLESS THE SALE THEREOF IS EXEMPT UNDER APPLICABLE LAW. THE PARTNERSHIP IS RELYING ON THE EXEMPTION FROM SUCH QUALIFICATION PROVIDED BY SECTION 25102(F) OR OTHER APPLICABLE SECTION(S) OF THE CALIFORNIA CORPORATIONS CODE.

FOR FLORIDA RESIDENTS ONLY:

THE INTERESTS OFFERED HEREIN WILL BE SOLD TO AND ACQUIRED BY INVESTORS IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 517.061 OR OTHER APPLICABLE SECTION(S) OF THE FLORIDA SECURITIES ACT (THE "FLORIDA ACT"). THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE FLORIDA ACT. IN ADDITION, IF SALES ARE MADE TO FIVE OR MORE PERSONS IN FLORIDA, ALL PURCHASERS WHO ARE RESIDENTS OF FLORIDA HAVE THE PRIVILEGE OF VOIDING A PURCHASE OF INTERESTS WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER, OR AN ESCROW AGENT, OR WITHIN THREE DAYS AFTER THE AVAILABILITY OF THIS PRIVILEGE IS COMMUNICATED TO THE PURCHASER, WHICHEVER OCCURS LATER. THIS SALE IS BEING MADE IN FLORIDA.

FOR PERSONS RESIDENT OUTSIDE THE UNITED STATES OF AMERICA ONLY:

THE INTERESTS ARE BEING OFFERED IN ACCORDANCE WITH REGULATION "S" PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO THE SECURITIES ACT OF 1933. THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN THE UNITED STATES OF AMERICA OR ANY JURISDICTION IN WHICH



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SUCH OFFER OR SOLICITATION IS NOT PERMITTED UNDER APPLICABLE LAW OR TO ANY U.S. PERSON OR INDIVIDUAL WHO DOES NOT POSSESS THE QUALIFICATIONS DESCRIBED IN THIS MEMORANDUM.

FOR UK CITIZENS RESIDENT IN THE UNITED KINGDOM:

JAY PEAK PENTHOUSE SUITES L.P. IS A LIMITED PARTNERSHIP ORGANIZED IN VERMONT, USA, AND DOES NOT FALL WITHIN THE DEFINITION OF A "COLLECTIVE INVESTMENT SCHEME" FOR THE PURPOSES OF THE UK FINANCIAL SERVICES AND MARKETS ACT OF 2000 AS RECITED, AND AS AMENDED. THIS OFFERING HAS ADDITIONALLY BEEN PREPARED IN COMPLIANCE WITH SECTION 21 OF THE SAID ACT, AND CONTAINS ADDITIONAL RISK WARNINGS ARISING THEREFROM, AND DIFFERS TO RISK WARNINGS RELEVANT TO INVESTORS FOR THE SAME INVESTMENT FROM OUTSIDE THE UNITED KINGDOM.

INTERESTS WILL NOT BE OFFERED TO ANY PERSON EXCEPT AS SET FORTH ABOVE. ANY PERSON WISHING TO BUY AN INTEREST WILL BE REQUIRED TO DEMONSTRATE THAT HE OR SHE IS AN ELIGIBLE INVESTOR IN ACCORDANCE WITH THE FOREGOING. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL TO, OR A SOLICITATION OF AN OFFER TO BUY FROM, ANY PERSON IN ANY JURISDICTION TO WHOM SUCH AN OFFER OR SOLICITATION WOULD BE UNLAWFUL.

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## INVESTOR SUITABILITY STANDARDS

A PURCHASE OF INTERESTS IN THIS OFFERING INVOLVES A HIGH DEGREE OF RISK AND IS NOT A SUITABLE INVESTMENT FOR ALL POTENTIAL INVESTORS. SEE "RISK FACTORS." ACCORDINGLY, THE PARTNERSHIP WILL OFFER AND SELL INTERESTS ONLY TO INVESTORS WHO ARE "ACCREDITED INVESTORS" AS THAT TERM IS DEFINED IN REGULATION D AS PROMULGATED UNDER THE 1933 SECURITIES ACT, UNLESS THE INVESTOR IS NOT RESIDENT IN THE UNITED STATES AT THE TIME OF THE OFFERING NOR AT THE TIME OF SALE OF A LIMITED PARTNERSHIP INTEREST TO THE INVESTOR, WHEREUPON REGULATION S OF THE 1933 SECURITIES ACT SHALL APPLY. ANY PERSON WISHING TO BUY AN INTEREST WILL BE REQUIRED TO DEMONSTRATE THAT HE OR SHE IS AN ELIGIBLE INVESTOR IN ACCORDANCE WITH THE FOREGOING. THE PARTNERSHIP HAS THE UNCONDITIONAL RIGHT TO REJECT ANY SUBSCRIPTION.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL TO, OR A SOLICITATION OF AN OFFER TO BUY FROM, ANY PERSON IN ANY JURISDICTION TO WHOM SUCH AN OFFER OR SOLICITATION WOULD BE UNLAWFUL. IN ADDITION TO RESTRICTIONS ON TRANSFER IMPOSED BY THE PARTNERSHIP, AN INVESTOR SEEKING TO TRANSFER HIS INTERESTS SUBSEQUENT TO HIS INITIAL INVESTMENT WILL BE SUBJECT TO THE PROVISIONS OF THE FEDERAL AND STATE SECURITIES LAWS AND THE TRANSFER RESTRICTIONS WHICH MAY BE IMPOSED PURSUANT TO SAID LAWS.

THE OFFER AND SALE OF INTERESTS ARE EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF THE 1933 SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO EXEMPTIONS THEREIN. INVESTMENT IN THE INTERESTS IS SUITABLE ONLY FOR THOSE WHO HAVE ADEQUATE MEANS OF PROVIDING FOR THEIR CURRENT NEEDS AND PERSONAL CONTINGENCIES AND HAVE NO NEED FOR LIQUIDITY IN AN INVESTMENT OF THIS TYPE. PRIOR TO THE PURCHASE OF THE INTERESTS, EACH PROSPECTIVE PURCHASER WILL BE REQUIRED TO REPRESENT THAT HE MEETS EACH OF THE FOLLOWING REQUIREMENTS: (A) HE HAS THE REQUISITE KNOWLEDGE OR HAS RELIED UPON THE ADVICE OF HIS OWN PROFESSIONAL ADVISOR(S) WITH REGARD TO THE TAX AND OTHER CONSIDERATIONS INVOLVED IN MAKING SUCH AN INVESTMENT AND (B) HE IS ACQUIRING THE INTERESTS FOR INVESTMENT AND NOT WITH A VIEW TO RESALE OR DISTRIBUTION THEREOF.

PRIOR TO A PURCHASE OF INTERESTS, EACH PROSPECTIVE PURCHASER WILL BE REQUIRED TO REPRESENT THAT HE IS AN "ACCREDITED INVESTOR" AS DEFINED IN REGULATION D, UNLESS THE INVESTOR IS NOT RESIDENT IN THE UNITED STATES AT THE TIME OF THE OFFERING NOR AT THE TIME OF SALE OF A LIMITED PARTNERSHIP INTEREST TO THE INVESTOR, WHEREUPON REGULATION S OF THE 1933 SECURITIES ACT SHALL APPLY AND NO SUCH REPRESENTATION IS NECESSARY. AMONG OTHER CATEGORIES, AN "ACCREDITED INVESTOR" IS AN INVESTOR WHO, AT THE TIME OF PURCHASE OF THE INTERESTS, MEETS ONE OF THE FOLLOWING REQUIREMENTS:

(I) ANY NATURAL PERSON WHOSE INDIVIDUAL NET WORTH, OR JOINT NET WORTH WITH THAT PERSON'S SPOUSE, AT THE TIME OF THE PURCHASE EXCEEDS $ 1,000,000;

(II) ANY NATURAL PERSON WHO HAD AN INDIVIDUAL INCOME IN EXCESS OF $200,000 EACH OF THE TWO MOST RECENT YEARS OR JOINT INCOME WITH THAT PERSON'S SPOUSE IN EXCESS OF $300,000 IN EACH OF THE TWO MOST RECENT YEARS AND WHO REASONABLY EXPECTS TO REACH THE SAME INCOME LEVEL IN THE CURRENT YEAR; OR

(III) ANY ENTITY IN WHICH ALL OF THE EQUITY OWNERS ARE ACCREDITED INVESTORS.

IF, IN THE OPINION OF THE LIMITED PARTNERSHIP, A PROSPECTIVE PURCHASER LACKS THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS SO THAT HE IS NOT CAPABLE OF EVALUATING THE MERITS AND RISKS INVOLVED IN THE PURCHASE AND OWNERSHIP OF THE LIMITED PARTNERSHIP INTEREST, THE LIMITED PARTNERSHIP MAY REQUIRE THE PROSPECTIVE PURCHASER TO USE THE SERVICES OF A PURCHASER REPRESENTATIVE TO SERVE THE INVESTOR IN EVALUATING THE MERITS AND RISKS OF THE PROSPECTIVE INVESTMENT. IF SUCH A PURCHASER REPRESENTATIVE IS REQUIRED AND USED, THE LIMITED PARTNERSHIP WILL PROVIDE THE PROSPECTIVE INVESTOR THE APPROPRIATE FORMS FOR BOTH THE PROSPECTIVE INVESTOR AND PURCHASER REPRESENTATIVE TO SIGN AND RETURN TO THE LIMITED PARTNERSHIP.

PRIOR TO PURCHASE, AN INVESTOR QUESTIONNAIRE (EXHIBIT B) AND A SUBSCRIPTION AGREEMENT (EXHIBIT A), INCLUDING A CONSENT TO THE LIMITED PARTNERSHIP AGREEMENT, MUST BE SIGNED AND DELIVERED BY A PROSPECTIVE PURCHASER TO THE PARTNERSHIP.



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IF THE PARTNERSHIP IS INCORRECT IN ITS ASSUMPTION AS TO THE CIRCUMSTANCES OF A PARTICULAR PROSPECTIVE INVESTOR, THEN THE DELIVERY OF THIS MEMORANDUM TO SUCH PROSPECTIVE INVESTOR SHALL NOT BE DEEMED TO BE AN OFFER AND THIS MEMORANDUM SHALL BE RETURNED TO THE PARTNERSHIP IMMEDIATELY.

THE SUITABILITY STANDARDS DEFINED ABOVE REPRESENT SUITABILITY STANDARDS FOR PROPECTIVE INVESTORS. EACH PROSPECTIVE INVESTOR SHOULD DETERMINE WHETHER AN INVESTMENT IN THE PARTNERSHIP IS APPROPRIATE IN VIEW OF HIS OR HER PARTICULAR CIRCUMSTANCES.

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## IMMIGRATION

THE IMMIGRATION INFORMATION CITED IN THIS OFFERING MEMORANDUM IS NOT IMMIGRATION ADVICE TO THE FOREIGN INVESTOR. EACH FOREIGN INVESTOR SHOULD CONSULT HIS OR HER OWN INDEPENDANT IMMIGRATION COUNSEL REGARDING IMPLICATIONS AND BENFITS OR OTHERWISE OF INVESTING IN THE PARTNERSHIP.

### OVERVIEW

THE EB-5, FIFTH EMPLOYMENT-BASED VISA PREFERENCE, IS INTENDED TO ENCOURAGE THE FLOW OF CAPITAL INTO THE U.S. ECONOMY AND TO PROMOTE EMPLOYMENT OF U.S. WORKERS. TO ACCOMPLISH THESE GOALS AND SO THAT FOREIGN INVESTORS MAY OBTAIN IMMIGRATION BENEFITS FOR HAVING MADE AN INVESTMENT, THE PROGRAM MANDATES THE MINIMUM CAPITAL THAT FOREIGN INVESTORS MUST CONTRIBUTE AND IT MANDATES THAT 10 FULL-TIME JOBS MUST BE CREATED ON ACCOUNT OF EACH INVESTMENT. IN ADDITION TO THE RETURN THAT INVESTORS HOPE TO ACHIEVE ON THEIR INVESTMENT, FOREIGN INVESTORS AND THEIR QUALIFYING FAMILY MEMBERS ARE OFFERED THE PROSPECT, BUT NOT THE GUARANTEE, OF LAWFUL PERMANENT RESIDENCE IN THE UNITED STATES.

THE JAY PEAK PROJECT HAS BEEN STRUCTURED SO THAT INVESTORS MAY MEET THE REQUIREMENTS OF THE EB-5 PROGRAM OF THE ACT AND QUALIFY UNDER THIS PROJECT (THE "PROJECT") TO BECOME ELIGIBLE FOR ADMISSION TO THE UNITED STATES OF AMERICA AS LAWFUL PERMANENT RESIDENTS WITH THEIR SPOUSES AND UNMARRIED, MINOR CHILDREN.

THE PROJECT HAS BEEN DESIGNED TO QUALIFY UNDER PROVISIONS IN THE LAW THAT PERMIT A REDUCED INVESTMENT AND PERMIT A BROADER ANALYSIS OF JOBS CREATED THAN WOULD OTHERWISE BE PERMITTED. WITH RESPECT TO THE MINIMUM INVESTMENT REQUIRED, THE PROJECT UTILIZES THE PROVISIONS OF THE ACT CONCERNING A TARGETED EMPLOYMENT AREA. TO MEET EMPLOYMENT CREATION REQUIREMENTS, THE PROJECT RELIES UPON THE FACT THAT JAY PEAK IS WITHIN A REGIONAL CENTER AUTHORIZED BY THE ACT CREATED UNDER A PILOT PROGRAM *(SEE IMMIGRATION RISK FACTORS, PAGE 30)*

### FOR EB-5 INVESTORS

FOREIGN INVESTORS ARE ALSO SPECIFICALLY DIRECTED TO CERTAIN IMPORTANT MATTERS LISTED BOTH IN THE IMMIGRATION RISK FACTORS PAGE 30, AND HEREUNDER:

LEGAL COUNSEL: THE INVESTOR SHALL HIRE INDEPENDENT COUNSEL FOR IMMIGRATION PROCESSING AND OTHER LEGAL MATTERS. THE INVESTOR SHALL BE RESPONSIBLE FOR PAYMENT OF ALL LEGAL FEES AND COSTS INCLUDING UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES ("USCIS" OR "CIS") APPLICATION FEES.

FILING THE IMMIGRANT PETITIONS: JAY PEAK PENTHOUSE SUITES L.P. AND JAY PEAK, INC. SHALL AT NO COST TO INVESTORS, USE THEIR REASONABLE BEST EFFORTS TO ASSIST THE FOREIGN INVESTORS' LEGAL COUNSEL WITH THE FILING OF INVESTORS' I-526 AND I-829 PETITIONS, AND VERIFYING REQUIRED DIRECT AND INDIRECT EMPLOYMENT, UNTIL REMOVAL OF SUCH INVESTORS' CONDITIONAL PERMANENT RESIDENCY.

IN THE EVENT AN INVESTOR'S I-526 PETITION IS DENIED AT ANY TIME, FOR REASONS OTHER THAN FRAUD OR MATERIAL MISREPRESENTATION, THE INVESTOR'S RIGHTS ARE LIMITED SOLELY TO THE RETURN OF THE INVESTOR'S $500,000 CAPITAL CONTRIBUTION (BUT NOT THE $50,000 ADMINISTRATION FEE) WITHIN NINETY (90) DAYS OF WRITTEN REQUEST THEREFOR TO THE GENERAL PARTNER.

IF CIS DENIES AN INVESTOR'S I-526 PETITION ON THE BASIS OF FRAUD OR MATERIAL MISREPRESENTATION IN THE INVESTOR'S I-526 PETITION OR ITS SUPPORTING DOCUMENTS PROVIDED BY THE INVESTOR, THE LIMITED PARTNERSHIP WILL BE ENTITLED TO RETAIN PAYMENT OF ALL FUNDS, INCLUDING THE INVESTOR'S $500,000 CAPITAL CONTRIBUTION, INTEREST PAID ON ACCOUNT OF THE INVESTMENT AND ADMINISTRATION FEES.



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UPON SUBSCRIBING TO THIS OFFERING AND BECOMING A LIMITED PARTNER, IT IS AT THE SOLE RESPONSIBILITY AND RISK OF THE FOREIGN INVESTOR TO FILE THEIR I-526 PETITION. THERE IS NO REFUND FOR FAILURE TO FILE THE I-526 PETITION.

IF THE REGIONAL CENTER PILOT PROGAM LAPSES, FOR EACH INVESTOR WHOSE CASE IS FILED WITH USCIS PRIOR TO THAT DATE THEIR $500,000 CAPITAL CONTRIBUTION SHALL REMAIN INVESTED IN THE PARTNERSHIP PROVIDED:

1. THE REGIONAL CENTER PILOT PROGRAM IS REAUTHORIZED RETROACTIVELY OR IS PENDING REAUTHORIZATION WITHIN A TWELVE MONTH PERIOD FOLLOWING ITS LAPSE, AND THE INVESTOR'S I-526 PETITION IS IN DUE COURSE ADJUDICATED;

OR

2. LEGISLATION IS ENACTED OR PENDING PROVIDING SUBSTANTIALLY SIMILAR IMMIGRATION BENEFITS TO INVESTORS AS UNDER THE LAPSED REGIONAL CENTER PILOT PROGRAM AND EB-5 PROGRAM WITHIN A TWELVE MONTH PERIOD FOLLOWING THE REGIONIAL CENTER PILOT PROGRAM'S LAPSE, AND THE INVESTOR'S I-526 PETITION IS IN DUE COURSE ADJUDICATED.

IF NEITHER OF THE EVENTS DESCRIBED UNDER 1 AND 2 OCCUR, THE INVESTOR AT HIS OPTION MAY EITHER REMAIN INVESTED IN THE PROJECT, OR REQUEST IN WRITING A REFUND OF THE CAPITAL CONTRIBUTION OF $500,000. UPON RECEIPT OF A REQUEST OF REFUND TO THE GENERAL PARTNER, THE CAPITAL CONTRIBUTION WLL BE REFUNDED BY THE LIMITED PARTNERSHIP WITHIN A PERIOD OF 90 DAYS FROM RECEIPT OF SUCH REQUEST AND THE INVESTOR'S INTEREST IN THE LIMITED PARTNERSHIP SHALL AUTOMATICALLY BE TERMINATED AND THE INVESTOR SHALL NO LONGER HAVE ANY OF THE RIGHTS AND BENEFITS OF OWNERSHIP OF AN INTEREST OR ANY RIGHT TO PARTICIPATE IN ANY MANNER WHATSOEVER IN THE AFFAIRS OF THE PARTNERSHIP. THE INVESTOR'S RIGHTS ARE LIMITED SOLELY TO THE RETURN OF THEIR CAPITAL CONTRIBUTION OF $500,000.

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## SUMMARY OF THE OFFERING

### INTRODUCTION

THIS SUMMARY HIGHLIGHTS AND OUTLINES CERTAIN INFORMATION REGARDING THE OFFERING AND MAY NOT CONTAIN ALL THE INFORMATION THAT IS IMPORTANT TO YOU. THE SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE INFORMATION APPEARING IN THE LIMITED PARTNERSHIP AGREEMENT, AND ELSEWHERE IN THIS MEMORANDUM, INCLUDING THE EXHIBITS AND THE FINANCIAL DATA OF THE LIMITED PARTNERSHIP ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE (THE "FINANCIAL DATA") WHICH CONTAINS MORE DETAILED INFORMATION WITH RESPECT TO EACH OF THE MATTERS SUMMARIZED HEREIN AS WELL AS OTHER MATTERS NOT COVERED BY THIS SUMMARY. PROSPECTIVE INVESTORS SHOULD READ THE MEMORANDUM AND THE FINANCIAL DATA IN THEIR ENTIRETY, ALONG WITH THE LIMITED PARTNERSHIP AGREEMENT, THE SUBSCRIPTION AGREEMENT AND ACCOMPANYING DOCUMENTS AND EXHIBITS.

### SECURITIES BEING OFFERED

INVESTORS ARE BEING OFFERED THE OPPORTUNITY TO PURCHASE A LIMITED PARTNERSHIP INTEREST. ALL LIMITED PARTNERSHIP INTERESTS ARE PAYABLE IN FULL UPON SUBSCRIPTION (THE "OFFERING"). THERE IS NO MINIMUM SALE REQUIREMENT. IN ACCORD WITH THE PROVISIONS OF THE LIMITED PARTNERSHIP AGREEMENT, EXCEPTING FOR FOREIGN INVESTORS SEEKING QUALIFICATION AS AN "ALIEN ENTREPRENUER", WHERE THE MINIMUM AMOUNT, CURRENTLY $500,000, IS SET BY LAW, THE GENERAL PARTNER MAY IN ITS SOLE DISCRETION BOTH WAIVE THE MINIMUM SUBSCRIPTION AMOUNT, AND MAY RAISE THE MINIMUM AMOUNT IN THE FUTURE. THE OFFERING WILL CONTINUE UNTIL IT HAS RAISED $32,500,000 UNLESS TERMINATED SOONER BY THE GENERAL PARTNER IN ITS SOLE DISCRETION. THE MINIMUM AMOUNT REQUIRED OF FOREIGN INVESTORS MAY INCREASE IF THE LAW OR REGULATIONS OF THE EB-5 PROGRAM CONTROLLING THE MINIMUM AMOUNT ARE AMENDED.

### PURCHASE TERMS

THE MINIMUM CAPITAL CONTRIBUTION SHALL BE FIVE HUNDRED THOUSAND AND NO/100 DOLLARS ($500,000) USD$ (HEREIN REFERRED TO AS A "CAPITAL CONTRIBUTION") PLUS AN ADMINISTRATION FEE OF $50,000 FOR A TOTAL COST OF $550,000. THE SUBSCRIPTION PRICE IS PAYABLE IN CASH AND IN FULL UPON SUBSCRIPTION AND PAYMENT MUST ACCOMPANY DELIVERY OF THE SUBSCRIPTION AGREEMENT. THE LIMITED PARTNERSHIP RESERVES THE RIGHT TO REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART, IN ITS SOLE DISCRETION.

### EXEMPTION FROM REGISTRATION

THE LIMITED PARTNERSHIP IS CLAIMING EXEMPTION FROM REGISTRATION REQUIREMENTS UNDER SECTION 4(2) OF THE SECURITIES ACT OF 1933, AS AMENDED, AND RULE 506 OF REGULATION D PROMULGATED THEREUNDER, AND FOR PERSONS OUTSIDE THE UNITED STATES UNDER REGULATION S PROMULGATED BY THE SEC ONLY TO PERSONS WHO ARE NOT "US PERSONS" WITHIN THE MEANING OF THE REGULATIONS. ACCORDINGLY, NO REGISTRATION STATEMENT WILL BE FILED WITH THE SEC IN CONNECTION WITH THIS OFFERING AND SALE OF THE INTERESTS PURSUANT TO THIS MEMORANDUM. IN ADDITION, THIS OFFERING IS BEING MADE WITHOUT REGISTRATION UNDER THE SECURITIES LAWS OF ANY STATE OR ANY OTHER JURISDICTION.

PROSPECTIVE INVESTORS ARE INVITED TO MAKE AN INDEPENDENT EXAMINATION OF THE BOOKS, RECORDS AND OTHER DOCUMENTS OF THE LIMITED PARTNERSHIP, AND MAY QUESTION THE APPROPRIATE OFFICERS AND DIRECTORS TO THE EXTENT THAT SUCH INVESTORS DEEM IT NECESSARY IN THEIR SOLE DISCRETION TO ANALYZE THE RISKS INVOLVED WITH THIS INVESTMENT. PROSPECTIVE INVESTORS SHOULD NOT RELY ON THE LIMITED PARTNERSHIP, OR ANY OF ITS EMPLOYEES OR AGENTS, WITH RESPECT TO THE JUDGMENTS RELATING TO THEIR INVESTMENT IN THE LIMITED PARTNERSHIP. PROSPECTIVE INVESTORS SHOULD RETAIN THEIR OWN PROFESSIONAL ADVISORS TO REVIEW AND EVALUATE THE ECONOMIC, TAX AND OTHER CONSEQUENCES OF AN INVESTMENT IN THE LIMITED PARTNERSHIP. THE LIMITED PARTNERSHIP WILL MAKE AVAILABLE, UPON REASONABLE NOTICE, BUT SHALL NOT INCUR ANY UNREASONABLE EXPENSES, TO PROVIDE ANY OTHER DOCUMENTS OR INFORMATION AVAILABLE TO THE LIMITED PARTNERSHIP CONCERNING THE AFFAIRS OF THE LIMITED PARTNERSHIP WHICH A PROSPECTIVE



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INVESTOR REQUESTS, SUBJECT TO RECEIPT OF REASONABLE ASSURANCES THAT SUCH MATTERS WILL BE MAINTAINED IN CONFIDENCE BETWEEN THE INVESTOR AND ITS PROFESSIONAL ADVISORS.

## THE LIMITED PARTNERSHIP

JAY PEAK PENTHOUSE SUITES L.P. IS A NEWLY FORMED VERMONT LIMITED PARTNERSHIP WITH ITS PRINCIPAL PLACE OF BUSINESS IN JAY, VERMONT. THE GENERAL PARTNER IS JAY PEAK GP SERVICES, INC., A VERMONT CORPORATION.

## THE GENERAL PARTNER

JAY PEAK GP SERVICES, INC. IS A VERMONT CORPORATION WITH ITS PRINCIPAL PLACE OF BUSINESS IN JAY, VERMONT (THE "GENERAL PARTNER"). THE GENERAL PARTNER IS A WHOLLY OWNED SUBSIDIARY OF THE RESORT OWNER, AND WILL BE RESPONSIBLE FOR SOLICITING LIMITED PARTNERS, FOR THE DAY TO DAY DECISIONS ON BEHALF OF THE LIMITED PARTNERSHIP AND FOR MANAGING THE CONSTRUCTION OF THE NEW BUILDINGS, INCLUDING THE PENTHOUSE UNITS HOTEL AND THE ANCILLARY PROJECTS, AND ANY OTHER NECESSARY IMPROVEMENTS, INCLUDING APPLYING FOR AND OBTAINING ANY REQUIRED DEVELOPMENT AND CONSTRUCTION PERMITS. IN ADDITION, THE GENERAL PARTNER WILL BE RESPONSIBLE FOR MANAGING THE ASSETS OF THE PARTNERSHIP AND SUPERVISING THE TENANT COMPANIES LEASING PARTNERSHIP ASSETS AND OPERATING THE PENTHOUSE UNITS HOTEL AND ANCILLARY PROJECTS, EITHER DIRECTLY OR THROUGH A CONTRACTED DESIGNEE. WILLIAM STENGER IS PRESIDENT OF BOTH THE RESORT OWNER AND THE GENERAL PARTNER.

## PROJECT SUMMARY

THE PROJECTED OVERALL COST OF THE JAY PEAK PENTHOUSE PHASE IS $37,500,000, OF WHICH $32.5 MILLION OF DEVELOPMENT COSTS WILL BE FINANCED PURSUANT TO THIS OFFERING MEMORANDUM, WITH THE BALANCE OF FUNDS OR VALUE OF $5.0 MILLION PROVIDED BY THE RESORT OWNER (SEE BUSINESS PLAN SECTION 2). JAY PEAK PENTHOUSE SUITES L.P. WILL UNDERTAKE CERTAIN REAL ESTATE DEVELOPMENT AND BUSINESS ACTIVITIES WHICH WILL INCLUDE:

(1) ACQUISITION OF NECESSARY DEVELOPMENT AND DECLARANT RIGHTS TO CONSTRUCT AND OWN THE PENTHOUSE UNITS HOTEL, COMPRISING AN ADDITIONAL ONE FLOOR WITHIN THE PHASE II CONDOMINIUM, WHICH FLOOR WILL OCCUPY THE TOP FLOOR AND INCLUDE FIFTY FIVE (55) PENTHOUSE UNITS AND CONCIERGE SERVICES TO BE LEASED OUT TO AND OPERATED BY A TENANT APPROVED BY THE PARTNERSHIP; AND

(2) ON LAND RETAINED BY THE RESORT OWNER, ERECTING IN ONE OR MORE BUILDINGS THE ANCILLARY PROJECTS, INCLUDING A MOUNTAIN LEARNING CENTER (TO BE USED IN WINTER AS SKI AND SNOWBOARD LEARNING FACILITY, WITH NIGHTIME USE FOR SNOWTUBING AND SLEDDING). IN SEASONS OTHER THAN WINTER THIS FACILITY BECOMES THE HUB OF A NATURE CENTER WHICH MAY INCLUDE ACTIVITIES SUCH AS MOUNTAIN BIKING, ZIPLINE BASE, SPORTING CLAYS, FLY FISHING, AND FEATURING PROGRAMS FOR NATURE APPRECIATION, BIRDING, WILDLIFE PHOTOGRAPHY, AND ECO TOURS. THE LEARNING CENTER WILL ALSO INCLUDE A MOUNTAINSIDE BAR AND RESTAURANT WITH EXTENSIVE SUNDECKS, AND (3) LEASING BACK FROM THE RESORT OWNER FOR NOMINAL CONSIDERATION THE ANCILLARY PROJECTS AND SUBLEASING THE ANCILLARY PROJECTS AND THEIR OPERATIONS TO ONE OR MORE TENANTS APPROVED BY THE PARTNERSHIP PURSUANT TO THE TERMS OF THE LEASES AND SUBLEASES. THE RESORT OWNER WILL INVEST $5,000,000 IN CASH, LAND OR OTHER VALUE INTO THE PROJECT TO CREATE THE MOUNTAIN BIKE TRAILS, SPECIALIZED LIFT EQUIPMENT, TOUR ROUTES, AND COMMON AREA FACILITIES TO SUPPORT THE ANCILLARY PROJECTS.

ALL QUALITY RESORT FACILITIES HAVE A CENTRAL COMMERCIAL ZONE AT THEIR CORE. FROM THIS NUCLEUS, VARYING AMENITIES AND RECREATIONAL FACILITIES EMANATE. AT JAY PEAK SKI RESORT, THE CONSTRUCTION OF A PENTHOUSE UNITS HOTEL WILL SERVE TO STRENGTHEN THE CORE OF THE JAY PEAK VILLAGE AND BRING A NEW LEVEL OF UPSCALE ACCOMODATION AND CONCIERGE SERVICE TO THE RESORT. EACH SUITE WILL HAVE A VIEW OF THE MOUNTAIN OR THE VALLEY. SINCE CONNECTION WITH THE ENVIRONMENT IS SO IMPORTANT TO THE JAY PEAK THEME, THE PENTHOUSE UNITS HOTEL IS TO BE LOCATED AT THE BASE OF THE AERIAL TRAM AREA IN THE CENTER OF THE RESORT. OCCUPANCY IN THE PENTHOUSE UNITS HOTEL IS PROJECTED TO BE HIGH, AIDED IN PART BY ITS PROXIMITY TO THE ANCILLARY PROJECTS OF THE MOUNTAIN LEARNING CENTER AND CAFÉ TO BE LEASED BY THE PARTNERSHIP TO ONE OR MORE QUALIFIED TENANTS. SEE COMPREHENSIVE BUSINESS PLAN: SECTION 2. BY



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CREATING THIS PENTHOUSE UNITS HOTEL AND THE ANCILLARY PROJECTS, AND AIDING THE FURTHER EXPANSION AND TRANSITION OF THE JAY PEAK RESORT INTO AN "ALL SEASONS RESORT," JAY PEAK PENTHOUSE SUITES L.P. WILL STIMULATE ECONOMIC DEVELOPMENT AND CREATE MANY NEW PERMANENT JOBS AT THE RESORT, IN THE GREATER JAY PEAK REGION, AND WITHIN THE STATE OF VERMONT REGIONAL CENTER AND THE UNITED STATES OF AMERICA, AND WILL ATTRACT ADDITIONAL GUESTS DURING THE NON-SKI SEASON, AS WELL AS BROADEN THE ACTIVITIES FOR THE SKI AND GOLF CLIENTELE OF THE RESORT.

**JAY PEAK MARKET REVIEW**

WITH JAY PEAK'S DEVELOPMENTAL PHILOSOPHY CORNERSTONED ON AN ENVIRONMENTAL FRAMEWORK, FUTURE MARKET DEVELOPMENT WILL BE ENHANCED AS JAY'S POSITIONING AND PHYSICAL CHARACTERISTICS PROVIDE SUBSTANTIAL ADVANTAGES OVER OLDER, LESS ENVIRONMENTALLY SENSITIVE FACILITIES. WINTER BUSINESS WILL CONTINUE TO FOCUS ON SKIING AND THE SKI VACATION PRODUCT. FAMILY SKI VACATIONS, SKI CLUB OUTINGS AND INDIVIDUAL AND COUPLES' BUSINESS WILL PROVIDE THE FRAMEWORK FOR WINTER BUSINESS DEVELOPMENT. ACCENTUATING THE TWO AND THREE DAY WEEKEND STAY, AND THE THREE, FIVE, AND SEVEN-DAY SKI WEEK EXPERIENCE WILL BE THE PRIMARY FOCUS OF THE RESORT'S WINTER MARKETING EFFORTS. THE RESORT'S MARKETS FOR WINTER ACTIVITY AND HOTEL UTILIZATION WILL BE EASTERN CANADA, ALL OF NEW ENGLAND AND THE MID-ATLANTIC STATES OF THE UNITED STATES. FURTHER DESTINATION MARKETS SUCH AS THE MID-SOUTH AND FLORIDA ARE VIABLE THROUGH AIRLINE CONNECTIONS INTO THE BURLINGTON, VERMONT AIRPORT AND THE PIERRE ELLIOT TRUDEAU (DORVAL) AIRPORT SERVING MONTRÉAL, QUEBÉC, CANADA. SUMMER BUSINESS DEVELOPMENT WILL LARGELY FOCUS ON FAMILY VACATIONS INVOLVING ACTIVE, OUTDOOR AND ENVIRONMENTALLY BALANCED EXPERIENCES. WITH SUCH A UNIQUE AND UNSPOILED SETTING, JAY PEAK CAN PROVIDE IT'S VACATIONING PUBLIC AN OPPORTUNITY TO HIKE, BIKE, FISH, SAIL AND SIGHTSEE IN OR NEAR THE RESORT IN A SETTING THAT IS TRULY UNDEVELOPED. NATURE TRAILS ALONG PRISTINE MOUNTAIN STREAMS WILL PROVIDE THE MOST NATURAL OF SETTINGS FOR FAMILY OUTINGS. GOLF AND OTHER TYPICAL RECREATION ENJOYED IN SUMMER WILL ALSO BE ON THE RESORT PREMISES, BUT EVERYTHING FROM SIGNAGE TO LIGHTING TO PROGRAM DESIGN WILL EMIT AN ENVIRONMENTAL SENSITIVITY THAT WILL, ONCE AGAIN, DIFFERENTIATE JAY PEAK FROM OTHER RESORTS THAT HAVE LARGELY BEEN BUILT ON A LEGACY OF RAPID EXPANSION IN THE 1970'S AND 1980'S.

ALTHOUGH JAY PEAK ALREADY HAS A VERY SUCCESSFUL SKI RESORT, MANY TIMES, EVEN IN PEAK SEASON, POOR WEATHER WILL RESULT IN TRIPS, VACATIONS AND MEETINGS BEING CANCELLED. THE RESORT SOUGHT OPPORTUNITIES THAT WOULD HELP EXPAND INTO A YEAR-ROUND DESTINATION, INSULATE THE RESORT FROM THE IMPACT OF WEATHER, CREATE WEATHER-PROOF VACATIONS, CAPTURE YEAR-ROUND REVENUES, YET ALLOW THE FREEDOM TO THE RESORT TO CONTINUE TO DO WHAT IT HAS DONE SO WELL FOR THE LAST 50 YEARS. WITH THE COMPLETION OF THE ONGOING PHASE II DEVELOPMENT, JAY PEAK RESORT WILL TRULY BE A "DESTINATION RESORT" WITH A 12 MONTH VENUE.

WITH THE ONGOING DEVELOPMENT OF PHASE II, THE NEW ANCILLARY FACILITIES SUCH AS THE INDOOR WATER PARK, ICE ARENA, SPA , AND CONVENTION CENTER WILL HELP FILL ROOMS MOST WEEKENDS ALL YEAR LONG AND SCHOOL BREAK PERIODS DURING THE YEAR. HOTELS/RESORTS WITH AN INDOOR WATER PARK ARE REPORTEDLY ABLE TO EXTEND THEIR PEAK SEASONS FROM ABOUT 100 DAYS TO ABOUT 300 DAYS OR MORE. THE ICE ARENA OPENED IN MAY 2010 AND THE GOLF CLUBHOUSE COMPLEX OPENED IN JUNE 2010. IT IS PROJECTED THAT THE INDOOR WATER PARK, SPA, CONVENTION CENTER AND HOTEL BUILDING IN WHICH THE PENTHOUSE UNITS HOTEL WILL BE LOCATED WILL BE COMPLETED BY EARLY 2012.

WITH THE ADVENT OF THE PENTHOUSE AND THE MOUNTAIN LEARNING CENTER PROJECT, SUMMER BUSINESS DEVELOPMENT WILL LARGELY FOCUS ON CAMP, ECO-TOURS AND FAMILY VACATIONS INVOLVING ACTIVE, OUTDOOR, EDUCATIONAL AND ENVIRONMENTALLY BALANCED EXPERIENCES. WITH SUCH A UNIQUE AND UNSPOILED SETTING, JAY PEAK CAN PROVIDE ITS VACATIONING PUBLIC AN OPPORTUNITY TO HIKE, BIKE, FISH, ZIP-LINE, SIGHTSEE AND PARTICIPATE IN SHOOTING CLAYS IN OR NEAR THE RESORT IN A SETTING THAT IS TRULY UNDEVELOPED. NATURE AND BIKING TRAILS ALONG PRISTINE MOUNTAIN STREAMS AND PATHS WILL PROVIDE THE MOST NATURAL OF SETTINGS FOR FAMILY OUTINGS AND CAMP ACTIVITIES. WITH A CHAMPIONSHIP GOLF COURSE AND OTHER TYPICAL RECREATION ENJOYED IN THE SUMMER ALSO WITHIN THE RESORT PREMISES AND WITH THE COMPLETION OF PHASE II, AND THE UPSCALE ACCOMODATIONS PROVIDED BY THE NEW PENTHOUSE UNITS HOTEL WITHIN THIS PENTHOUSE PROJECT, JAY PEAK RESORT WILL BE POISED TO CAPTURE A MARKET SHARE AS A CONFERENCE AND CONVENTION DESTINATION THAT PROVIDES LUXURY AND BUSINESS SPECIFIC ACCOMMODATION FOR THOSE ATTENDEES.



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## USE OF PROCEEDS

THE NET PROCEEDS FROM THE SALE OF THE LIMITED PARTNERSHIP INTERESTS WILL BE APPLIED (1) TO THE COSTS OF ACQUISITION OF DEVELOPMENT AND DECLARANT RIGHTS OWNED BY JAY PEAK HOTEL SUITES PHASE II L.P., PLANNING AND OBTAINING PERMITS FOR AND CONSTRUCTION OF THE PENTHOUSE UNITS HOTEL TO BE LEASED TO AND OPERATED BY AN APPROVED TENANT AND (2) TO THE COSTS OF BUILDING THE ANCILLARY PROJECTS COMPRISING THE MOUNTAIN LEARNING CENTER AND CAFÉ / BAR TO BE LEASED AT NOMINAL CONSIDERATION TO THE LIMITED PARTNERSHIP AND SUB-LEASED TO AND OPERATED BY ONE OR MORE APPROVED TENANTS. ANY FUNDS RAISED IN THIS OFFERING AND NOT REQUIRED FOR THESE PURPOSES WILL BECOME WORKING CAPITAL FOR THE LIMITED PARTNERSHIP'S BUSINESS ACTIVITIES.

PENTHOUSE UNITS HOTEL: THE LIMITED PARTNERSHIP WILL ACQUIRE THE DEVELOPMENT AND DECLARANT RIGHTS TO BUILD AND OWN THE PENTHOUSE UNITS HOTEL FROM JAY PEAK HOTEL SUITES PHASE II L.P., THE DECLARANT OF THE PHASE II CONDOMINIUM. THE PARTNERSHIP WILL SUBMIT THE PENTHOUSE UNITS HOTEL TO THE PHASE II CONDOMINIUM AS PARTIAL CONSIDERATION FOR ITS ACQUISITION OF THE DEVELOPMENT AND DECLARANT RIGHTS. IT IS ANTICIPATED THAT THE PHASE II CONDOMINIUM WILL CONSIST OF FIVE TOTAL UNITS IN ONE BUILDING, CONSISTING OF THE PENTHOUSE UNITS HOTEL TO BE OWNED BY THE PARTNERSHIP AND LEASED TO AND OPERATED BY A TENANT APPROVED BY THE PARTNERSHIP, TWO COMMERCIAL UNITS TO BE OWNED BY THE RESORT OWNER OFFERING VARIOUS GUEST SERVICES RUN BY THE RESORT OWNER OR ITS LEASEES, ONE UNIT TO BE OWNED BY THE RESORT OWNER AND OPERATED BY ITS LEASEE JAY PEAK HOTEL UNITS PHASE II L.P. AS AN INDOOR WATER PARK/VIRTUAL GAMING FACILITY AND ONE UNIT TO BE OWNED AND OPERATED BY JAY PEAK HOTEL UNITS PHASE II L.P. AS A SEPARATE HOTEL. THE DECLARANT OF THE CONDOMINIUM REGIME WILL FORM A VERMONT NONPROFIT CORPORATION TO BE KNOWN AS JAY PEAK HOTEL SUITES PHASE II OWNERS ASSOCIATION INC. (THE "COA"). THE COA WILL COMPRISE THE OWNERS OF THE FIVE CONDOMINIUM UNITS, AND THE COA WILL ENTER INTO A MANAGEMENT AGREEMENT WITH THE RESORT OWNER OR AN AFFILIATED COMPANY TO MANAGE THE COA. THE TRANSACTION MAY REQUIRE THE ISSUANCE OF ADDITIONAL LOCAL AND STATE SUBDIVISION OR OTHER PERMITS, TO BE APPLIED FOR AND OBTAINED BY THE RESORT OWNER.

ANCILLARY PROJECTS: THE LIMITED PARTNERSHIP WILL PROVIDE THE FUNDS TO BUILD THE ANCILLARY PROJECTS ON LAND OWNED BY THE RESORT OWNER, COMPRISING THE MOUNTAIN LEARNING CENTER AND CAFÉ / BAR, TO BE LEASED BY THE RESORT OWNER TO THE LIMITED PARTNERSHIP ONCE COMPLETED AT NOMINAL CONSIDERATION AND SUB-LEASED BY THE LIMITED PARTNERSHIP TO AND OPERATED BY ONE OR MORE APPROVED TENANTS.

## COMPLETION OF PROJECT

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, IN THE EVENT THAT THE RESORT OWNER OR AN AFFILIATE INVESTS FUNDS OR MAKES FINANCIAL COMMITMENTS OTHER THAN SECURED DEBT (AS DEFINED IN THE LIMITED PARTNERSHIP AGREEMENT) TO COMPLETE THE PROJECT, THE RESORT OWNER OR ITS AFFILIATE WILL BE ISSUED CLASS B INTERESTS PRO RATA IN THE PARTNERSHIP FOR NO ADDITIONAL CONSIDERATION AND THEREAFTER HOLD ITS INTERESTS SUBJECT TO THE TERMS OF THE LIMITED PARTNERSHIP AGREEMENT.

## OFFERING MEMORANDUM ONLY AVAILABLE IN US ENGLISH LANGUAGE

IN THE EVENT THE PROSPECTIVE PURCHASER CANNOT UNDERSTAND OR READ THE ENGLISH LANGUAGE, AND/OR IS UNABLE TO FULLY COMPREHEND ALL DOCUMENTS AND EXHIBITS RELATED TO THIS OFFERING, IT IS THE PROSPECTIVE PURCHASER'S SOLE RESPONSIBILITY AT THE PURCHASER'S SOLE COST TO OBTAIN ALL ASSISTANCE REQUIRED WITH INTERPRETATION AND TRANSLATION OF THIS OFFERING MEMORANDUM AND EXHIBITS THERETO. NO SUCH TRANSLATION MAY ALTER, MODIFY OR OTHERWISE CHANGE THE TERMS OF THIS OFFERING MEMORANDUM AS SET FORTH IN ENGLISH IN ANY MANNER OR WAY WHATSOEVER.



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## FEDERAL TAX CONSIDERATIONS

INVESTMENT IN THE PARTNERSHIP INVOLVES SUBSTANTIAL TAX RISKS: STATE AND FEDERAL LEGISLATURES MAY CHANGE INCOME TAX LAWS, ALTER AND CHANGE ALLOWABLE DEDUCTIONS THAT MAY BE TAKEN BY THE PARTNERSHIP AND REDUCE ITS INCOME, AND MAY CHANGE TAX RATES THAT MAY BE LESS BENEFICIAL TO PARTNERS. OTHER TAX RISKS TO THE LIMITED PARTNERSHIP INCLUDE BUT ARE NOT LIMITED TO THE ALLOCATION OF PURCHASE PRICE OF ASSETS, TAX ITEMS, PROFITS AND BENEFITS OR OTHERWISE OF PASSIVE LOSSES, RISK OF AUDIT, LOSS OF LIMITED PARTNERSHIP STATUS AND TERMINATION OF PARTNERSHIP. THE PARTNERSHIP MUST MEET CERTAIN CRITERIA TO MAINTAIN LIMITED LIABILITY AND AVOID BEING TAXED AS A CORPORATION. THE LIMITED PARTNERSHIP MAY INCUR LEGAL, ACCOUNTING OR OTHER COSTS RESULTING FROM TAX AUTHORITY REVIEW OF THESE MATTERS, WHICH MAY RESULT IN LESS FAVORABLE TAX RATES AND OTHER COSTS.

THE RULES GOVERNING THE UNITED STATES INCOME TAXATION OF LAWFUL PERMANENT RESIDENTS ARE COMPLEX. PRIOR TO INVESTMENT, AN INVESTOR SHOULD CONSULT WITH HIS U.S. TAX ADVISORS AND, IF THE INVESTOR IS FOREIGN, BOTH HIS OVERSEAS AND US TAX ADVISORS, WITH REGARD TO THE TAX CONSEQUENCES OF BECOMING A LAWFUL PERMANENT RESIDENT OF THE UNITED STATES, AND FURTHER TO INVESTING IN, OWNING AND DISPOSING OF THE LIMITED PARTNERSHIP INTERESTS DESCRIBED IN THIS OFFERING MEMORANDUM, AND ALL OTHER TAX CONSEQUENCES IN CONNECTION WITH THE PARTNERSHIP ANDTHIS PROJECT. THE PARTNERSHIP HAS NOT OBTAINED A LEGAL OPINON OR RULING FROM ANY TAX AUTHORITY REGARDING ANY ASPECTS OF THE PARTNERSHIP OR ITS BUSINESS.

TAX INFORMATION AND TAX RISKS DESCRIBED IN THIS OFFERING MEMORANDUM ARE NOT TAX ADVICE TO THE SUBSCRIBER. EACH SUBSCRIBER MUST RELY SOLELY AND ONLY UPON THEIR OWN TAX ADVISOR(S).

## TRANSFER RESTRICTIONS

THE OFFERING OF THE LIMITED PARTNERSHIP INTERESTS HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO THE SECURITIES ACT OF 1933 OR ANY APPLICABLE STATE SECURITIES LAWS, THE OFFERING IS RESTRICTED TO A LIMITED NUMBER OF INDIVIDUALS WHO ARE EITHER US CITIZENS, CURRENT U.S. LAWFUL PERMANENT RESIDENTS, OR FOREIGN INVESTORS RESIDENT AND LIVING IN THE UNITED STATES IN VALID IMMIGRATION STATUS, THEREBY CAUSING REGULATION D OF THE ACT TO APPLY IN CONNECTION WITH A PURCHASE, OR FOREIGN INVESTORS WITHOUT VALID IMMIGRATION STATUS WHO MUST REPRESENT TO THE LIMITED PARTNERSHIP THAT THEY ARE NOT RESIDENT IN THE UNITED STATES AT THE TIME OF THE OFFER, WILL NOT BE RESIDENT IN THE UNITED STATES AT THE TIME OF THE SALE, AND ARE NOT ACQUIRING THE LIMITED PARTNERSHIP INTEREST FOR THE BENEFIT OF A UNITED STATES PERSON, AS THAT TERM IS DEFINED IN REGULATION S. THE INVESTOR UNDERSTANDS THAT HE OR SHE MAY NOT OFFER TO SELL, OR SELL, A LIMITED PARTNERSHIP INTEREST UNLESS IT IS REGISTERED UNDER THE SECURITIES ACT OF 1933 AND ANY APPLICABLE STATE SECURITIES REGULATIONS OR AN EXEMPTION IS AVAILABLE FROM THE REGISTRATION REQUIREMENTS, AND THAT THE INVESTOR'S WEALTH OR INCOME QUALIFY HIM OR HER AS A SUITABLE PURCHASER.

TO PRESERVE THE EXEMPTIONS FROM REGISTRATION UNDER FEDERAL AND STATE SECURITIES LAWS, PURSUANT TO WHICH EXEMPTIONS PURCHASE OF THE LIMITED PARTNERSHIP INTERESTS ARE BEING OFFERED, SUBSEQUENT SALE OF THE LIMITED PARTNERSHIP INTERESTS ARE RESTRICTED TO BUYERS WHO QUALIFY AS "ACCREDITED INVESTORS," AS DESCRIBED IN RULE 501 OF THE SECURITIES AND EXCHANGE COMMISSION OR WHOSE PURCHASE OTHERWISE WILL NOT REQUIRE REGISTRATION OF THE LIMITED PARTNERSHIP INTERESTS. THERE ARE ADDITIONAL MATTERS CONCERNING TRANSFER RESTRICTIONS UNDER THE TERMS OF THE LIMITED PARTNERSHIP AGREEMENT, AND ALL PURCHASERS SHOULD REVIEW ARTICLE 10 OF THE SAID AGREEMENT FOR SPECIFIC RESTRICTIONS. CERTIFICATES EVIDENCING THE LIMITED PARTNERSHIP INTERESTS WILL BEAR A LEGEND DESCRIBING THE TRANSFER RESTRICTIONS.

## EXIT STRATEGIES

AS THE OWNER OF THE RESORT AND IN CONSIDERATION OF PROVIDING, WHERE APPROPRIATE, A GUARANTEE OF THE TENANTS' OBLIGATIONS UNDER THE VARIOUS LEASES DESCRIBED ABOVE, THE RESORT OWNER SHALL HAVE THE FIRST OPTION TO PURCHASE THE PENTHOUSE UNITS HOTEL, EITHER AS A WHOLE UNIT OR IN FRACTIONAL



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INTERESTS TO BE DETERMINED BY THE GENERAL PARTNER IN ITS SOLE DISCRETION IN CONNECTION WITH HOW THE PENTHOUSE SUITES HOTEL IS MARKETED FOR SALE, AND SUCH PURCHASE PRICE SHALL BE AT FAIR MARKET VALUE AS DETERMINED BY A CERTIFIED APPRAISER. NO COMMISSION WILL BE DUE AND PAYABLE ON SUCH EXERCISE OF THE OPTION, WHICH MUST BE EXERCISED AT ANY TIME PRIOR TO THE INDIVIDUAL ALLOCATION OR DISTRIBUTION OF FRACTIONAL UNITS TO LIMITED PARTNERS, BUT AT NO TIME SHALL THE OPTION BE EXERCISED PRIOR TO SUCH TIME AS ALL I-829 PETITIONS FILED UNDER THE EB-5 PROGRAM FOR THE QUALIFIED INVESTORS HAVE BEEN ADJUDICATED BY USCIS, WITH ANY APPEALS HAVING BEEN DECIDED. THE OPTION MUST BE CLOSED ON BY THE RESORT OWNER WITHIN SIXTY (60) DAYS OF SERVING NOTICE ON THE GENERAL PARTNER OF THE RESORT OWNER'S INTENT TO EXERCISE SAID OPTION. EACH PARTY AS SELLER AND BUYER SHALL BEAR ITS OWN LEGAL FEES AND EXPENSES IN CONNECTION WITH SAID TRANSACTION.

IF THE RESORT OWNER DOES NOT EXERCISE SUCH OPTION, ONCE ALL I-829 PETITIONS FILED UNDER THE EB-5 PROGRAM FOR ALL QUALIFIED INVESTORS WHO HAVE INVESTED INTO THE PARTNERSHIP HAVE BEEN ADJUDICATED, WITH ANY APPEALS HAVING BEEN DECIDED, THE GENERAL PARTNER WITHIN A REASONABLE TIME THEREAFTER SHALL SUBDIVIDE THE PENTHOUSE UNITS HOTEL INTO FRACTIONAL UNITS AND GRANT EACH LIMITED PARTNER FIVE (5) FRACTIONAL UNITS IN EXCHANGE FOR AND REDEMPTION OF EACH LIMITED PARTNER'S INTEREST IN THE PARTNERSHIP. ALL SUCH FRACTIONAL UNITS MUST BE MADE SUBJECT TO A RENTAL POOL OPERATED BY THE RESORT OWNER, WHICH RENTAL RATES WILL BE SET BY THE RESORT OWNER AT ITS SOLE DISCRETION AND THE RESORT OWNER WILL BE ENTITLED TO ITS STANDARD RENTAL MANAGEMENT FEE. EACH LIMITED PARTNER MAY SELL HIS FRACTIONAL UNITS WHENEVER HE WISHES AND FOR A PRICE AT HIS DISCRETION, BUT SUCH FRACTIONAL UNITS MUST BE SOLD THROUGH JAY PEAK REALTY WITH COMMISSION DUE BASED UPON JAY PEAK REALTY'S STANDARD COMMISSION FOR FRACTIONAL UNIT SALES. AT THE GENERAL PARTNER'S OPTION AND AT ITS SOLE DISCRETION, IT MAY RESEARCH THE POSSIBILITIES AND LAWFUL OPTIONS TO CONVERT EACH LIMITED PARTNER'S INTEREST IN THE PARTNERSHIP ASSETS INTO FIVE (5) FRACTIONAL UNITS EACH ON A CASE BY CASE BASIS, SUBJECT TO THE TERMS SET FORTH HEREINABOVE, AS EACH I-829 PETITION FILED UNDER THE EB-5 PROGRAM IS ADJUDICATED WITHOUT WAITING FOR ALL QUALIFIED INVESTORS TO HAVE THEIR I-829 PETITIONS ADJUDICATED, BUT STRICTLY PROVIDED THAT AT ALL TIMES SUCH ACTION IS IN COMPLIANCE WITH USCIS REQUIREMENTS AND GUIDELINES CURRENT AT THAT TIME, AND FURTHER THAT SUCH MECHANISM DOES NOT JEOPARDIZE THE ABILITY OF ANY OTHER LIMITED PARTNER TO QUALIFY UNDER THE EB-5 PROGRAM TO BECOME A LAWFUL PERMANENT RESIDENT OF THE UNITED STATES OR CONTRAVENE USCIS POLICY OR LAW, EACH LIMITED PARTNER ACKNOWLEDGES AND AGREES BY THEIR CONSENT TO THE LIMITED PARTNERSHIP AGREEMENT AND INVESTMENT INTO THE PARTNERSHIP THAT THE PROPOSED CONVERSION OF THEIR INTEREST IN THE PARTNERSHIP ASSETS INTO FRACTIONAL UNITS DOES NOT CONSTITUTE A GUARANTEE OF A RETURN OF THEIR INVESTMENT OR OF A REDEMPTION OF THEIR INTEREST.

## RISK FACTORS (ALSO SEE IMMIGRATION RISK FACTORS)

THE LIMITED PARTNERSHIP INTERESTS DESCRIBED IN THIS OFFERING MEMORANDUM INVOLVE A DEGREE OF RISK. AMONG THE RISK FACTORS THAT A PROSPECTIVE PURCHASER SHOULD CAREFULLY CONSIDER ARE THE FOLLOWING (THIS LIST IS NOT EXHAUSTIVE):

PURCHASE OF THE LIMITED PARTNERSHIP INTERESTS IS LIMITED TO THOSE WHO HAVE ATTAINED THE AGE OF AT LEAST 18 YEARS AND ALL OF WHOM MUST PURCHASE FOR INVESTMENT AND NOT WITH A VIEW TO RESALE. A DECLARATION, REPRESENTATION AND COVENANT TO THIS EFFECT ARE REQUIRED TO BE MADE IN THE SUBSCRIPTION AGREEMENT.

THE LIMITED PARTNERSHIP INTERESTS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933 OR UNDER ANY STATE LAWS AND, IN OFFERING THEM, THE LIMITED PARTNERSHIP WILL RELY ON ONE OR MORE EXEMPTIONS FROM REGISTRATION.

THERE WILL BE RESTRICTIONS ON THE ABILITY OF A PURCHASER TO SELL HIS LIMITED PARTNERSHIP INTEREST. NO RESALE CAN OCCUR WITHIN ONE YEAR FROM THE DATE OF THE FIRST OFFER. ANY RESALE MUST BE MADE PURSUANT TO REGULATION S OR REGULATION D AS IS APPLICABLE AFTER REGISTRATION OF THE LIMITED PARTNERSHIP INTERESTS PURSUANT TO THE SECURITIES ACT OF 1933 AND ANY APPLICABLE STATE LAWS OR PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS. MEMBERSHIP CERTIFICATES WILL CARRY A LEGEND TO THE EFFECT THAT TRANSFERS OF THE LIMITED PARTNERSHIP INTERESTS ARE PROHIBITED UNLESS IN COMPLIANCE WITH THE FOREGOING. THE LIMITED PARTNERSHIP WILL REFUSE TO REGISTER A TRANSFER NOT MADE IN ACCORDANCE WITH REGULATION D OR REGULATION S AND ANY APPLICABLE STATE LAWS, UNLESS THE TRANSFER IS MADE AFTER REGISTRATION UNDER THE SECURITIES ACT OF 1933 AND ANY APPLICABLE STATE LAWS OR IS



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OTHERWISE EXEMPT FROM REGISTRATION. THESE RESTRICTIONS MAY RENDER IT DIFFICULT OR IMPOSSIBLE TO LOCATE A PROSPECTIVE PURCHASER IF AND WHEN AN OWNER WISHES TO SELL HIS LIMITED PARTNERSHIP INTEREST.

THERE IS NO PUBLIC MARKET FOR THE SALE AND PURCHASE OF THE LIMITED PARTNERSHIP INTERESTS. THESE INTERESTS ARE NOT READILY TRANSFERABLE. THERE ARE RESTRICTIONS ON THE SALE OF THE LIMITED PARTNERSHIP INTERESTS. THERE MAY BE NO MARKET FOR RESALE OF THESE LIMITED PARTNERSHIP INTERESTS. THERE CAN BE NO ASSURANCES THAT A PURCHASER CAN BE FOUND IF AND WHEN AN OWNER WISHES TO SELL HIS INTEREST. A PURCHASER MAY NEVER BE ABLE TO LIQUIDATE HIS INVESTMENT IN THE LIMITED PARTNERSHIP.

THE LIMITED PARTNERSHIP IS A LIMITED PARTNERSHIP CREATED PURSUANT TO VERMONT LAW. THE RIGHTS OF LIMITED PARTNERS IN A LIMITED PARTNERSHIP DIFFER MATERIALLY FROM THE RIGHTS OF PARTNERS IN A GENERAL PARTNERSHIP OR SHAREHOLDERS IN CORPORATIONS.

THE PARTNERSHIP'S INVESTMENT IN THE PROJECT WILL BE SUBJECT TO THE RISKS RELATED TO, AND FORMING A PART OF, THE OWNERSHIP OF REAL PROPERTY. THESE INCLUDE BUT ARE NOT LIMITED TO UNCERTAINTY OF CASH FLOW TO MEET FIXED OBLIGATIONS; ADVERSE CHANGES IN GENERAL OR LOCAL ECONOMIC CONDITIONS; CHANGES IN GOVERNMENTAL RULES AND OR FISCAL POLICIES, ADVERSE ECONOMIC CONDITIONS, ADVERSE CHANGES IN INTEREST RATES AND TAXES; EXCESSIVE BUILDING RESULTING IN AN OVER SUPPLY; REDUCTION IN THE COST OF OPERATING COMPETING PROPERTIES; RELATIVE APPEAL OF COMPETING PROPERTIES, COMPETING DEVELOPMENTS WITHIN THE VICINITY IN A SIMILAR INDUSTRY, REDUCED DEMAND FOR PROPERTIES IN THE AREA, AND OTHER FACTORS REFERENCED ELSEWHERE WITHIN THE RISK FACTORS, MANY IF NOT ALL OF WHICH ARE BEYOND THE CONTROL OF THE LIMITED PARTNERSHIP AND THE GENERAL PARTNER.

THE GENERAL PARTNER OF THE LIMITED PARTNERSHIP WILL HAVE CERTAIN POWERS AND RIGHTS NOT GRANTED TO THE OWNERS OF THE LIMITED PARTNERSHIP INTERESTS.

WHETHER THE LIMITED PARTNERSHIP CAN MAKE DISTRIBUTIONS TO THE LIMITED PARTNERS IS DEPENDENT ON MARKET CONDITIONS FOR RESORT VISITATIONS, RENTALS, OCCUPANCY, OPERATING COSTS, PARTNERSHIP EXPENSES, AND NUMEROUS OTHER FACTORS, WHICH AFFECT ITS ABILITY TO EARN A SUFFICIENT INCOME IN EACH YEAR, ALL OF WHICH IN TURN AFFECT THE GENERAL PARTNER'S DETERMINATION WHETHER OR TO WHAT EXTENT DISTRIBUTIONS SHOULD BE MADE. THERE IS NO ASSURANCE THAT CASH FROM OPERATIONS WILL BE AVAILABLE FOR DISTRIBUTION TO LIMITED PARTNERS.

JAY PEAK GP SERVICES, INC. OR ITS DESIGNEE WILL PROVIDE THE MANAGEMENT FOR THE PENTHOUSE PROJECT AND ANCILLARY PROJECTS AND WILL OVERSEE THE LEASES TO THE APPROVED COMPANIES LEASING AND OPERATING THE PARTNERSHIP ASSETS AND FACILITIES. IF JAY PEAK GP SERVICES, INC. ELECTS TO CEASE BEING THE GENERAL PARTNER, IT MAY BE DIFFICULT TO FIND A REPLACEMENT.

INSURANCE: CERTAIN RISKS RELATED TO THE PROJECT MAY NOT BE INSURABLE SUCH AS, BUT NOT LIMITED TO, EXTREME WEATHER, TERRORISM AND ACTS OF GOD. IF AN UNINSURABLE LOSS OCCURS THE PARTNERSHIP COULD SUFFER LOSS OF CAPITAL AND PROFITS.

DEPENDANCE ON KEY PERSONNEL: THE LIMITED PARTNERSHIP WILL RELY ON THE ACTIVE PARTICIPATION OF WILLIAM STENGER, AN OFFICER OF THE GENERAL PARTNER. MR. STENGER HAS BEEN INVOLVED IN THE JAY PEAK EXPANSION PROJECT AND THE OPERATION OF THE RESORT FOR MANY YEARS. THE LOSS OF MR STENGER'S SERVICES COULD CREATE A SIGNIFICANT ADVERSE EFFECT ON THE LIMITED PARTNERSHIP.

WHETHER THE LIMITED PARTNERSHIP'S ACTIVITIES CAN BE PROFITABLE WILL DEPEND, AT LEAST IN PART, ON THE INTEGRATION AND COORDINATION OF ITS BUSINESS WITH THE OTHER BUSINESSES OPERATED AT THE JAY PEAK RESORT, INCLUDING THE BUSINESSES SITUATED IN SPACE TO BE BUILT OUT BY THE RESORT OWNER WITHIN BUILDINGS ERECTED BY THE LIMITED PARTNERSHIP. THE FINANCIAL FORECASTS ARE BASED, IN PART, ON ASSUMPTIONS CONCERNING FACTORS OVER WHICH THE PURCHASERS AND THE LIMITED PARTNERSHIP WILL HAVE NO CONTROL, INCLUDING OCCUPANCY RATES FOR THE PENTHOUSE UNITS HOTEL WHICH MAY BE ADVERSELY AFFECTED BY VARIOUS FACTORS SUCH AS ADVERSE WEATHER CONDITIONS DURING THE RESORT'S PEAK SKI AND SUMMER SEASONS.



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THE PROJECT INVOLVES SUBSTANTIAL CONSTRUCTION ACTIVITY. THERE MAY BE DELAYS IN CONSTRUCTION EITHER WITHIN OR BEYOND THE CONTROL OF THE GENERAL PARTNER. ANY DELAYS MAY AFFECT THE ABILITY OF THE PROJECT TO GENERATE CASH FLOW OR MAY INCREASE COSTS AND REDUCE PROJECTED RATE OF RETURN.

SITE PLANS BUILDING CONCEPTUALS: INTERIOR AND EXTERIOR: THE SITE PLANS, BUILDING SKECTCHES AND CONCEPTUAL PICTURES WITHIN THIS OFFERING MEMORANDUM ARE NOT INTENDED AS LEGAL DESCRIPTIONS OF THE PROPERTY OR TO CONSTITUTE AN UNDERTAKING TO DEVELOP THE SUBJECT PROPERTY EXACTLY AS SHOWN HEREIN. RATHER, IT IS FOR GENERAL REFERENCE ONLY AND THE ACTUAL DETAILS SHOWN HEREIN MAY VARY SUBSTANTIALLY DEPENDING UPON ACTUAL SITE CONDITIONS ARCHITECTS PLANS, ZONING PERMITTING AND NUMEROUS OTHER FACTORS. PLANS AND DESIGNS TO BUILD OUT THIS PROJECT AS PROPOSED ARE SUBJECT TO CHANGE WITHOUT NOTICE.

REAL ESTATE DEVELOPMENT ALWAYS INVOLVES VARIOUS ENVIRONMENTAL RISKS. THESE RISKS INCLUDE BUT ARE NOT LIMITED TO THE POSSIBLE PRESENCE OF HAZARDOUS AND TOXIC SUBSTANCES LOCATED ON, OR GENERATED BY CONSTRUCTION ACTIVITY OR OPERATIONS ON, THE PROPERTY, THE RESORT OR ADJACENT PROPERTY, WHICH COULD HAVE A DETRIMENTAL EFFECT ON THE PARTNERSHIP, AND COULD GIVE RISE TO LEGAL PROCEEDINGS BROUGHT BY CONTRACTORS, ADJACENT PROPERTY OWNERS AND OTHERS, ALL OF WHICH COULD CAUSE THE PARTNERSHIP TO SUFFER LOSS OF CAPITAL AND PROFITS, AND INCUR THE RESPONSIBILITY TO REMEDY THE ENVIRONMENTAL CONTAMINATION.

THE FINANCIAL FORECASTS CONTAIN ESTIMATES OF FUTURE RESULTS BASED ON INFORMATION AVAILABLE AS OF THE DATE OF THIS OFFERING MEMORANDUM THAT THE LIMITED PARTNERSHIP BELIEVES ARE REASONABLE. HOWEVER, NO REPRESENTATION IS OR CAN BE MADE AS TO FUTURE OPERATIONS OR OF THE AMOUNT OF ANY FUTURE INCOME OR LOSS FROM THE OPERATION OF THE PENTHOUSE UNITS HOTEL OR ANCILLARY PROJECTS.

FUTURE MARKET VALUE OF THE PROJECT: THE ECONOMY OF THE STATE OF VERMONT, OF THE UNITED STATES GENERALLY, DEMOGRAPHIC CHANGES, INTEREST RATES, TAX CHANGES, FUTURE CONSTRUCTION ACTIVITY, AND MANY OTHER FACTORS WILL DETERMINE THE FUTURE VALUE OF THE PROJECT. THERE IS NO ASSURANCE THAT THE PROJECT OR ANY SEGMENTS THEREOF WILL HOLD OR INCREASE IN VALUE.

THE SUCCESS OF THE LIMITED PARTNERSHIP WILL DEPEND ON ITS ABILITY TO ATTRACT VISITORS TO THE PENTHOUSE UNITS HOTEL AND RESORT. NO ASSURANCE CAN BE GIVEN THAT THE LIMITED PARTNERSHIP WILL BE SUCCESSFUL IN ATTRACTING SUCH GUESTS OR CUSTOMERS.

THERE IS COMPETITION AMONG EXISTING ACCOMODATIONS AT THE RESORT AND OPERATORS OF OTHER ALL SEASONS RESORT HOTELS TO ATTRACT AND ENCOURAGE VISITS FOR CUSTOMERS. THERE CAN BE NO ASSURANCE THAT THE LIMITED PARTNERSHIP WILL BE ABLE TO COMPETE.

THE RESORT OWNER, OR ITS SUCCESSORS OR ITS AFFILIATES, MAY IN THE FUTURE DETERMINE TO CONSTRUCT OTHER BUILDINGS AT THE RESORT, INCLUDING HOTELS AND OTHER AMENITIES WHICH MAY CONNECT WITH AND COMPETE WITH THE PENTHOUSE UNITS HOTEL, AND OTHER AMENITIES FOR GUESTS AND CUSTOMERS.

WHILE THE GENERAL PARTNER BELIEVES THE FINANCIAL PROJECTIONS, SOURCES OF FUNDS, BUILD COSTS, TIME FRAMES AND OTHER INFORMATION WITHIN THE BUSINESS PLAN ARE BASED UPON REASONABLE ASSUMPTIONS CONCERNING CERTAIN FACTORS AFFECTING THE PROBABLE FUTURE DEVELOPMENT AND OPERATIONS OF THE PARTNERSHIP AND THE PROJECT, PURCHASERS SHOULD RECOGNIZE THAT THE FINANCIAL FORECASTS MAKE ASSUMPTIONS ABOUT GROSS REVENUES FROM THE PENTHOUSE UNITS HOTEL AND ANCILLARY PROJECTS INCLUDING BUT NOT LIMITED TO ANNUAL ROOM RATES, ADMISSION FEES, OCCUPANCY AND USAGE LEVELS, WHICH ARE SUBJECT TO SUBSTANTIAL FLUCTUATION. ALTHOUGH THE LIMITED PARTNERSHIP DOES NOT BELIEVE SUCH CHARGES AND RATES TO BE UNREASONABLE, PROSPECTIVE PURCHASERS SHOULD BE AWARE THAT THERE IS NO ASSURANCE THAT SUCH RATES AND OCCUPANCY RATES WILL BE ACHIEVED OR MAINTAINED. IF SUCH RATES, OCCUPANCY AND USAGE LEVELS ARE NOT ACHIEVED, THE OPERATING RESULTS MAY BE LESS FAVORABLE THAN THOSE PROJECTED. NO ASSURANCE CAN BE MADE THAT THESE FORECASTS WILL PROVE ACCURATE, AND PURCHASERS ARE WARNED AGAINST PLACING EXCESSIVE RELIANCE ON SUCH INFORMATION WHEN DECIDING WHETHER TO INVEST IN THE PARTNERSHIP.

POSSIBLE PURCHASE OF INTERESTS BY THE RESORT OWNER, ITS AFFFILIATES, INVESTORS OR OFFICERS: IN THE EVENT THAT THE RESORT OWNER, ITS AFFFILIATES, INVESTORS OR OFFICERS USES ITS OR ITS AFFILIATES' FUNDS OR FINANCIAL FACILITIES TO COMPLETE THE PROJECT,, THE RESORT OWNER MAY ACQUIRE SOME LIMITED



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PARTNERSHIP INTERESTS. IF THESE INTERESTS ARE SIGNIFICANT, AND ALBEIT THAT SUCH INTERESTS WILL BE NON-VOTING, THE RESORT OWNER MAY STILL BE ABLE TO INFLUENCE OR CONTROL CERTAIN MATTERS UPON WHICH THE LIMITED PARTNERS ARE ENTITLED TO VOTE UNDER THE TERMS OF THE LIMITED PARTNERSHIP AGREEMENT.

AN INVESTOR MAY SUFFER ADVERSE TAX CONSEQUENCES IN THE EVENT OF A SALE OF HIS LIMITED PARTNERSHIP INTEREST.

THE LIMITED PARTNERSHIP IS A STARTUP BUSINESS THAT DOES NOT HAVE AN OPERATING HISTORY. THE LIMITED PARTNERSHIP'S BUSINESS IS DEPENDENT UPON THE LIMITED PARTNERSHIP OBTAINING SUFFICIENT CAPITAL TO PROPERLY DEVELOP ITS SERVICES AND MARKETING OPERATIONS AND EFFECTIVELY EDUCATE THE PUBLIC, MORE SPECIFICALLY ITS TARGET MARKET, REGARDING ITS AVAILABILITY AND THE BENEFITS OF THE SITE.

EVEN IF THE LIMITED PARTNERSHIP OBTAINS ITS $32,500,000.00 EQUITY FINANCING AND USES IT AS DESCRIBED IN THE FINANCIAL DATA, THERE CAN BE NO ASSURANCE THAT ANY OPERATIONS WILL RESULT IN THE ANTICIPATED REVENUES OR NET INCOME TO THE LIMITED PARTNERSHIP.

RESTRICTED SECURITIES, LONG TERM NATURE OF INVESTMENT AND NO PUBLIC MARKET: INVESTORS WHO PURCHASE SECURITIES IN THIS OFFERING MUST BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD BECAUSE THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE 1933 SECURITIES ACT OR ANY STATE LAWS, AND THEREFORE CANNOT BE SOLD IN THE PUBLIC MARKET UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER THE 1933 SECURITIES ACT AND ANY APPLICABLE STATE LAWS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

THE LIMITED PARTNERSHIP HAS NOT PREPARED AUDITED FINANCIAL STATEMENTS (SEE FINANCIAL DATA – "RISK FACTORS"): NO INDEPENDENT COUNSEL HAS BEEN RETAINED TO REPRESENT THE INTEREST OF THE LIMITED PARTNERS. EACH PROSPECTIVE PURCHASER SHOULD CONSULT WITH HIS OWN COUNSEL AS TO THE TERMS OF THE PARTNERSHIP AGREEMENT AND EXHIBITS THERETO, AND THEIR FINANCIAL AND TAX ADVISERS AS TO THE BUSINESS PLAN AND EXHIBITS THERETO.

## U.S. IMMIGRATION FOR EB-5, ALIEN ENTREPRENEUR INVESTORS

THE IMMIGRATION INFORMATION PROVIDED IN THIS OFFERING MEMORANDUM IS NOT INTENDED TO BE, SHOULD NOT BE CONSIDERED AS AND IS NOT LEGAL ADVICE TO THE FOREIGN INVESTOR. EACH FOREIGN INVESTOR MUST CONSULT INDEPENDENT IMMIGRATION COUNSEL REGARDING U.S. IMMIGRATION LAW IMPLICATIONS, STRATEGIES, ADMONITIONS, BENEFITS, IF ANY, AND ALL OTHER IMMIGRATION-RELATED ISSUES REGARDING THE INVESTOR AND THE INVESTOR'S QUALIFYING FAMILY MEMBERS.

### OVERVIEW

THE EB-5, EMPLOYMENT-BASED VISA PREFERENCE, IS INTENDED TO ENCOURAGE THE FLOW OF CAPITAL INTO THE U.S. ECONOMY AND TO PROMOTE EMPLOYMENT OF U.S. WORKERS. TO ACCOMPLISH THESE GOALS AND SO THAT FOREIGN INVESTORS MAY OBTAIN IMMIGRATION BENEFITS FOR HAVING MADE AN INVESTMENT, THE PROGRAM MANDATES THE MINIMUM CAPITAL THAT FOREIGN INVESTORS MUST CONTRIBUTE AND IT MANDATES THAT 10 FULL-TIME EMPLOYMENT POSITIONS BE CREATED ON ACCOUNT OF EACH INVESTMENT. IN ADDITION TO THE RETURN THAT INVESTORS HOPE TO ACHIEVE ON THEIR INVESTMENT, FOREIGN INVESTORS AND THEIR QUALIFYING FAMILY MEMBERS ARE OFFERED THE PROSPECT OF LAWFUL PERMANENT RESIDENCE IN THE UNITED STATES; PROVIDED THEY SATISFY THE REQUIREMENTS OF THE EB-5 PROGRAM.

THE JAY PEAK PENTHOUSE PROJECT HAS BEEN STRUCTURED TO ASSIST INVESTORS TO MEET THE REQUIREMENTS OF THE EB-5 PROGRAM [8 U.S.C.§ 1153 (B)(5)(A) - (D); INA § 203 (B)(5)(A) - (D) OF THE IMMIGRATION & NATIONALITY ACT (THE "ACT")] AND QUALIFY VIA INVESTMENT IN THIS PROJECT (THE "PROJECT") TO BECOME ELIGIBLE FOR ADMISSION TO THE UNITED STATES OF AMERICA AS LAWFUL PERMANENT RESIDENTS WITH THE INVESTOR'S QUALIFYING FAMILY MEMBERS.

THE PROJECT STRUCTURE AND PROVISIONS ARE EXPECTED TO QUALIFY UNDER SEPARATE PROVISIONS IN THE LAW THAT PERMIT: (1) A REDUCED INVESTMENT, RELYING UPON THE PRESENCE OF THE PRINCIPAL PLACE OF BUSINESS OF THE EB-5 ENTERPRISE WITHIN A TARGETED EMPLOYMENT AREA (TEA); AND, (2) RELIANCE, IN WHOLE OR IN PART,



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UPON INDIRECT CREATION OF EMPLOYMENT POSITIONS, A PRIVILEGE GRANTED TO EB-5 PROJECTS THAT ARE WITHIN AND AFFILIATED WITH AN APPROVED REGIONAL CENTER, IN THIS INSTANCE, THE VERMONT REGIONAL CENTER AUTHORIZED BY THE ACT UNDER A PILOT PROGRAM. *(SEE IMMIGRATION RISK FACTORS, PAGE 28.)* QUALIFICATION OF THE PROJECT STRUCTURE AND COMPLIANCE WITH THE LAW IS DETERMINED BY THE USCIS, AS PART OF ITS REVIEW OF INVESTOR IMMIGRATION PETITIONS.

THE DISCUSSION OF IMMIGRATION MATTERS BELOW REFLECTS JAY PEAK PENTHOUSE PROJECTS'S CURRENT UNDERSTANDING OF EB-5, ALIEN ENTREPRENEUR LAW, REGULATIONS AND EB-5 PROGRAM GUIDANCE FROM USCIS ON ITS PRACTICES AS OF THE DATE OF THIS OFFERING MEMORANDUM. THE EB-5 ALIEN ENTREPRENEUR LAW, REGULATIONS AND THE EB-5 PROGRAM MAY BE ALTERED IN THE FUTURE BY AMENDMENTS TO THE LAW, REGULATIONS AND PRACTICE GUIDELINES FROM USCIS. IN THE EVENT OF SUCH CHANGES, THE INVESTOR AND THE PROJECT WILL BE REQUIRED TO COMPLY WITH SUCH FUTURE ALTERATIONS. (SEE, RISK FACTORS, GENERAL, PAGE 28 AND NO REGULATIONS REGARDING REMOVAL OF CONDITIONS, PAGE 27).

**FOR EB-5 INVESTORS**

FOREIGN INVESTORS ARE SPECIFICALLY DIRECTED TO REVIEW CERTAIN IMPORTANT MATTERS LISTED HEREUNDER AND IN THE IMMIGRATION RISK FACTORS PAGE 28.

LEGAL COUNSEL: THE INVESTOR WILL REQUIRE THE SERVICES OF INDEPENDENT LEGAL COUNSEL FOR U.S. IMMIGRATION LAW DUE DILIGENCE, ADVICE, PREPARATION AND FILING OF PETITIONS AND ALL OTHER U.S. IMMIGRATIDN MATTERS. THE INVESTOR IS RESPONSIBLE FOR PAYMENT OF ALL LEGAL FEES AND COSTS, INCLUDING USCIS APPLICATION FEES, INCURRED IN CONNECTION WITH THE RECEIPT OF SUCH LEGAL SERVICES.

FILING THE IMMIGRANT PETITIONS: THE LIMITED PARTNERSHIP AND STI SHALL USE THEIR REASONABLE BEST EFFORTS TO ASSIST THE FOREIGN INVESTORS' LEGAL COUNSEL BY PROVIDING NECESSARY INFORMATION AND DOCUMENTATION TO SUPPORT AN I-526 PETITION AND AN I-829, PETITION TO REMOVE CONDITIONS.

IN THE EVENT THE GENERAL PARTNER RECEIVES A USCIS NOTICE OF DENIAL OF AN INVESTOR'S I-526 PETITION, AND A COPY OF ALL RELEVANT MATERIALS PERTAINING TO SUCH DENIAL HAVE BEEN SUBMITTED TO THE LIMITED PARTNERSHIP, OTHER THAN FOR FRAUD OR MATERIAL MISREPRESENTATION BY THE INVESTOR, THE LIMITED PARTNERSHIP SHALL, WITHIN 90 DAYS OF A WRITTEN REQUEST BY THE INVESTOR, REFUND THE $500,000 CAPITAL CONTRIBUTION, RESERVING ONLY REASONABLE ATTORNEYS FEES AND COSTS IN CONNECTION WITH THIS REFUND. UPON SUCH REPAYMENT, ANY INTEREST OF THE INVESTOR IN THE LIMITED PARTNERSHIP SHALL AUTOMATICALLY BE TERMINATED WITHOUT THE NECESSITY OF ANY FURTHER ACTION BY THE INVESTOR OR THE LIMITED PARTNERSHIP.

IF USCIS DENIES AN INVESTOR'S I-526 PETITION ON THE BASIS OF FRAUD OR MATERIAL MISREPRESENTATION IN THE INVESTOR'S I-526 PETITION OR ITS SUPPORTING DOCUMENTS PROVIDED BY THE INVESTOR THEIR $500,000 CAPITAL CONTRIBUTION SHALL REMAIN INVESTED IN THE PARTNERSHIP PURSUANT TO THE TERMS OF THE LIMITED PARTNERSHIP AGREEMENT. THE LIMITED PARTNERSHIP WILL THEREFORE BE ENTITLED TO HOLD PAYMENT OF ALL FUNDS, INCLUDING THE INVESTOR'S $500,000 CAPITAL CONTRIBUTION TO BE APPLIED TO THE PROJECT, INTEREST PAID ON ACCOUNT OF THE INVESTMENT AND ADMINISTRATION FEES..

UPON SUBSCRIBING TO THIS OFFERING AND BECOMING A LIMITED PARTNER, IT IS AT THE SOLE RESPONSIBILITY AND RISK OF THE FOREIGN INVESTOR TO PROMPTLY FILE THE I-526 PETITION AT THE INVESTOR'S SOLE EXPENSE. THERE IS NO REFUND DF THE CAPITAL CONTRIBUTION OR ADMINISTRATION FEE FOR DELAY OR FAILURE FOR ANY REASON WHATSOVER TO FILE AN I-526 PETITION.

THE EB-5 PROGRAM, BY VIRTUE OF RECENT AMENDMENTS TO THE REGIONAL CENTER PILOT PROGRAM ENABLING LEGISLATION, HAS BEEN EXTENDED THROUGH SEPTEMBER 30, 2012. THEREAFTER, IF THE REGIONAL CENTER PILOT PROGRAM LAPSES, FOR EACH INVESTOR WHOSE CASE IS FILED WITH USCIS BUT NOT ADJUDICATED ON OR BEFORE THE DATE OF LAPSE, THEIR $500,000 CAPITAL CONTRIBUTION SHALL REMAIN INVESTED IN THE PARTNERSHIP PROVIDED:

1. THE REGIONAL CENTER PILOT PROGRAM IS REAUTHORIZED RETROACTIVELY OR IS PENDING REAUTHORIZATION WITHIN A TWELVE MONTH PERIOD FOLLOWING SUNSET, AND THE INVESTOR'S I-526 PETITION IS IN DUE COURSE ADJUDICATED; OR,
2. LEGISLATION IS ENACTED OR PENDING PROVIDING SUBSTANTIALLY SIMILAR IMMIGRATION



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BENEFITS TO INVESTORS UNDER THE FORMER EB-5 REGIONAL CENTER PROGRAM WITHIN A TWELVE MONTH PERIOD FOLLOWING SUNSET.

IF NONE OF THE EVENTS DESCRIBED IN 1 OR 2 OCCUR, OR ARE NOT PENDING AS STATED, AT THE INVESTOR'S ELECTION, THE INVESTOR MAY (1) REMAIN INVESTED IN THE PROJECT; OR, (2) MAKE A WRITTEN REQUEST TO THE GENERAL PARTNER FOR A REFUND OF THE CAPITAL CONTRIBUTION OF $500,000. WITHIN NINETY (90) DAYS OF THE GENERAL PARTNER'S RECEIPT OF A REQUEST FOR A REFUND, THE CAPITAL CONTRIBUTION WILL BE REFUNDED BY THE LIMITED PARTNERSHIP TO THE INVESTOR. THE INVESTOR'S RIGHTS ARE IN THIS EVENT LIMITED SOLELY TO THE RETURN OF THE CAPITAL CONTRIBUTION OF $500,000.

## IMMIGRATION MATTERS

### OVERVIEW

THE JAY PEAK PENTHOUSE PROJECT HAS BEEN STRUCTURED TO ASSIST INVESTORS TO MEET THE REQUIREMENTS OF THE EB-5 PROGRAM [8 U.S.C.§ 1153 (B)(5)(A) - (D); INA § 203 (B)(5)(A) - (D) OF THE IMMIGRATION & NATIONALITY ACT (THE "ACT")] AND QUALIFY VIA INVESTMENT IN THIS PROJECT (THE "PROJECT") TO BECOME ELIGIBLE FOR ADMISSION TO THE UNITED STATES OF AMERICA AS LAWFUL PERMANENT RESIDENTS WITH THE INVESTOR'S QUALIFYING FAMILY MEMBERS.

THE PROJECT STRUCTURE AND PROVISIONS ARE EXPECTED TO QUALIFY UNDER SEPARATE PROVISIONS IN THE LAW THAT PERMIT: (1) A REDUCED INVESTMENT, RELYING UPON THE PRESENCE OF THE PRINCIPAL PLACE OF BUSINESS OF THE EB-5 ENTERPRISE WITHIN A TARGETED EMPLOYMENT AREA (TEA); AND, (2) RELIANCE, IN WHOLE OR IN PART, UPON INDIRECT CREATION OF EMPLOYMENT POSITIONS, A PRIVILEGE GRANTED TO EB-5 PROJECTS THAT ARE WITHIN AND AFFILIATED WITH AN APPROVED REGIONAL CENTER, IN THIS INSTANCE, THE VERMONT REGIONAL CENTER AUTHORIZED BY THE ACT UNDER A PILOT PROGRAM.

QUALIFICATION OF THE PROJECT STRUCTURE AND COMPLIANCE WITH THE LAW IS DETERMINED BY THE USCIS, AS PART OF ITS REVIEW OF INVESTOR IMMIGRATION PETITIONS.

### AMOUNT OF INVESTMENT

THE EB-5 PROGRAM CALLS FOR A MINIMUM INVESTMENT OF $1,000,000 USD BY AN INVESTOR. HOWEVER, FOR THE PROJECT, THIS SUM MAY BE REDUCED TO $500,000 USD BECAUSE THE INVESTMENT IS SITUATED IN A TARGETED EMPLOYMENT AREA (TEA). TEA'S MUST MEET ONE OF TWO CRITERIA, THE FIRST, CONCERNING POPULATION, AND THE SECOND, CONCERNING HIGH RATES OF UNEMPLOYMENT IN TOWNS WHOSE POPULATION EQUALS OR EXCEEDS 20,000.

THE FIRST CRITERION, CONCERNING POPULATION, IS THE RELEVANT CRITERIA FOR THIS PROJECT, AS IT STATES THAT IF AN INVESTMENT IS MADE IN A TOWN OR CITY WHOSE POPULATION IS LESS THAN 20,000, AND THE TOWN OR CITY IS NOT WITHIN A METROPOLITAN STATISTICAL AREA (MSA) AS DESIGNATED BY THE U.S. OFFICE OF MANAGEMENT AND BUDGET, THE INVESTMENT IS DEEMED TO HAVE BEEN MADE IN A TEA. THE PROJECT BELIEVES IT COMPLIES WITH THIS CRITERIA BECAUSE IT RELIES ON THE FACT THAT IT IS SITUATED IN WINDSOR, VERMONT, A TOWN WHOSE POPULATION WAS 406 ACCORDING TO THE 2000 CENSUS AND ITS POPULATION IS ESTIMATED BY THE U.S. CENSUS BUREAU TO HAVE INCREASED TO 462 AS OF JULY 1, 2008, BASED UPON THE MOST RECENTLY REPORTED DATA FROM THIS AGENCY BELIEVED TO BE PUBLISHED.

THE SECOND CRITERION IS NOT RELEVANT TO THE PROJECT BECAUSE THE TOWN OF JAY'S POPULATION DOES NOT EQUAL OR EXCEED 20,000 AND THE TOWN OF JAY IS NOT SITUATED IN A METROPOLITAN STATISTICAL AREA. .

ADMINISTRATIVE AND OTHER COSTS BORNE BY THE INVESTOR CANNOT BE PAID FROM THIS SUM. IN THIS PROJECT, $50,000.00 ADMINISTRATIVE FEES ARE PAYABLE BY EACH INVESTOR IN ADDITION TO THE REQUIRED $500,000 MINIMUM INVESTMENT INTO THE PROJECT.

### COUNTING EMPLOYMENT POSITIONS CREATED

TO QUALIFY AS AN EB-5 INVESTOR, EACH INVESTOR MUST DEMONSTRATE THAT 10 FULL-TIME, YEAR-AROUND EMPLOYMENT POSITIONS WILL BE CREATED ON ACCOUNT OF THE INVESTMENT.



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THESE EMPLOYMENT POSITIONS MUST BE FOR U.S. CITIZENS, LAWFUL PERMANENT RESIDENTS AND OTHER IMMIGRANTS LAWFULLY AUTHORIZED TO BE EMPLOYED IN THE UNITED STATES. NON-IMMIGRANT (TEMPORARY) WORKERS ARE NOT INCLUDED IN THE COUNT. ALSO EXCLUDED ARE THE INVESTOR, THE INVESTOR'S SPOUSE AND THE INVESTOR'S CHILDREN.

A FULL-TIME EMPLOYMENT POSITION (INCLUDING ONE POSITION SHARED BY MORE THAN ONE EMPLOYEE) MEANS ONE THAT REQUIRES AT LEAST 35 HOURS EACH WEEK TO FULFILL.

AN EMPLOYMENT POSITION IS DEEMED CREATED WHEN THE WORKER IS REMUNERATED ON THE PAYROLL OF THE NEW ENTERPRISE. INDEPENDENT CONTRACTORS ARE EXCLUDED FROM THE DIRECT EMPLOYMENT POSITION CREATION COUNT.

AN EXCEPTION TO THE REQUIREMENT OF PAYMENT OR OTHER REMUNERATION COMING DIRECTLY FROM THE NEW ENTERPRISE IS MADE IF THE ENTERPRISE IS LOCATED WITHIN AND AFFILIATED WITH A REGIONAL CENTER CREATED UNDER A PILOT PROGRAM FIRST ENACTED IN 1993. THE ENTIRE STATE OF VERMONT IS SUCH A REGIONAL CENTER. AN INVESTOR IN AN ENTERPRISE, SUCH AS THIS PROJECT, ESTABLISHED IN VERMONT, IS PERMITTED TO DEMONSTRATE THAT SOME ,POSSIBLY ALL, OF THE EMPLOYMENT POSITIONS CREATED ON ACCOUNT OF THE INVESTMENT IN THE ENTERPRISE WILL BE INDIRECT EMPLOYMENT POSITIONS., I.E., NOT ON THE PAYROLL OF THE ENTERPRISE. IT IS INCUMBENT UPON THE INVESTOR TO SHOW HOW MANY EMPLOYMENT POSITIONS ARE EXPECTED TO BE CREATED INDIRECTLY BY RELIANCE UPON REASONABLE METHODOLOGIES SUCH AS MULTIPLIER TABLES, FEASIBILITY STUDIES, ANALYSES OF FOREIGN AND DOMESTIC MARKETS FOR THE GOODS OR SERVICES TO BE EXPORTED, AND OTHER ECONOMICALLY OR STATISTICALLY VALID FORECASTING DEVICES WHICH INDICATE THE LIKELIHOOD THAT THE BUSINESS WILL RESULT IN INCREASED EMPLOYMENT.

**THE STATE OF VERMONT - A REGIONAL CENTER**

THE U.S. CONGRESS CREATED A PILOT PROGRAM, RESCHEDULED TO SUNSET ON SEPTEMBER 30, 2012, THAT PROVIDES FOR THE AUTHORIZATION OF REGIONAL CENTERS BY THE U.S. DEPARTMENT OF JUSTICE, IMMIGRATION AND NATURALIZATION SERVICE (N/K/A USCIS). ENTERPRISES LOCATED WITHIN AND AFFILIATED WITH A REGIONAL CENTER ARE NOT REQUIRED TO EMPLOY TEN (10) WORKERS FOR EACH EB-5 QUALIFYING INVESTMENT. IT SUFFICES IF THE INVESTOR DEMONSTRATES THAT AT LEAST TEN (10) QUALIFYING EMPLOYMENT POSITIONS WILL BE CREATED DIRECTLY OR INDIRECTLY ON ACCOUNT OF THE INVESTMENT.

IN JUNE 1997, THE STATE OF VERMONT, AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT (ACCD), WAS GRANTED A DESIGNATION AS AN APPROVED REGIONAL CENTER UNDER THIS PILOT PROGRAM. AN INVESTMENT IN A COMMERCIAL ENTERPRISE SITUATED WITHIN AND AFFILIATED WITH THE REGIONAL CENTER, THE STATE OF VERMONT, THAT FOSTERS ECONOMIC EXPANSION THROUGH INCREASED EXPORTS, GREATER REGIONAL PRODUCTIVITY, EMPLOYMENT CREATION OR ADDITIONAL DOMESTIC CAPITAL INVESTMENT, QUALIFIES FOR THE BROADER VIEW OF EMPLOYMENT CREATION.

THE JAY PEAK PENTHOUSES PROJECT HAS CONDUCTED AN ECONOMIC IMPACT ASSESSMENT TO DETERMINE THE NUMBER OF EMPLOYMENT POSITIONS EXPECTED TO BE CREATED AS A RESULT OF SIXTY FIVE (65) FOREIGN INVESTORS EACH CONTRIBUTING $500,000 USD TO THE PROGRAM. THIS ANALYSIS WAS CONDUCTED USING THE RIMS II MATRIX.

THE CURRENT ANALYSIS FOCUSED ON THE JAY PEAK PENTHOUSES PROJECT AS A SOURCE OF EMPLOYMENT CREATION, SO THAT IT IS MORE SPECIFIC THAN THE ANALYSIS THAT SUPPORTED THE REGIONAL CENTER DESIGNATION FOR THE GREATER STATE OF VERMONT. THIS ANALYSIS DEMONSTRATES THAT THE COMBINED PROJECT DEVELOPMENT AND BUSINESS ACTIVITIES CARRIED ON BY THE LIMITED PARTNERSHIP IS EXPECTED TO CREATE GREATER THAN 800 PERMANENT FULL TIME EMPLOYMENT POSITIONS WITHIN THE STATE OF VERMONT, ACCD REGIONAL CENTER BY THE YEARS 2012-2014. THESE PROJECTED EMPLOYMENT POSITIONS ARE IN EXCESS OF THE 650 EMPLOYMENT POSITIONS REQUIRED UNDER EB-5 LAW AND REGULATIONS IF ALL LIMITED PARTNERSHIP INTERESTS ARE SOLD TO FOREIGN INVESTORS USING THE EB-5 PROGRAM. SEE THE COMMENT ON EXPIRATION OF REGIONAL CENTER PILOT PROGRAM AT PAGE 35. *(SEE RISK FACTORS, PAGE 17.)*

**THE I-526 PETITION PROCESS**



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FOR INVESTORS SEEKING LAWFUL PERMANENT RESIDENCE, THE FIRST STEP IN THE PROCESS IS TO FILE AN I-526 PETITION FOR ALIEN ENTREPRENEUR, TOGETHER WITH ACCOMPANYING EVIDENCE IN SUPPORT OF THE PROGRAM'S REQUIREMENTS. USCIS ADJUDICATES I-526 PETITIONS BY REVIEWING THESE CRITERIA, AMONG OTHERS:

NEW COMMERCIAL ENTERPRISE: THERE MUST BE EVIDENCE THAT SHOWS THAT ENTERPRISE IS NEW AND AUTHORIZED TO TRANSACT BUSINESS.

INVESTMENT CAPITAL: THE PETITION MUST BE SUPPORTED BY EVIDENCE THAT THE PETITIONER HAS INVESTED THE MINIMUM REQUIRED CAPITAL. USCIS EXPECTS THESE FUNDS TO BE "AT RISK", CONNOTING AN IRREVOCABLE COMMITMENT TO THE ENTERPRISE. THE FUNDS MUST BE USED BY THE ENTERPRISE EXCLUSIVELY TO CREATE EMPLOYMENT. FUNDS USED TO PAY ADMINISTRATIVE COSTS OR OTHER OBLIGATIONS UNDERTAKEN TO PROMOTE THE INVESTMENT; TO CREATE RESERVE ACCOUNTS OR FOR ANY PURPOSE THAT DOES NOT LEAD TO THE CREATION OF EMPLOYMENT BY THE ENTERPRISE ARE NOT DEEMED "AT RISK". ANY COMMITMENT BY THE EB-5 ENTERPRISE TO THE INVESTOR THAT IS DEEMED TO TRANSFORM THE RELATIONSHIP FROM AN INVESTMENT TO A DEBT ARRANGEMENT (FOR EXAMPLE, A PROMISE TO PAY A FIXED RATE OF RETURN OR TO REPAY SOME OR ALL OF THE INVESTMENT ON A DATE CERTAIN OR TO REPAY SOME OR ALL OF THE INVESTMENT IRRESPECTIVE OF THE FINANCIAL PERFORMANCE OF THE PROJECT) WILL DISQUALIFY THE INVESTED FUNDS FROM BEING DEEMED "AT RISK". FUNDS THAT ARE NOT DEEMED "AT RISK" WILL NOT BE COUNTED TOWARDS THE MINIMUM SUM REQUIRED TO BE INVESTED, POSSIBLY RESULTING IN THE DENIAL OF THE I-526 PETITION.

SOURCE OF CAPITAL: EVIDENCE MUST SUPPORT THE INVESTOR'S LEGAL ACQUISITION OF CAPITAL. IN SUPPORT OF THE I-526 PETITION, AN INVESTOR SHOULD EXPECT TO PROVIDE DETAILED RECORDS DEMONSTRATING THE PERSONAL AND BUSINESS FINANCIAL TRANSACTIONS THROUGH WHICH THE INVESTOR ACQUIRED THE INVESTED FUNDS, AND MANAGED, THOSE FUNDS DURING THE ENTIRE PERIOD OF OWNERSHIP BY THE INVESTOR AND DEMONSTRATING THE TRANSACTIONS BY WHICH THE FUNDS WERE TRANSFERRED BY THE INVESTOR INTO THE EB-5 PROJECT. WHERE COUNTRIES REQUIRE BY LAW THE FILING OF ANNUAL INDIVIDUAL AND BUSINESS TAX RETURNS THE INVESTOR SHOULD ALSO EXPECT TO PROVIDE AT LEAST THE LAST FIVE YEARS TAX RETURNS IN CERTAIN INSTANCES, WHEN, FOR EXAMPLE, THE INVESTOR ACQUIRES INVESTMENT FUNDS AS GIFT, OR IN THE CASE OF THE INVESTOR MAKING LOANS FROM INDIVIDUALS OR SOME ENTITIES TO ACQUIRE THE INVESTMENT FUNDS, THE DONOR OR THE LENDER, AS THE CASE MAY BE, WILL BE EXPECTED TO PROVIDE FINANCIAL RECORDS OF COMPARABLE DETAIL ESTABLISHING THAT THE FUNDS WERE LAWFULLY ACQUIRED FUNDS EARNED OR OBTAINED IN THE UNITED STATES WHILE THE INVESTOR WAS IN UNLAWFUL IMMIGRATION STATUS ARE NOT DEEMED BY USCIS TO BE LAWFULLY ACQUIRED. IF USCIS IS NOT SATISFIED THAT THE INVESTED FUNDS WERE ACQUIRED BY THE INVESTOR LAWFULLY, SUCH FUNDS WILL NOT BE COUNTED TOWARDS THE MANDATORY INVESTMENT SUM, POTENTIALLY CAUSING THE I-526 PETITION TO FAIL. INVESTMENT IN AN EB-5 PROJECT IS NOT APPROPRIATE FOR THOSE WHO ARE UNABLE OR UNWILLING TO PROVIDE ALL FINANCIAL RECORDS THAT USCIS MAY REQUIRE TO DEMONSTRATE THAT INVESTED FUNDS HAVE BEEN LAWFULLY ACQUIRED BY THE INVESTOR.

MANAGERIAL ROLE: THE INVESTOR IS EXPECTED TO PARTICIPATE IN THE MANAGEMENT OF THE NEW ENTERPRISE BY ASSISTING IN THE FORMULATION OF THE ENTERPRISE'S BUSINESS POLICY, BY PARTICIPATING IN ONE OR MORE OF THE ACTIVITIES PERMITTED IN SECTION 3423(B) OF THE VERMONT REVISED UNIFORM LIMITED PARTNERSHIP ACT ("VRULPA"), AND AS OTHERWISE SET FORTH IN THE LIMITED PARTNERSHIP AGREEMENT. THE LIMITED PARTNERSHIP AGREEMENT PROVIDES THAT THIS MANAGEMENT ROLE CONSISTS, IN PART, OF THE RIGHT TO REPLACE THE GENERAL PARTNER UNDER CERTAIN CIRCUMSTANCES. LIMITED PARTNER INVESTORS IN AN EB-5 ENTERPRISE MUST HAVE ALL THE RIGHTS AND DUTIES USUALLY ACCORDED TO LIMITED PARTNERS BY THE UNIFORM LIMITED PARTNERSHIP ACT (ULPA), AS ADOPTED IN VERMONT AS VRULPA. THE PROJECT LIMITED PARTNERSHIP AGREEMENT PRESENTED BY THE PROJECT, IN ITS VIEW, PROVIDES SUCH RIGHTS AND DUTIES TO THE LIMITED PARTNERS. THE INVESTOR IS ADVISED TO SEEK COMPETENT COUNSEL TO REVIEW THE LIMITED PARTNERSHIP AGREEMENT COMPLIANCE WITH BOTH VRULPA AND IMMIGRATION LAW REQUIREMENTS. (SEE RISK FACTORS, ACTIVE PARTICIPATION IN LIMITED PARTNERSHIP BUSINESS, PAGE ___).

**THE I-526 PETITION APPROVAL**

THE I-526 PETITION FOR ALIEN ENTREPRENEUR WILL BE APPROVED ONLY IF USCIS IS SATISFIED THAT THE ALL STATUTORY CRITERIA HAVE BEEN MET. THE DETERMINATION OF WHETHER THESE CRITERIA HAVE BEEN ESTABLISHED IS WITHIN THE DISCRETION OF USCIS. IT IS ALSO WITHIN THE POWER, IF NOT THE DISCRETIONARY AUTHORITY, OF USCIS TO SEEK INFORMATION ABOUT OTHER ASPECTS OF THE INVESTMENT AND THE RELATIONSHIP OF THE INVESTOR TO THE ENTERPRISE.



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THE EB-5 ALIEN ENTREPRENEUR LAW, REGULATIONS AND EB-5 PROGRAM HAVE BEEN ALTERED IN THE PAST, AND MAY BE ALTERED IN THE FUTURE BY AMENDMENTS TO THE LAW, REGULATIONS AND PRACTICE GUIDELINES FROM USCIS. IN THE EVENT OF SUCH FUTURE CHANGES, THE INVESTOR WILL BE REQUIRED TO COMPLY WITH SUCH FUTURE ALTERATIONS. IF SUCH FUTURE CHANGES OCCUR AND THEY ALTER THE CURRENT I-526 PETITION PROCEDURES; THE INVESTOR WILL BE EXPECTED TO COMPLY WITH ANY SUCH ALTERATIONS. *SEE RISK FACTORS, RISKS ATTENDANT TO EB-5 STATUS, PAGE 28).*

IN THE EVENT THAT USCIS DENIES THE I-526 PETITION, THE INVESTOR MAY NOT PROCEED WITH THE NEXT STEP IN THE IMMIGRATION PROCESS, CONSULAR PROCESSING OR ADJUSTMENT OF STATUS. INSTEAD, THE INVESTOR MUST DECIDE WHETHER TO APPEAL THE DENIAL OF THE I-526 PETITION, REVISE AND RE-FILE THE I526 PETITION OR ABANDON THE PROSPECT OF OBTAINING LAWFUL PERMANENT RESIDENT STATUS THROUGH INVESTMENT IN THE PROJECT.

**CONSULAR PROCESSING OR ADJUSTMENT OF STATUS**

APPROVAL OF THE I-526 PETITION MEANS THAT THE ALIEN AND THE ALIEN'S SPOUSE AND CHILDREN UNDER THE AGE OF 21 YEARS MAY APPLY FOR ADMISSION AS CONDITIONAL LAWFUL PERMANENT RESIDENTS (CLPR). APPROVAL OF THE I-526 PETITION DOES NOT MEAN THAT THE INVESTOR HAS BEEN GRANTED ADMISSION TO THE UNITED STATES AS A LAWFUL PERMANENT RESIDENT. APPROVAL OF AN I-526 MEANS THAT THE INVESTMENT DOCUMENTED BY THE I-526 PETITION HAS QUALIFIED THE INVESTOR AS AN ALIEN ENTREPRENEUR. *(SEE RISK FACTORS, PAGE___.)*

THE CLPR APPLICATION FOR ADMISSION IS A SEPARATE AND SUBSEQUENT PROCESS THAT CONCERNS ISSUES COMMON TO ALL ALIENS WHO WISH TO LIVE IN THE UNITED STATES PERMANENTLY. ADMISSION AS A CLPR MAY BE SOUGHT USING ONE OF TWO METHODS: CONSULAR PROCESSING OR ADJUSTMENT OF STATUS.

**CONSULAR PROCESSING**

CONSULAR PROCESSING IS DESIGNED FOR ALIENS LIVING OUTSIDE OF THE UNITED STATES, OR FOR THOSE WHO PREFER TO PROCESS AT A CONSULATE FOR STRATEGIC REASONS OR AS A MATTER OF CONVENIENCE OR ARE INELIGIBLE TO ADJUST STATUS. TYPICALLY, THE CONSULAR POST, WHICH IS DESIGNATED AT THE TIME THE I-526 PETITION IS FILED, IS IN THE COUNTRY OF LAST RESIDENCE, I.E., THE LAST PRINCIPAL ACTUAL DWELLING PLACE.

IN THEIR SOLE DISCRETION, CONSULATES ISSUE VISAS, A TRAVEL DOCUMENT, USUALLY AFFIXED TO A PASSPORT, THAT AUTHORIZES THE HOLDER TO SEEK ADMISSION TO THE UNITED STATES AT A PORT OF ENTRY. THE VISA IS ISSUED FOR AN IMMIGRATION STATUS THAT A CONSUL BELIEVES THE VISA APPLICANT IS QUALIFIED TO HOLD. IN AN EB-5 CASE, THE VISA MAY BE SOUGHT FROM A CONSULATE ONLY AFTER THE INVESTOR'S I-526 PETITION IS APPROVED. AN EB-5 INVESTOR AND THE INVESTOR'S SPOUSE AND QUALIFYING CHILDREN ARE GRANTED IMMIGRANT VISAS. USE OF THESE VISAS TO ENTER THE U.S. RESULTS IN A GRANT OF CONDITIONAL LAWFUL PERMANENT RESIDENCE. *(SEE DISCUSSION ON REMOVAL OF CONDITIONS AT PAGE 27*

BEFORE ISSUING AN IMMIGRANT VISA, THE CONSULAR POST MUST DETERMINE IF EACH ALIEN IS ADMISSIBLE TO THE U.S. APPROVAL OF THE I-526 PETITION DOES NOT BY ITSELF ESTABLISH ADMISSIBILITY. AN ALIEN IS ADMISSIBLE WHO PROVES THAT NO GROUNDS OF INADMISSIBILITY EXIST AND THE ALIEN HAS PROPER TRAVEL DOCUMENTS. *(SEE THE DISCUSSION ON IMMIGRATION RISK FACTORS, BELOW, FOR A NON-EXHAUSTIVE LIST OF THE GROUNDS OF INADMISSIBILITY.)* WAIVERS ARE AVAILABLE FOR CERTAIN OF THE MANY GROUNDS OF INADMISSIBILITY, BUT THE GRANT OF A WAIVER IS IN THE DISCRETION OF THE GOVERNMENT AND ALIENS SEEKING WAIVERS EXPERIENCE LENGTHY DELAYS IN ADJUDICATION OF WAIVER APPLICATIONS. INVESTORS SHOULD CONSULT WITH IMMIGRATION COUNSEL TO DETERMINE IF ANY GROUNDS OF INADMISSIBILITY MAY AFFECT THE ELIGIBILITY OF THE INVESTOR OR THE INVESTOR'S SPOUSE OR OTHERWISE QUALIFYING CHILDREN FOR ADMISSION TO THE UNITED STATES AND IF A WAIVER IS AVAILABLE FOR SUCH GROUNDS OF INADMISSIBILITY.

IF THE CONSULAR POST FINDS THAT THE INVESTOR IS ADMISSIBLE, IT WILL ISSUE AN IMMIGRANT VISA TO THE INVESTOR. THE CONSULAR POST WILL ALSO DETERMINE IF THE SPOUSE AND THE QUALIFYING CHILDREN OF THE INVESTOR ARE ADMISSIBLE. A DETERMINATION OF ADMISSIBILITY MUST BE MADE AS TO EACH VISA APPLICANT. THERE IS NO GUARANTEE THAT ALL MEMBERS OF THE INVESTOR'S FAMILY WILL BE GRANTED AN IMMIGRANT VISA. IF THE INVESTOR IS DENIED AN IMMIGRANT VISA, APPLICATIONS BY THE SPOUSE AND CHILDREN OF THE INVESTOR FOR SUCH A VISA WILL ALSO BE DENIED. CONSULAR PROCESSING SUBJECTS BOTH THE VISA APPLICANT AND THE I-526 PETITION TO THE SCRUTINY OF A SECOND GOVERNMENT AGENCY WHOSE DECISIONS ARE NOT APPEALABLE. IF THE CONSULAR OFFICER, BASED UPON INFORMATION NOT AVAILABLE TO USCIS IN ITS ADJUDICATIONS PROCESS, SUSPECTS FRAUD OR MISREPRESENTATION IN THE I-526 PETITION PROCESS OR IF THE



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CONSUL DOUBTS THE ELIGIBILITY FOR LAWFUL PERMANENT RESIDENT STATUS, THE CONSUL MAY RETURN THE CASE TO USCIS FOR RE-ADJUDICATION OF THE I-526 PETITION.

CONSULAR PROCESSING BEGINS WHEN USCIS TRANSMITS THE APPROVED ALIEN'S I-526 PETITION TO THE NATIONAL VISA CENTER (NVC). IN TIME, THE APPLICANTS WILL BE INSTRUCTED TO OBTAIN FINGERPRINTS AND MEDICAL EXAMINATIONS AND TO REPORT TO A CONSULAR INTERVIEW. IMMIGRANT VISAS USUALLY ARE ISSUED SHORTLY AFTER THE INTERVIEW UNLESS THE CONSUL DETECTS PROBLEMS IN THE VISA APPLICATION, THE UNDERLYING I-526 PETITION OR DURING THE INTERVIEW PROCESS. THE INVESTOR IS ADVISED TO SEEK COMPETENT COUNSEL FOR GUIDANCE ON THE PROCESSING EXPERIENCE AND POTENTIAL DELAYS IN THE CONSUL OFFICE HANDLING INVESTORS' APPLICATION.

**VISA ISSUANCE**

DECISIONS BY CONSULS ARE TO BE MADE IN ACCORDANCE WITH REGULATORY GUIDANCE ON THIS PROCESS, CONSULS HAVE BROAD AUTHORITY AND DISCRETION UNDER SUCH REGULATORY PROCEDURES AND THEIR DECISIONS ARE UNREVIEWABLE. THE INVESTOR SHOULD SEEK ADVICE OF COMPETENT LEGAL COUNSEL REGARDING VISA ISSUANCE GUIDELINES.

U.S. CONSULS ADVISE THAT VISA APPLICANTS SHOULD NOT CHANGE ANY LIVING, EMPLOYMENT, SCHOOLING OR OTHER LIFESTYLE ARRANGEMENTS IN THEIR COUNTRY OF RESIDENCE BEFORE THEY ARE ISSUED AN IMMIGRANT VISA BASED UPON AN APPROVED I-526 PETITION.

**ADMISSION TO U.S. AFTER VISA ISSUED**

A VISA AUTHORIZES THE HOLDER TO SEEK ADMISSION TO THE UNITED STATES AT A PORT OF ENTRY. HOWEVER, ADMISSION IS SUBJECT TO U.S. CUSTOMS AND BORDER PROTECTION (USCBP) INSPECTION DISCUSSED BELOW. AFTER ISSUANCE, IMMIGRANT VISAS GENERALLY REMAIN VALID FOR SIX MONTHS. DURING THE VALIDITY PERIOD, THE HOLDER OF THE VISA MUST USE IT TO APPLY FOR ADMISSION TO THE UNITED STATES AT A DESIGNATED PORT OF ENTRY. THE PORT OF ENTRY IS FREQUENTLY IN AN INTERNATIONAL AIRPORT. WHEN THE ALIEN ARRIVES AT THE PORT OF ENTRY, HE OR SHE WILL PRESENT THE IMMIGRANT VISA AND ACCOMPANYING CONSULAR DOCUMENTS TO A U.S. CUSTOMS AND BORDER PROTECTION (USCBP) OFFICER WHO HAS THE AUTHORITY TO ADMIT THE INVESTOR OR TO DENY THE INVESTOR'S ADMISSION TO THE UNITED STATES AS A CLPR. THIS PROCESS IS KNOWN AS INSPECTION. *(SEE RISK FACTORS, PAGE 17_).*

**ADMISSION AFTER INVESTING, FILING THE I-526 OR DURING CONSULAR PROCESSING**

ADMISSION TO THE UNITED STATES AS A VISITOR OR IN MOST OTHER NON-IMMIGRANT STATUSES IS PREDICATED UPON THE INTENT TO DEPART THE COUNTRY AT THE END OF THE PERIOD OF ADMISSION.

INVESTORS SHOULD CONSULT WITH COMPETENT COUNSEL TO EVALUATE THE RISKS ASSOCIATED WITH SEEKING TEMPORARY (NON-IMMIGRANT) ADMISSION TO THE UNITED STATES SUBSEQUENT TO MAKING THE INVESTMENT OR FILING AN I-526 PETITION OR AN APPLICANT FOR AN IMMIGRANT VISA. DESPITE BEST EFFORTS, AN INSPECTOR MAY DENY ADMISSION UNDER THESE CIRCUMSTANCES. SUCH A DENIAL MAY ALSO RESULT IN FORMAL EXCLUSION FROM THE U.S. WHICH MIGHT PRECLUDE ADMISSION WITH AN IMMIGRANT VISA FOR A PERIOD OF YEARS. *(SEE RISK FACTORS, PAGE 28).*

**ADJUSTMENT OF STATUS**

THE ADJUSTMENT OF STATUS (AOS) PROCEDURE IS DESIGNED TO PERMIT ALIENS WHO HAVE BEEN ADMITTED TO THE UNITED STATES AS NON-IMMIGRANTS OR WHO HAVE BEEN PAROLED INTO THE COUNTRY TO APPLY FOR ADMISSION AS PERMANENT RESIDENTS WITHOUT LEAVING THE COUNTRY. THESE NON-IMMIGRANTS MUST ESTABLISH THAT THEY ARE ADMISSIBLE PERMANENTLY, MEETING THE SAME STANDARDS AS ALIENS WHO USE CONSULAR PROCESSING TO OBTAIN A PERMANENT RESIDENT VISA.

ALIENS SEEKING AOS MUST ALSO COMPLY WITH REQUIREMENTS PECULIAR TO THE AOS PROCESS. ALIENS WHO DO NOT MEET THESE ADDITIONAL REQUIREMENTS WILL BE REQUIRED TO USE CONSULAR PROCESSING TO OBTAIN AN IMMIGRANT VISA, WHICH WILL NECESSITATE A DEPARTURE FROM THE UNITED STATES. ALIENS ADMITTED IN CERTAIN NON-IMMIGRANT STATUSES MAY ENCOUNTER MORE DIFFICULTIES (AND MAY NOT BE SUCCESSFUL)



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ADJUSTING STATUS THAN ALIENS ADMITTED IN OTHER NON-IMMIGRANT STATUSES. INVESTORS SHOULD CONSULT WITH IMMIGRATION COUNSEL REGARDING THESE ISSUES BEFORE THE I-526 PETITION IS FILED.

DURING AOS PROCESSING, THE APPLICANT WILL BE REQUIRED TO SUBMIT A MEDICAL EXAMINATION AND WILL RECEIVE INSTRUCTIONS FROM USCIS REGARDING BIOMETRIC DATA COLLECTION AND AN INTERVIEW. THE INTERVIEW MAY BE WAIVED BY USCIS, AT THE DISCRETION OF USCIS. THERE IS NO FORMAL PROCESS TO REQUEST THE WAIVER OF AN INTERVIEW. IF THE INVESTOR IS INTERVIEWED, THE SPOUSE AND CHILDREN OF THE INVESTOR WILL BE REQUIRED TO ATTEND THE INTERVIEW.

THE USCIS CALIFORNIA SERVICE CENTER CURRENTLY HAS JURISDICTION OF THE AOS PROCESS FOR INVESTORS IN THE PROJECT. THE INTERVIEW IS CONDUCTED AT A USCIS OFFICE NEAR THE INVESTOR'S RESIDENCE. USCIS USES THE INTERVIEW TO UPDATE INFORMATION ABOUT AOS APPLICANTS THAT MAY HAVE CHANGED SUBSEQUENT TO THE FILING OF THE AOS APPLICATION AND TO EXPLORE ANY ISSUE THAT USCIS BELIEVES IS RELEVANT TO DECIDING THE AOS CASE. TYPICALLY, BUT NOT ALWAYS, CLPR IS CONFERRED ON APPROVED AOS APPLICANTS AT THE CONCLUSION OF THE INTERVIEW.

## TRAVEL DURING ADJUSTMENT OF STATUS PROCESSING

ADVANCE PERMISSION TO DEPART THE U.S. IS ISSUED ROUTINELY IF THE ALIEN ARTICULATES A BONA FIDE NEED TO TRAVEL.

AN ALIEN INVESTOR WHO LEAVES THE UNITED STATES WITHOUT ADVANCE PERMISSION WHILE AN AOS APPLICATION IS PENDING IS DEEMED TO HAVE ABANDONED THAT APPLICATION UNLESS THE APPLICANT HAS BEEN ADMITTED IN AND CONTINUES TO HOLD VALID H OR L NON-IMMIGRANT STATUS PENDING ADJUDICATION OF THE AOS APPLICATION. ALIEN INVESTORS ADMITTED TO THE UNITED STATES IN ANY NON-IMMIGRANT STATUS WHO HAVE OBTAINED ADVANCE PAROLE DURING THE AOS PROCESS SHOULD CONSULT WITH IMMIGRATION COUNSEL BEFORE TRAVELING.

IF AN ALIEN IS DEEMED TO HAVE ABANDONED AN AOS APPLICATION, THE APPLICANT MUST SEEK CONSULAR PROCESSING TO OBTAIN AN IMMIGRANT VISA PERMITTING AN APPLICATION FOR ADMISSION TO THE U.S. DURING THE PERIOD BETWEEN THE APPLICANT'S DEEMED ABANDONMENT OF AN AOS APPLICATION AND THE TIME THE APPLICANT RECEIVES AN IMMIGRANT VISA FROM A U.S. CONSULATE, TYPICALLY ABOUT ONE YEAR, THE APPLICANT IS REQUIRED TO REMAIN OUTSIDE THE U.S.

## EMPLOYMENT DURING THE ADJUSTMENT OF STATUS PROCESSING

APPLICANTS FOR AOS WHO WISH TO WORK IN THE UNITED STATES MUST OBTAIN EMPLOYMENT AUTHORIZATION UNLESS THEY HAVE BEEN ADMITTED TO THE U.S. IN A NON-IMMIGRANT STATUS THAT CONFERS EMPLOYMENT AUTHORIZATION AND DOES NOT END BEFORE AOS IS GRANTED. SELF-EMPLOYMENT REQUIRES EMPLOYMENT AUTHORIZATION. EMPLOYMENT IN THE U.S. WITHOUT AUTHORIZATION IS A VIOLATION OF IMMIGRATION STATUS AND MAY JEOPARDIZE THE RIGHT TO ADJUST STATUS.

## ADJUSTMENT OF STATUS

AOS IS GRANTED IN THE DISCRETION OF USCIS. AN ALIEN WHOSE AOS APPLICATION HAS BEEN DENIED MAY REQUEST THAT THE CASE BE RE-CONSIDERED BY THE SAME OFFICE THAT DENIED AOS. IF THE REQUEST TO RE-OPEN OR RE-CONSIDER THE CASE IS DENIED, OR, IF, AFTER SUCH A REVIEW, THE ALIEN FAILS TO CONVINCE THIS OFFICE TO REVERSE ITS ORIGINAL DECISION, THE ALIEN IS WITHOUT FURTHER RECOURSE. AOS APPLICANTS SHOULD NOT MAKE ANY PERMANENT CONNECTIONS TO THE UNITED STATES OR CHANGE ANY PERMANENT LIVING, EMPLOYMENT, SCHOOLING OR OTHER LIFESTYLE ARRANGEMENTS IN THEIR COUNTRY OF RESIDENCE BEFORE THEY ARE ISSUED AOS BASED UPON AN APPROVED I-526 PETITION.

## REMOVAL OF CONDITIONS

APPROVAL OF AN AOS APPLICATION OR THE GRANT OF AN IMMIGRANT VISA FOLLOWED BY ENTRY AS ENTRY INTO THE U.S. MEANS THAT THE INVESTOR AND THE SPOUSE AND QUALIFIED CHILDREN OF THE INVESTOR HAVE BEEN GRANTED CONDITIONAL LAWFUL PERMANENT RESIDENCE (CLPR) FOR TWO YEARS. THE "CONDITIONS" MUST BE REMOVED SO THAT THE ALIENS MAY RESIDE IN THE U.S. INDEFINITELY. FAILURE TO REMOVE THE CONDITIONS



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RESULTS IN THE TERMINATION OF CLPR STATUS AND WILL RESULT IN THE COMMENCEMENT OF REMOVAL PROCEEDINGS.

REMOVAL OF CONDITIONS IS SOUGHT BY THE FILING OF AN I-829 PETITION IN THE 90 DAY PERIOD IMMEDIATELY PRECEDING THE SECOND ANNIVERSARY OF THE GRANT OF CLPR STATUS. IN SUPPORT OF THE PETITION, THE ALIEN INVESTOR MUST DEMONSTRATE FULL INVESTMENT IN THE ENTERPRISE, SUSTAINMENT OF THE INVESTMENT CONTINUOUSLY SINCE BECOMING A CLPR AND COMPLIANCE WITH THE REQUIREMENT THAT TEN (10) EMPLOYMENT POSITIONS HAVE BEEN CREATED AS A RESULT OF THE INVESTMENT. THE GENERAL PARTNER WILL PROVIDE DOCUMENTATION UPON REQUEST BY THE INVESTOR AS REASONABLY NECESSARY AND AVAILABLE IN SUPPORT OF THE INVESTOR'S APPLICATION FOR REMOVAL OF CONDITIONS.

THE CALIFORNIA SERVICE CENTER CURRENTLY HAS JURISDICTION TO DECIDE A PETITION TO REMOVE CONDITIONS. IT IS AUTHORIZED TO APPROVE A PETITION, SEEK ADDITIONAL WRITTEN INFORMATION BEFORE DECIDING THE PETITION, REFER THE PETITION TO A LOCAL OFFICE WHERE INFORMATION WILL BE ELICITED IN AN INTERVIEW, OR, IT MAY DENY THE PETITION. IF THE PETITION IS REFERRED FOR AN INTERVIEW, THE LOCAL OFFICE OF USCIS WILL DECIDE THE PETITION AFTER THE INTERVIEW.

DURING THE PENDENCY OF THE PETITION, ALIENS ADMITTED IN CLPR STATUS REMAIN IN VALID STATUS EVEN IF THE PETITION IS NOT DECIDED BEFORE THE EXPIRY OF THE TWO YEAR PERIOD OF ADMISSION. IMPROPER DENIALS OF AND DELAYS IN OBTAINING DOCUMENTS EVIDENCING EXTENDED CLPR STATUS AND ADVANCE PAROLE ARE SOMETIMES EXPERIENCED. CLPR IS EXTENDED IN ONE YEAR INCREMENTS OR UNTIL THE PETITION TO REMOVE CONDITIONS IS ADJUDICATED.

USCIS REGULATIONS CONTROL THE PROCESS OF REMOVAL OF CONDITIONS. THESE REGULATIONS MAY CHANGE IN THE FUTURE. THE INVESTOR WILL BE EXPECTED TO COMPLY WITH AND PROCEED WITH REMOVAL OF CONDITION UNDER THE REGULATIONS IN EFFECT AT THE TIME THE INVESTOR SEEKS REMOVAL OF CONDITIONS.

THERE CANNOT BE ANY ASSURANCE THAT USCIS WILL NOT CHANGE THE REQUIREMENTS FOR REMOVAL OF CONDITIONS AFTER INVESTORS ARE GRANTED CLPR STATUS THROUGH INVESTMENT IN THE PROJECT. THERE CANNOT BE ANY ASSURANCE THAT AN INVESTOR WILL ABLE TO DEMONSTRATE TO THE SATISFACTION OF USCIS THAT THE PROJECT IS OPERATING WITHIN ITS BUSINESS PLAN, THAT IT HAS CREATED THE REQUISITE EMPLOYMENT POSITIONS AT THE TIME REQUIRED BY USCIS OR THAT ANY OTHER REQUIREMENTS FOR THE REMOVAL OF CONDITIONS HAVE BEEN MET. (SEE RISK FACTORS, REMOVAL OF CONDITIONS, PAGE 37).

## IMMIGRATION RISK FACTORS

A PROSPECTIVE INVESTOR SHOULD CONSULT WITH LEGAL COUNSEL FAMILIAR WITH UNITED STATES IMMIGRATION LAWS AND PRACTICE. PURCHASE OF A LIMITED PARTNERSHIP INTEREST IN AN EB-5 PROJECT DOES NOT GUARANTEE LAWFUL PERMANENT RESIDENCE IN THE UNITED STATES.

THE LIMITED PARTNERSHIP INTERESTS DESCRIBED IN THIS OFFERING MEMORANDUM INVOLVE A SIGNIFICANT DEGREE OF RISK. AMONG THE IMMIGRATION RISK FACTORS THAT A PROSPECTIVE INVESTOR SHOULD CONSIDER CAREFULLY ARE THOSE IDENTIFIED IN THIS OFFERING; HOWEVER THE DISCUSSION IS NOT EXHAUSTIVE:

### GENERAL

USCIS MAY MODIFY ITS EB-5 PROGRAM PRACTICES BY PROVIDING UPDATED GUIDANCE TO ITS EXAMINERS. SOMETIMES, BUT NOT CONSISTENTLY, USCIS PUBLISHES INSTRUCTIONS FOR THE USE OF EB-5 INVESTORS AND THEIR COUNSEL. EB-5 INVESTORS AND THEIR COUNSEL OFTEN FIRST BECOME AWARE OF EB-5 PRACTICES AND POLICIES THROUGH THE ADJUDICATION PROCESS FOR INVESTOR I-526 OR I-829 PETITIONS. IF SUCH MODIFICATIONS OCCUR, INVESTORS MAY BE REQUIRED TO PROVIDE NEW INFORMATION OR MODIFIED BUSINESS PLANS OR OTHER MODIFICATIONS TO AN EB-5 PROJECT DURING THE ADJUDICATION PROCESS TO COMPLY WITH USCIS REQUIREMENTS THAT WERE UNKNOWN TO INVESTORS AND THEIR COUNSEL AT THE TIME AN I-526, IMMIGRANT PETITION BY ALIEN ENTREPRENEUR OR AN I-829, PETITION BY ENTREPRENEUR TO REMOVE CONDITIONS WAS FILED. AMENDMENTS TO THE LAW AND REGULATIONS OF THE EB-5 PROGRAM MAY ALSO OCCUR FROM TIME-TO-TIME, WHICH MAY HAVE THE



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EFFECT OF REQUIRING EB-5 PROJECTS AND EB-5 INVESTORS TO PROVIDE NEW INFORMATION OR MODIFY THEIR PREVIOUS EB-5 PROGRAM PLANS TO SATISFY NEW EB-5 PROGRAM REQUIREMENTS. THERE CAN BE NO ASSURANCE THAT SUCH MODIFICATIONS WILL NOT BE REQUIRED IN THIS PROJECT ON ACCOUNT OF NEW POLICIES, PRACTICES, LAWS OR REGULATIONS NOT EFFECTIVE OR NOT KNOWN AT THIS TIME. THERE CAN BE NO ASSURANCE THAT THIS PROJECT WILL BE ABLE TO MODIFY ITS BUSINESS PLAN OR MAKE OTHER ADAPTATIONS TO COMPLY WITH YET UNKNOWN EB-5 REQUIREMENTS. THE INVESTOR SHOULD RETAIN COMPETENT LEGAL COUNSEL FOR CONTINUING ADVICE ON THESE MATTERS.

WHILE EFFORTS HAVE BEEN MADE TO STRUCTURE THIS OFFERING TO ASSIST INVESTORS TO MEET EB-5, EMPLOYMENT-BASED VISA PREFERENCE REQUIREMENTS UNDER 8 U.S.C.§ 1153 (B)(5)(A) - (D); INA § 203 (B)(5)(A) - (D) (THE "ACT") AND QUALIFY AS "ALIEN ENTREPRENEURS", A PRELIMINARY STEP TO BECOMING ELIGIBLE FOR ADMISSION TO THE UNITED STATES OF AMERICA WITH THEIR SPOUSE AND UNMARRIED MINOR CHILDREN AS LAWFUL PERMANENT RESIDENTS, NO REPRESENTATIONS CAN BE MADE AND NO GUARANTEES CAN BE GIVEN THAT INVESTMENT IN THIS PROJECT WILL GUARANTEE OR OTHERWISE ASSURE THAT AN INVESTOR'S PETITION AS AN "ALIEN ENTREPRENEUR" WILL BE GRANTED BY USCIS OR, IF IT IS, THAT INVESTORS WITH THEIR SPOUSE AND SUCH CHILDREN WILL OBTAIN CONDITIONAL OR UNCONDITIONAL LAWFUL PERMANENT RESIDENT STATUS.

**APPROVAL OF INVESTMENTS IN THE PROJECT**

THERE IS NO PROCEDURE IN THE IMMIGRATION AND NATIONALITY ACT OR ITS ENABLING REGULATIONS TO PRE-QUALIFY AN INVESTMENT FOR THE EB-5, ALIEN ENTREPRENEUR PROGRAM. INDIVIDUAL INVESTOR APPLICATIONS ON FORM I-526 MUST FILED WITH USCIS BY THE INVESTOR TO DETERMINE THE SUITABILITY OF THE INVESTMENT OFFERED HEREIN FOR IMMIGRATION PURPOSES UNDER 8 U.S.C.§ 1153 (B)(5)(A) - (D); INA § 203 (B)(5)(A) - D). USCIS MAY DENY SUCH AN APPLICATION.

USCIS ANNOUNCED RECENTLY AN INFORMAL POLICY TO PERMIT DEVELOPERS TO OBTAIN A REVIEW OF AN EB-5 PROJECT BEFORE ANY INVESTORS FILE AN I-526 PETITION. THIS REVIEW MUST BE UNDERTAKEN THROUGH APPLICATIONS TO CREATE OR MODIFY REGIONAL CENTER AUTHORIZATIONS WHERE AN EB-5 PROJECT IS FUNCTIONING UNDER AUTHORIZATION FROM A REGIONAL CENTER. NOTWITHSTANDING THE APPROVAL OF A NEW OR MODIFIED REGIONAL CENTER APPLICATION BASED UPON A SPECIFIC, EXEMPLAR EB-5 PROJECT, USCIS RESERVES THE RIGHT TO QUESTION AND DENY INDIVIDUAL INVESTOR I-526 PETITIONS RESULTING FROM INVESTMENT IN THE EXEMPLAR PROJECT IF USCIS DETECTS VARIATIONS BETWEEN THE FACTS ADJUDICATED IN THE EXEMPLAR CASE AND THE FACTS PRESENTED IN THE INVESTOR'S PETITION. PRE-QUALIFICATION OF EB-5 PROJECTS, APART FROM REGIONAL CENTER APPLICATIONS, CONTINUES TO BE UNAVAILABLE NOTWITHSTANDING THIS USCIS ANNOUNCEMENT.

**PROCESSING TIMES**

USCIS AND USDOS PROCESSING TIMES FOR THE I-526 AND THE ADJUSTMENT OF STATUS OR CONSULAR PROCESSING CASES ARE NOT PREDICTABLE, NOTWITHSTANDING PUBLISHED PROCESSING TIMES BY THESE AGENCIES. DELAYS IN PROCESSING MAY OCCUR. USCIS AND USDOS ADVISE INVESTORS NOT TO MAKE CHANGES IN ANY LIVING, EMPLOYMENT, SCHOOLING OR OTHER LIFESTYLE ARRANGEMENTS BEFORE RECEIVING CLPR THROUGH THE EB-5 PROGRAM.

**GOVERNMENT FILING FEES**

GOVERNMENT FILING FEES MAY CHANGE. SUCH CHANGES MAY INCREASE THE IMMIGRATION FILING COSTS TO AN INVESTOR WHO HAS MADE AN INVESTMENT IN THE PROJECT AND WHO IS WAITING TO FILE AN I-526 OR A CONSULAR PROCESSING OR AOS CASE (AND COLLATERAL APPLICATIONS FOR EMPLOYMENT AUTHORIZATION AND ADVANCED PERMISSION TO TRAVEL).

**LIMITATIONS ON RETURN OF FUNDS IF I-526 PETITION IS DENIED**

UPON SUBSCRIBING TO THIS OFFERING AND BECOMING A LIMITED PARTNER, IT IS THE SOLE RESPONSIBILITY AND RISK OF THE FOREIGN INVESTORS TO FILE THEIR I-526 PETITIONS. THERE IS NO REFUND FOR DELAY OR FAILURE TO FILE THE I-526 PETITION.

IF THE REGIONAL CENTER PILOT PROGRAM LAPSES, FOR EACH INVESTOR WHOSE CASE IS FILED WITH USCIS BUT NOT ADJUDICATED ON OR BEFORE THE DATE OF LAPSE, THEIR $500,000 CAPITAL CONTRIBUTION SHALL REMAIN INVESTED IN THE PARTNERSHIP UNTIL:



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1. THE REGIONAL CENTER PILOT PROGRAM IS REAUTHORIZED RETROACTIVELY OR IS PENDING REAUTHORIZATION WITHIN A TWELVE MONTH PERIOD FOLLOWING SUNSET, AND THE INVESTOR'S I-526 PETITION IS IN DUE COURSE ADJUDICATED; OR,

2. LEGISLATION IS ENACTED OR PENDING PROVIDING SUBSTANTIALLY SIMILAR IMMIGRATION BENEFITS TO INVESTORS UNDER THE FORMER EB-5 REGIONAL CENTER PROGRAM WITHIN A TWELVE MONTH PERIOD FOLLOWING SUNSET.

IF NONE OF THE EVENTS DESCRIBED IN 1 OR 2 OCCUR, OR ARE NOT PENDING AS STATED, AT THE INVESTOR'S ELECTION, THE INVESTOR MAY (1) REMAIN INVESTED IN THE PROJECT; OR, (2) MAKE A WRITTEN REQUEST TO THE GENERAL PARTNER FOR A REFUND OF THE CAPITAL CONTRIBUTION OF $500,000. WITHIN NINETY (90) DAYS OF THE GENERAL PARTNER'S RECEIPT OF A REQUEST FOR A REFUND, THE CAPITAL CONTRIBUTION WILL BE REFUNDED BY THE LIMITED PARTNERSHIP TO THE INVESTOR. THE INVESTOR'S RIGHTS ARE IN THIS EVENT LIMITED SOLELY TO THE RETURN OF THE CAPITAL CONTRIBUTION OF $500,000.

IN THE EVENT AN INVESTOR'S I-526 PETITION IS DENIED, FOR REASONS OTHER THAN FRAUD OR MATERIAL MISREPRESENTATION, THE INVESTOR'S RIGHTS ARE LIMITED SOLELY TO THE RETURN OF THE INVESTOR'S $500,000 CAPITAL CONTRIBUTION (BUT NOT THE $50,000 ADMINISTRATION FEE) WITHIN NINETY (90) DAYS OF WRITTEN REQUEST THEREFORE TO THE GENERAL PARTNER.

IF USCIS DENIES AN INVESTOR'S I-526 PETITION ON THE BASIS OF FRAUD OR MATERIAL MISREPRESENTATION IN THE INVESTOR'S I-526 PETITION OR ITS SUPPORTING DOCUMENTS PROVIDED BY THE INVESTOR, THE LIMITED PARTNERSHIP WILL BE ENTITLED TO RETAIN PAYMENT OF ALL FUNDS, INCLUDING THE INVESTOR'S $500,000 CAPITAL CONTRIBUTION, INTEREST PAID ON ACCOUNT OF THE INVESTMENT AND ADMINISTRATION FEES.

**TARGETED EMPLOYMENT AREAS AND THE MINIMUM INVESTMENT AMOUNT**

AS A GENERAL RULE, THE EB-5 PROGRAM CALLS FOR A MINIMUM INVESTMENT OF $1,000,000 USD. THIS SUM MAY BE REDUCED CURRENTLY TO $500,000 USD IF THE PROJECT THAT RECEIVES THE INVESTMENT IS SITUATED IN A TARGETED EMPLOYMENT AREA (TEA). TEA'S MUST MEET ONE OF TWO CRITERIA, THE FIRST, CONCERNING POPULATION, AND THE SECOND, CONCERNING THE RATE OF UNEMPLOYMENT.

IF AN INVESTMENT IS MADE IN A TOWN OR CITY WHOSE POPULATION IS LESS THAN 20,000, AND THE TOWN OR CITY IS NOT WITHIN A METROPOLITAN STATISTICAL AREA (MSA) AS DESIGNATED BY THE U.S. OFFICE OF MANAGEMENT AND BUDGET, THE INVESTMENT IS DEEMED TO HAVE BEEN MADE IN A TEA. THE ELIGIBILITY OF AN EB-5 PROJECT TO ACCEPT $500,000 USD INVESTMENTS IS QUESTIONED IF THE PROJECT WAS SITUATED IN A TEA AT THE TIME THE INVESTMENT WAS MADE BUT IS NOT IN A TEA AT THE TIME THE I-526 PETITION IS FILED. IN THE CASE OF A TEA BASED UPON THE PROJECT'S LOCATION IN A RURAL AREA, THIS DIFFERENCE MIGHT OCCUR BECAUSE DURING THIS INTERIM PERIOD NEW POPULATION DATA IS PUBLISHED OR BECAUSE A NEW MSA IS DESCRIBED TO INCLUDE THE LOCATION OF THE PROJECT, ALBEIT WITHIN A RURAL AREA.

IN THE EVENT OF A CHANGE BETWEEN THE DATE OF THE INVESTMENT AND THE DATE OF THE FILING OF THE I526, USCIS HAS SAID THAT IT WILL CONSIDER THE PROJECT TO BE WITHIN A TEA AT THE TIME OF THE INVESTMENT IF THE INVESTED FUNDS WERE AVAILABLE TO THE PROJECT TO UNDERTAKE EMPLOYMENT CREATION BEFORE THE I-526 WAS FILED. IN THIS PROJECT, USCIS SHOULD APPLY THIS STANDARD INASMUCH AS THE INVESTED FUNDS ARE IRREVOCABLY COMMITTED TO THE PROJECT BEFORE THE I-526 IS FILED. THERE CAN BE NO ASSURANCE THAT USCIS WILL APPLY THIS RULE APPROPRIATELY.

USCIS HAS ALSO SAID IT WILL NOT PERMIT EVERY INVESTOR IN A POOLED INVESTMENT PROJECT TO INVEST ONLY $500,000 MERELY BECAUSE ONE OR MORE INVESTORS WERE PREVIOUSLY PERMITTED TO DO SO BASED UPON THE PRIOR PRESENCE OF A PROJECT IN A TEA.

IF THE LOCATION OF THE PROJECT IS JUDGED TO NO LONGER BE WITHIN A TEA, INVESTORS FILING I-526 PETITIONS THEREAFTER WILL BE REQUIRED TO INVEST $1,000,000. NO ASSURANCE CAN BE PROVIDED THAT NO NEW POPULATION DATA WILL BE PUBLISHED RENDERING THE LOCATION OF A PROJECT OUTSIDE A RURAL AREA OR THAT NEW MSA BOUNDARIES DEPICTING THE LOCATION OF THE PROJECT IN THE MSA WILL NOT BE PUBLISHED.



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INVESTORS SHOULD CONSULT WITH COMPETENT IMMIGRATION COUNSEL CONCERNING TEA ISSUES AND INVESTMENT COUNSEL CONCERNING THE EFFECTS OF INVESTMENTS OF DIFFERING AMOUNTS ON IMMIGRATION AND INVESTMENT MATTERS OF SIGNIFICANCE TO THE INVESTOR.

**ATTAINING LAWFUL PERMANENT RESIDENCE**

DESPITE THE APPROVAL OF AN INVESTOR'S FORM I-526, THERE CANNOT BE ANY GUARANTEE THAT THE INVESTOR OR THE INVESTOR'S SPOUSE OR ANY OF THE INVESTOR'S MINOR, UNMARRIED CHILDREN WILL BE GRANTED LAWFUL PERMANENT RESIDENCE. THE GRANT OF SUCH IMMIGRATION STATUS IS DEPENDENT UPON THE PERSONAL BACKGROUND OF EACH APPLICANT. ANY ONE OF SEVERAL GOVERNMENT AGENCIES MAY DETERMINE IN ITS DISCRETION, USUALLY WITHOUT THE POSSIBILITY OF APPEAL, THAT AN APPLICANT FOR LAWFUL PERMANENT RESIDENCE IS EXCLUDABLE FROM THE UNITED STATES.

**GROUNDS FOR EXCLUSION**

APPLICANTS FOR LAWFUL PERMANENT RESIDENCE MUST DEMONSTRATE, AFFIRMATIVELY, THAT THEY ARE ADMISSIBLE TO THE UNITED STATES.

THERE ARE MANY GROUNDS OF INADMISSIBILITY THAT THE GOVERNMENT MAY CITE AS THE BASIS TO DENY ADMISSION FOR LAWFUL PERMANENT RESIDENCE.

1. VARIOUS STATUTES, INCLUDING, FOR EXAMPLE, SECTIONS 212, 237 & 241 OF THE IMMIGRATION AND NATIONALITY ACT, THE ANTITERRORISM & EFFECTIVE DEATH PENALTY ACT OF 1996 (AEDPA) AND THE ILLEGAL IMMIGRATION REFORM & IMMIGRANT RESPONSIBILITY ACT OF 1996 (IIRAIRA) SET FORTH GROUNDS OF INADMISSIBILITY, WHICH MAY PREVENT AN OTHERWISE ELIGIBLE APPLICANT FROM RECEIVING AN IMMIGRANT VISA, ENTERING THE UNITED STATES OR ADJUSTING TO LAWFUL PERMANENT RESIDENCE.

2. EXAMPLES OF ALIENS PRECLUDED FROM ENTERING THE UNITED STATES INCLUDE:

3. PERSONS WHO ARE DETERMINED TO HAVE A COMMUNICABLE DISEASE OF PUBLIC HEALTH SIGNIFICANCE;

4. PERSONS WHO ARE FOUND TO HAVE, OR HAVE HAD, A PHYSICAL OR MENTAL DISORDER, AND BEHAVIOR ASSOCIATED WITH THE DISORDER WHICH POSES, OR MAY POSE, A THREAT TO THE PROPERTY, SAFETY, OR WELFARE OF THE ALIEN OR OF OTHERS, OR HAVE HAD A PHYSICAL OR MENTAL DISORDER AND A HISTORY OF BEHAVIOR ASSOCIATED WITH THE DISORDER, WHICH BEHAVIOR HAS POSED A THREAT TO THE PROPERTY, SAFETY, OR WELFARE OF THE IMMIGRANT ALIEN OR OTHERS, AND WHICH BEHAVIOR IS LIKELY TO RECUR OR TO LEAD TO OTHER HARMFUL BEHAVIOR;

5. PERSONS WHO HAVE BEEN CONVICTED OF A CRIME INVOLVING MORAL TURPITUDE (OTHER THAN A PURELY POLITICAL OFFENSE), OR PERSONS WHO ADMIT HAVING COMMITTED THE ESSENTIAL ELEMENTS OF SUCH A CRIME;

6. PERSONS WHO HAVE BEEN CONVICTEO OF ANY LAW OR REGULATION RELATING TO A CONTROLLED SUBSTANCE, ADMITTED TO HAVING COMMITTED OR ADMITS COMMITTING ACTS WHICH CONSTITUTE THE ESSENTIAL ELEMENTS OF SAME;

7. PERSONS WHO ARE CONVICTED OF MULTIPLE CRIMES (OTHER THAN PURELY POLITICAL OFFENSES) REGARDLESS OF WHETHER THE CONVICTION WAS IN A SINGLE TRIAL OR WHETHER THE OFFENSES AROSE FROM A SINGLE SCHEME OF MISCONOUCT AND REGARDLESS OF WHETHER SUCH OFFENSES INVOLVED MORAL TURPITUDE;

8. PERSONS WHO ARE KNOWN, OR FOR WHOM THERE IS REASON TO BELIEVE, ARE, OR HAVE BEEN, TRAFFICKERS IN CONTROLLED SUBSTANCES;

9. PERSONS ENGAGED IN PROSTITUTION OR COMMERCIALIZED VICE;

10. PERSONS WHO HAVE COMMITTED IN THE UNITED STATES CERTAIN SERIOUS CRIMINAL OFFENSES, REGARDLESS OF WHETHER SUCH OFFENSE WAS NOT PROSECUTED AS A RESULT OF DIPLOMATIC IMMUNITY;



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11. PERSONS EXCLUDABLE ON GROUNDS RELATED TO NATIONAL SECURITY, RELATED GROUNDS, OR TERRORIST ACTIVITIES;

12. PERSONS DETERMINED TO BE EXCLUDABLE BY THE SECRETARY OF STATE OF THE UNITED STATES ON GROUNDS RELATED TO FOREIGN POLICY;

13. PERSONS WHO ARE OR HAVE BEEN A MEMBER OF A TOTALITARIAN PARTY, OR PERSONS WHO HAVE PARTICIPATED IN NAZI PERSECUTIONS OR GENOCIDE.

14. PERSONS WHO ARE LIKELY TO BECOME A PUBLIC CHARGE AT ANY TIME AFTER ENTRY;

15. PERSONS WHO WERE PREVIOUSLY DEPORTED OR EXCLUDED AND DEPORTED FROM THE UNITED STATES;

16. PERSONS WHO BY FRAUD OR WILLFULLY MISREPRESENTING A MATERIAL FACT, SEEK TO PROCURE (OR HAVE PROCURED) A VISA, OTHER DOCUMENTATION OR ENTRY INTO THE UNITED STATES OR OTHER BENEFIT UNDER THE IMMIGRATION ACT;

17. PERSONS WHO HAVE AT ANY TIME ASSISTED OR AIDED ANY OTHER ALIEN TO ENTER OR TRY TO ENTER THE UNITED STATES IN VIOLATION OF LAW;
18. CERTAIN ALIENS WHO HAVE DEPARTED THE UNITED STATES TO AVOID OR EVADE U.S. MILITARY SERVICE OR TRAINING;

19. PERSONS WHO ARE PRACTICING POLYGAMISTS; AND

20. PERSONS WHO WERE UNLAWFULLY PRESENT IN THE UNITED STATES FOR CONTINUOUS OR CUMULATIVE PERIODS IN EXCESS OF 180 DAYS.

## NO RETURN OF FUNDS IF VISA OR ADJUSTMENT OF STATUS IS DENIED

FOLLOWING APPROVAL OF AN INVESTOR'S I-526 PETITION, THE INVESTOR AND THE SPOUSE AND QUALIFYING CHILDREN OF THE INVESTOR MUST APPLY FOR AN IMMIGRANT VISA OR ADJUSTMENT TO PERMANENT RESIDENT STATUS. AS PART OF THIS PROCESS, THEY UNDERGO MEDICAL, POLICE, SECURITY AND IMMIGRATION HISTORY CHECKS TO DETERMINE WHETHER ANY OF THEM ARE INADMISSIBLE TO THE UNITED STATES FOR ANY OF THE REASONS MENTIONED ABOVE OR FOR ANY OTHER REASON. THE VISA OR ADJUSTMENT OF STATUS MAY BE DENIED NOTWITHSTANDING THE ELIGIBILITY FOR OR APPROVAL OF THE I-526 PETITION. IF, FOLLOWING SUBSCRIPTION AND PAYMENT OF THE INVESTMENT FUNDS AND PAYMENT OF THE ADMINISTRATION FEE THE INVESTOR OR THE SPOUSE OR ANY CHILDREN OF THE INVESTOR ARE DENIED A VISA FOR CONDITIONAL LAWFUL PERMANENT RESIDENCE OR DENIED ADJUSTMENT OF STATUS TO CONDITIONAL LAWFUL PERMANENT RESIDENCE SUCH ACTION WILL NOT ENTITLE THE INVESTOR TO THE RETURN OF ANY FUNDS PAID TO THE LIMITED PARTNERSHIP PURSUANT TO THIS OFFERING UNLESS AND UNTIL A SUBSTITUTE PARTNER IS FOUND AS SET FORTH IN SECTION 10.01 OF THE LIMITED PARTNERSHIP AGREEMENT, AND, IN ANY EVENT, THERE SHALL BE NO REFUND OF THE ADMINISTRATION FEES.

## CONDITIONAL LAWFUL PERMANENT RESIDENCE

LAWFUL PERMANENT RESIDENCE STATUS GRANTED INITIALLY TO AN INVESTOR AND THE SPOUSE AND QUALIFYING CHILDREN OF THE INVESTOR IS "CONDITIONAL." EACH INVESTOR AND THE SPOUSE AND QUALIFYING CHILDREN OF THE INVESTOR MUST SEEK REMOVAL OF CONDITIONS BEFORE THE SECOND ANNIVERSARY OF LAWFUL PERMANENT ADMISSION TO THE UNITED STATES. THERE CANNOT BE ANY ASSURANCE THAT THE USCIS WILL CONSENT TO THE REMOVAL OF CONDITIONS AS TO THE INVESTOR OR AS TO THE SPOUSE OR QUALIFYING CHILDREN OF THE INVESTOR, EACH OF WHOM MUST MAKE A SEPARATE APPLICATION TO REMOVE CONDITIONS (ALBEIT A SINGLE FORM IS USED TO IDENTIFY ALL APPLICANTS). IF THE INVESTOR FAILS TO HAVE CONDITIONS REMOVED, THE INVESTOR AND THE SPOUSE AND CHILDREN OF THE INVESTOR WILL BE REQUIRED TO LEAVE THE UNITED STATES AND WILL BE PLACED IN REMOVAL PROCEEDINGS. EVEN IF THE INVESTOR SUCCEEDS IN HAVING CONDITIONS REMOVED, THE SPOUSE AND EACH QUALIFYING CHILD OF THE INVESTOR, SEPARATELY, MUST HAVE CONDITIONS REMOVED. FAILURE TO HAVE CONDITIONS REMOVED AS TO ANY OF THESE MEMBERS OF THE INVESTOR'S FAMILY WILL REQUIRE



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SOME MEMBERS TO DEPART FROM THE UNITED STATES AND SUCH FAMILY MEMBERS WILL BE PLACED IN REMOVAL PROCEEDINGS

## NO REGULATIONS REGARDING REMOVAL OF CONDITIONS

### Generally

USCIS REGULATIONS GOVERNING LAWFUL PERMANENT RESIDENCE FOR INVESTORS DO NOT STATE SPECIFICALLY THE CRITERIA WHICH USCIS MUST APPLY TO DETERMINE ELIGIBILITY FOR THE REMOVAL OF CONDITIONS TO LAWFUL PERMANENT RESIDENT STATUS. COURTS HAVE DETERMINED SOME STANDARDS AND USCIS HAVE ISSUED MEMORANDA ON SOME ISSUES. THE INVESTOR SHOULD SEEK COMPETENT IMMIGRATION COUNSEL TO DETERMINE ALL OF THE ISSUES THAT MAY ARISE IN THE I-829 PROCESS ON ACCOUNT OF THE ABSENCE OF REGULATIONS CONTROLLING THE PROCESS OR RESULTING FROM AMBIGUITIES IN EXISTING LAW AND REGULATIONS.

## BUSINESS CHANGES AND BUSINESS FAILURES

THE I-526 PETITION MUST BE SUPPORTED BY EVIDENCE THAT THE EB-5 PROJECT HAS RECEIVED ALL INVESTOR CAPITAL, WILL DEDICATE THE FUNDS TO FURTHERANCE OF THE EB-5 PROJECT AND, THEREBY, WILL CREATE ALL REQUISITE EMPLOYMENT. WHEN AN INVESTOR SEEKS REMOVAL OF CONDITIONS, THE I-829 PETITION MUST BE SUPPORTED BY EVIDENCE THAT THESE REQUIREMENTS HAVE BEEN MET, OR, IF THEY HAVE NOT BEEN MET, THERE MUST BE COMPELLING EXPLANATIONS FOR DELAYS OR CHANGES IN THE EB-5 PROJECT. IF THE PROJECT IS DELAYED IN ITS IMPLEMENTATION, IF INVESTED FUNDS ARE EXPEND DIFFERENTLY OR MORE SLOWLY THAN ANTICIPATED OR IF EMPLOYMENT IS BEHIND SCHEDULE, USCIS WILL EXPECT DOCUMENTATION OF CHANGED CIRCUMSTANCES TO EXPLAIN THE DELAY AND EVIDENCE THAT THE PROJECT IS FOLLOWING ITS ESSENTIAL BUSINESS PLAN.

IT WILL BE INCUMBENT UPON THE INVESTOR TO ESTABLISH THAT DESPITE SUCH CHANGES, THE REQUIREMENTS OF THE EB-5 PROGRAM HAVE BEEN MET: THE REQUIRED CAPITAL HAS BEEN PAID TO THE PROJECT, THE INVESTMENT HAS BEEN SUSTAINED AND THE REQUIRED JOBS HAVE BEEN CREATED. THERE CANNOT BE ANY ASSURANCE THAT USCIS WILL CONSIDER A CHANGE IN THE BUSINESS PLAN TO BE IMMATERIAL, WILL BE PERSUADED BY THE INVESTOR'S EXPLANATION OF THE REASON FOR THE CHANGE, OR WILL CONCLUDE THAT THE INVESTOR'S EB-5 PROJECT IS FOLLOWING ITS I-526 BUSINESS PLAN AND THAT THE EB-5 REQUIREMENTS FOR ALL PROJECTS ARE BEING OR WILL BE MET BY THE PROJECT. FAILURE TO PERSUADE USCIS ON EACH OF THESE ISSUES WILL RESULT IN THE DENIAL OF AN INVESTOR'S I-829 PETITION. IN THIS EVENT, THE INVESTOR AND THE INVESTOR'S QUALIFYING FAMILY MEMBERS WILL BE PLACED IN REMOVAL PROCEEDINGS AND MAY BE REQUIRED TO DEPART THE UNITED STATES.

THERE CANNOT BE ANY ASSURANCE THAT ALL ANTICIPATED INVESTORS WILL HAVE SUBSCRIBED AND HAVE PAID IN ALL REQUIRED CAPITAL ON THE ANTICIPATED SCHEDULE, THAT THE PROJECT WILL BE DEVELOPED AS SCHEDULED OR THAT INVESTED FUNDS WILL BE EXPENDED AS SCHEDULED OR IN A MANNER ANTICIPATED IN THE BUSINESS PLAN. IT IS POSSIBLE, AND NO ASSURANCE MAY BE PROVIDED TO THE CONTRARY, THAT THE PROJECT WILL NOT HIRE WORKERS ON THE PREDICTED SCHEDULE. SHOULD ONE OR MORE OF THESE CIRCUMSTANCES OCCUR, NO ASSURANCE MAY BE GIVEN THAT USCIS WILL ACCEPT THE EXPLANATION FOR THE OCCURRENCE. IF USCIS REJECTS THE EXPLANATION, THE I-829 PETITION WILL BE DENIED AND THE INVESTOR AND THE INVESTOR'S QUALIFYING FAMILY MEMBERS WILL BE PLACED IN REMOVAL PROCEEDINGS WHICH MAY REQUIRE THEM TO DEPART THE UNITED STATES.

IF THERE ARE VARIATIONS IN THE BUSINESS PLAN OF THE EB-5 PROJECT WHICH ARE DEEMED MATERIAL, USCIS MAY REQUIRE THE INVESTOR TO FILE NEW I-526 PETITIONS IF THE INVESTOR WISHES THE I-829 PETITION TO BE JUDGED AGAINST THE BUSINESS PLAN ACTUALLY IMPLEMENTED VERSUS JUDGING THE ORIGINAL BUSINESS PLAN THAT HAS NOT BEEN AND WILL NOT BE FULFILLED. FILING A NEW I-526 PETITION HAS POTENTIALLY SERIOUS RAMIFICATIONS FOR THE INVESTOR AND THE INVESTOR'S QUALIFIED FAMILY MEMBERS WHICH MAY LEAD TO THE INVESTOR AND SOME OR ALL OF THE INVESTOR'S QUALIFIED FAMILY HAVING TO DEPART THE UNITED STATES.

USCIS EXPECTS THAT AN EB-5 BUSINESS WILL BE CONTINUOUSLY MAINTAINED THROUGH THE PERIOD OF CONDITIONAL LAWFUL RESIDENCE TO THE TIME THE I-829 PETITION TO REMOVE CONDITIONS IS FILED. USCIS WILL EXAMINE THE MATTER OF WHETHER THE INVESTMENT HAS BEEN LOST PRIOR TO OR MAY BE LOST SOON AFTER CONDITIONS ARE REMOVED. USCIS WILL ALSO FOCUS WHETHER AN EB-5 PROJECT IS LIKELY TO CEASE ITS OPERATIONS SHORTLY AFTER CONDITIONS ARE REMOVED, THEREBY SHEDDING EMPLOYMENT IT HAS CREATED.

IF AN EB-5 PROJECT FAILS (MEANING FOREIGN INVESTMENTS ARE LOST OR ARE EXPECTED TO BE LOST, OR IF JOBS ARE NOT CREATED IN SUFFICIENT NUMBERS OR ONCE CREATED ARE LOST OR ARE EXPECTED TO BE



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LOST) DURING THE PERIOD OF AN INVESTOR'S CONDITIONAL RESIDENCE OR IS DEEMED LIKELY TO FAIL SHORTLY AFTER CONDITIONS ARE REMOVED, USCIS WILL NOT REMOVE CONDITIONS INVESTORS ARE NOT CREDITED FOR HAVING MADE INVESTMENTS IN GOOD FAITH OR FOR HAVING CREATED ALL THE REQUIRED EMPLOYMENT DURING A PART OF THE PERIOD OF CONDITIONAL RESIDENCE.

**MATERIAL CHANGE IN THE EB-5 PROJECT**

IN THE EVENT OF A MATERIAL CHANGE IN THE PROJECT BETWEEN THE TIME THE I-526 PETITION IS FILED AND THE TIME THE INVESTOR APPLIES FOR REMOVAL OF CONDITIONS, THE INVESTOR MAY BE REQUIRED BY USCIS TO FILE A NEW I-526 PETITION INCORPORATING CHANGES IN THE PROJECT. IN SOME CASES, THIS WILL NECESSITATE A NEW TWO-YEAR PERIOD OF CONDITIONAL PERMANENT RESIDENCE AFTER WHICH THE INVESTOR WILL BE EXPECTED TO FILE A NEW I-829 PETITION TO REMOVE CONDITIONS. IF A NEW I-526 IS FILED, THE CHILDREN OF THE INVESTOR WHO BECOME TWENTY-ONE (21) YEARS OLD OR WHO MARRIED BEFORE THE NEW I-526 IS FILED WILL BE DEEMED TO HAVE "AGED OUT" AND WILL NOT BE ELIGIBLE TO IMMIGRATE BASED UPON THE PARENT-CHILD RELATIONSHIP WITH THE INVESTOR. THE SPOUSE OF THE INVESTOR, DIVORCED FROM THE INVESTOR BEFORE THE NEW I-526 IS FILED WILL ALSO BE INELIGIBLE TO IMMIGRATE BASED ON THE FORMER MARRIAGE.

NO ASSURANCES MAY BE GIVEN THAT THIS EB-5 PROJECT WILL NOT FAIL DURING THE PERIOD OF CONDITIONAL PERMANENT RESIDENCE OR AT SOME TIME THEREAFTER. NO ASSURANCE MAY BE PROVIDED THAT USCIS WILL FORGIVE SUCH FAILURE OR ANTICIPATED FAILURE BY GRANTING AN INVESTOR'S I-829 PETITION. IF THE PETITION IS DENIED, THE INVESTOR AND THE INVESTOR'S QUALIFIED FAMILY MEMBERS WILL BE PLACED IN REMOVAL PROCEEDINGS AND MAY BE REQUIRED TO DEPART THE UNITED STATES.

**REVIEW OF I-526 COMPLIANCE DURING THE I-829 PROCESS**

USCIS, AT ITS ELECTION, USES THE I-829 PROCESS TO REVIEW THE INVESTOR'S COMPLIANCE WITH PREVIOUSLY RESOLVED I-526 PETITION REQUIREMENTS. . SUCH A REVIEW WILL BE UNDERTAKEN IF THE EXAMINER BELIEVES THAT THE PRIOR FAVORABLE DETERMINATION WAS "LEGALLY DEFICIENT" OR IF MATERIAL FACTS HAVE CHANGED DURING THE PERIOD OF CONDITIONAL RESIDENCE. IF USCIS BELIEVES THE INVESTOR IS NOT EB-5 ELIGIBLE, THE BURDEN IS ON THE INVESTOR TO ESTABLISH ELIGIBILITY BY RELIANCE ON "INDEPENDENT OBJECTIVE EVIDENCE."

THE LIMITED PARTNERSHIP WILL SEEK AS MUCH INFORMATION AS POSSIBLE FROM USCIS, WHERE GOOD BUSINESS PRACTICES PERMIT, IN AN EFFORT TO ASSIST INVESTORS TO QUALIFY FOR THE REMOVAL OF CONDITIONS. THIS NOTWITHSTANDING, IN THE ABSENCE OF REGULATIONS THE LIMITED PARTNERSHIP MAY MAKE CERTAIN MANAGEMENT DECISIONS WITHOUT KNOWING THEM TO BE OBJECTIONABLE TO USCIS, THUS RESULTING IN AN RFE AND, POSSIBLY, THE DENIAL OF AN INVESTOR'S I-829, PETITION TO REMOVE CONDITIONS. ." IF THE I-829 IS DENIED THE INVESTOR AND THE INVESTOR'S SPOUSE AND QUALIFYING CHILDREN WILL BE EXPECTED TO DEPART THE U.S. AND WILL BE PLACED INTO REMOVAL PROCEEDINGS.

EACH INVESTOR SHOULD CONSULT WITH COMPETENT IMMIGRATION COUNSEL AND BECOME EDUCATED ABOUT THE STANDARDS THAT WILL DETERMINE ELIGIBILITY OF THE INVESTOR AND THE SPOUSE OR CHILDREN OF THE INVESTOR TO ACHIEVE UNCONDITIONAL LAWFUL PERMANENT RESIDENCE IN THE UNITED STATES PURSUANT TO THIS PROGRAM WHICH CURRENTLY IS IN A STATE OF EVOLUTION.

**NUMERICAL QUOTAS**

CURRENTLY, 3,000 OF THE TOTAL 10,000 EB-5, PREFERENCE VISA STATUSES ALLOCATED ANNUALLY ARE AVAILABLE TO ALIEN INVESTORS AND THE SPOUSES AND QUALIFYING CHILDREN OF INVESTORS WHO ARE MAKING AN INVESTMENT IN A TARGETED EMPLOYMENT AREA (TEA). THE SCWP (ASIA) PROJECT IS CURRENTLY SITUATED WITHIN A TEA. EB-5 STATUS IS AVAILABLE ON A FIRST-COME, FIRST-SERVED BASIS. RECENTLY, USCIS HAS ANNOUNCED THAT IT CONSIDERS THE 3,000 STATUSES FOR TEA CASES AS A GUARANTEED ALLOCATION, NOT A QUOTA, SO THAT ALL TEA CASES ARE ELIGIBLE TO SEEK A VISA, UP TO THE ANNUAL QUOTA OF 10,000 VISAS.

CURRENTLY, THE ALLOCATION OF VISAS FOR TEA'S IS NOT BEEN OVERSUBSCRIBED DESPITE INCREASING DEMAND FOR VISAS IN THE FIFTH PREFERENCE. THERE IS NO RELIABLE MEANS TO PREDICT IF DELAY DUE TO UNAVAILABILITY OF VISAS WILL OCCUR, OR, IF IT OCCURS, HOW LONG AN INVESTOR OR THE SPOUSE AND QUALIFYING CHILDREN OF THE INVESTOR WILL WAIT BEFORE VISA STATUS FOR THEM BECOMES AVAILABLE.



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CHANGES TO CURRENT LAW ON QUOTAS OR USCIS PRACTICES REGARDING THE ALLOCATION OF VISAS TO THE EB-5 PROGRAM COULD ADVERSELY IMPACT THE INVESTOR. INVESTORS SHOULD SEEK THE ADVICE OF COMPETENT IMMIGRATION COUNSEL CONCERNING THE LAW AND USCIS PRACTICES REGARDING EB-5 VISA AVAILABILITY.

**EXPIRATION OF THE REGIONAL CENTER PILOT PROGRAM**

THE REGIONAL CENTER PILOT PROGRAM IS SIGNIFICANT TO EACH INVESTOR UNTIL THE INVESTOR RECEIVES UNCONDITIONAL LAWFUL PERMANENT RESIDENCE. EACH OF THE THREE IMMIGRATION STAGES TO BE COMPLETED BY THE INVESTOR IN A REGIONAL CENTER EB-5 PROJECT IS DEPENDENT UPON THE EXISTENCE OF THE REGIONAL CENTER AS AUTHORIZED BY THE PILOT PROGRAM. SOME GOVERNMENT AGENCIES THAT CONFER IMMIGRATION BENEFITS UPON EB-5 INVESTORS HAVE ANNOUNCED THAT THEY ARE NOT AUTHORIZED TO CONFER SUCH BENEFITS (E.G., APPROVE AN I-526 PETITION BY ALIEN ENTREPRENEUR, APPROVE AN I-485, APPLICATION TO ADJUST STATUS OR GRANT AN IMMIGRANT VISA TO AN EB-5 INVESTOR OR APPROVE AN I-829, PETITION BY ENTREPRENEUR TO REMOVE CONDITIONS) ONCE THE REGIONAL CENTER PILOT PROGRAM EXPIRES. THE INVESTOR'S QUALIFYING RELATIVES ARE SUBJECT TO THE SAME OUTCOMES AS THE INVESTOR IF THE REGIONAL CENTER PILOT PROGRAM EXPIRES.

THE REGIONAL CENTER PILOT PROGRAM WAS FIRST CREATED IN 1992. SINCE THEN IT HAS BEEN EXTENDED, MOST RECENTLY IN 2009, UNTIL SEPTEMBER 30, 2012. THIS PROJECT SEEKS THE BENEFIT OF THE REGIONAL CENTER PILOT PROGRAM THAT PERMITS EMPLOYMENT CREATED INDIRECTLY BY INVESTMENTS IN THE PROJECT TO BE COUNTED TOWARDS THE MINIMUM NUMBER OF EMPLOYMENT POSITIONS NEEDED TO QUALIFY A FOREIGN INVESTOR, THE INVESTOR'S SPOUSE AND THE QUALIFYING CHILDREN OF THE INVESTOR TO HAVE CONDITIONS REMOVED. THERE IS NO RELIABLE MEANS TO KNOW IF THE REGIONAL CENTER PROGRAM WILL BE EXTENDED OR MADE PERMANENT.

IF THE REGIONAL CENTER PILOT PROGRAM LAPSES, INVESTORS WHOSE PROJECTS DEPEND UPON REGIONAL CENTERS MAY NOT BE ABLE TO FILE I-526 PETITIONS OR HAVE FILED PETITIONS ADJUDICATED; AND, APPLICATIONS FOR LAWFUL PERMANENT RESIDENCE OR THE REMOVAL OF CONDITIONS MAY BE REJECTED, DELAYED OR DENIED, DEPRIVING THE INVESTOR AND THE INVESTOR'S QUALIFYING FAMILY UNABLE TO ENTER, LIVE OR WORK IN THE U.S. CURRENTLY, THERE IS NO WAY TO KNOW OR PREDICT THE POSITIONS THAT THE RELEVANT GOVERNMENT AGENCIES WILL TAKE CONCERNING THE IMMIGRATION RIGHTS OF EB-5 INVESTORS IN REGIONAL CENTER PILOT PROGRAM PROJECTS SHOULD THE PILOT PROGRAM LAPSE.

**ACTIVE PARTICIPATION IN LIMITED PARTNERSHIP BUSINESS**

THE EB-5 PROGRAM REQUIRES THAT EACH INVESTOR BE ACTIVELY INVOLVED IN THE BUSINESS AFFAIRS OF THE LIMITED PARTNERSHIP. FAILURE TO BE ACTIVELY INVOLVED MAY JEOPARDIZE APPROVAL OF THE I-526 PETITION OR RESULT IN THE DENIAL OF LAWFUL PERMANENT RESIDENCE STATUS FOR THE INVESTOR AND THE SPOUSE AND THE QUALIFYING CHILDREN OF THE INVESTOR. THE LIMITED PARTNERSHIP AGREEMENT, IN AN EFFORT TO REFLECT THE EB-5 REGULATIONS GOVERNING WHAT LEVEL OF PARTICIPATION IS ACCEPTABLE TO MEET THE EB-5 CRITERIA, MANDATES THAT EACH LIMITED PARTNER SHALL PARTICIPATE IN THE MANAGEMENT OF THE BUSINESS OF THE PARTNERSHIP BY MAKING SUGGESTIONS OR RECOMMENDATIONS TO THE GENERAL PARTNER ON ISSUES OF POLICY IMPORTANT TO THE PARTNERSHIP. THE LIMITED PARTNERSHIP AGREEMENT ALSO PERMITS LIMITED PARTNERS TO PARTICIPATE IN ONE OR MORE OF THE ACTIVITIES (I) PERMITTED OF LIMITED PARTNERS UNDER THE VERMONT REVISED UNIFORM LIMITED PARTNERSHIP ACT AND (II) OTHERWISE SET FORTH UNDER THE LIMITED PARTNERSHIP AGREEMENT. NO LIMITED PARTNER SHALL CONTROL THE PARTNERSHIP'S BUSINESS OR MANAGEMENT OR HAVE ANY AUTHORITY TO ACT OR BIND THE PARTNERSHIP IN ANY MANNER CONTRARY TO THE PROVISIONS OF THE LIMITED PARTNERSHIP AGREEMENT. THE PROJECT CANNOT ASSURE INVESTORS THAT THESE PROVISIONS ARE OR WILL BE SATISFACTORY TO USCIS.

**RISKS ATTENDANT TO EB-5 STATUS**

USCIS FREQUENTLY REINTERPRETS THE MEANING OF QUALIFYING EB-5 CRITERIA. THE CREATION OF NEW STANDARDS TO BE MET, CHANGES IN THE EMPHASIS THAT USCIS PLACES ON EB-5 CRITERIA, THE REINTERPRETATION OF EXISTING EB-5 CRITERIA AND THE PUBLICATION OF NEW FIELD INSTRUCTIONS TO EXAMINERS WITHOUT PRIOR NOTICE ALL BECOME BINDING UPON PREVIOUSLY FILED BUT UNADJUDICATED I-526 PETITIONS AND MAY AFFECT WHETHER THEY WILL BE APPROVED. THESE USCIS ACTIONS ALSO ARE BINDING ON EB-5 PROJECTS THAT HAVE ACCEPTED SOME INVESTORS WHOSE I-526 PETITIONS ARE BEING PREPARED FOR FILING AND MAY DETERMINE IF SUCH PROJECTS AND THE I-526 AND I-829 PETITIONS BASED UPON THE PROJECTS WILL CONTINUE TO BE DEEMED COMPLIANT WITH EB-5 RULES. THERE CAN BE NO CERTAINTY THAT COMPLIANCE WITH KNOWN CRITERIA AS OF THE DATE AN I-526 PETITION IS FILED WILL LEAD TO THE APPROVAL OF THE I-526 OR I-829 PETITION.



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THE EB-5 PROGRAM HAS MANY REQUIREMENTS THAT MUST BE MET TO THE SATISFACTION OF USCIS. INVESTORS SHOULD CONSULT WITH COMPETENT IMMIGRATION COUNSEL TO REVIEW ALL EB-5 PROGRAM REQUIREMENTS. THE FAILURE TO MEET EVEN ONE OF THESE REQUIREMENTS TO THE SATISFACTION OF USCIS MAY RESULT IN THE DENIAL OF THE INVESTOR'S I-526 PETITION OR SUBSEQUENT PETITIONS.

**CONSULAR PROCESSING – VISA NOT GUARANTEED**

IN SOME INSTANCES, CONSULATES PLACE VISA APPLICANTS IN "ADMINISTRATIVE PROCESSING". CONSULS ARE VERY RELUCTANT TO EXPLAIN THE SPECIFIC REASONS FOR THIS ADDITIONAL STEP TAKEN BEFORE A VISA WILL BE ISSUED. THIS PROCEDURE MAY BE ENCOUNTERED IN CONSULAR POSTS THAT REPORT HIGH LEVELS OF VISA FRAUD, POSTS IN SOME COUNTRIES THAT ARE HYPER-VIGILANT CONCERNING SECURITY MATTERS OR BECAUSE SOME INFORMATION ABOUT A VISA APPLICANT, IN THE OPINION OF A CONSULAR OFFICER, MERITS FURTHER BACKGROUND CHECKS. ONCE ADMINISTRATIVE PROCESSING BEGINS, CONSULATES WILL NOT DISCUSS THE PROGRESS OF A VISA APPLICATION. APPLICANTS ARE RELEGATED TO INDETERMINATE WAITING FOR A DECISION ON A VISA APPLICATION. SUCH A DECISION MAY TAKE YEARS TO OBTAIN.

DECISIONS BY CONSULS ARE DISCRETIONARY AND UNREVIEWABLE. USCIS AND DOS REPORT EFFORTS TO COMMUNICATE MORE EFFICIENTLY REGARDING THEIR RESPECTIVE ROLES IN DETERMINING THE ELIGIBILITY OF EB-5 INVESTORS FOR IMMIGRANT VISAS. THERE CANNOT BE ANY ASSURANCE THAT IMPROVED COMMUNICATIONS WILL OCCUR GENERALLY OR WITH RESPECT TO A PARTICULAR INVESTOR OR THE INVESTOR'S SPOUSE OR MINOR CHILDREN. NEITHER MAY IT BE ASSURED THAT IMPROVED COMMUNICATIONS WILL RESULT IN THE ISSUANCE OF A VISA. FACTORS EXTRANEOUS TO THE EB-5 PROJECT OR THE RELATIONSHIP OF THE INVESTOR TO THE PROJECT THAT A CONSUL MAY, WITH UNREVIEWABLE DISCRETION, ELECT TO CONSIDER COULD RESULT IN THE DENIAL OF A VISA. INVESTORS ARE ADVISED TO SEEK COMPETENT IMMIGRATION COUNSEL ON MATTERS OF CONSULAR PROCESSING.

**ADMISSION AFTER INVESTING, FILING THE I-526 OR DURING CONSULAR PROCESSING**

ADMISSION TO THE UNITED STATES AS A VISITOR OR IN MOST OTHER NON-IMMIGRANT STATUSES IS PREDICATED UPON THE INTENT TO DEPART THE COUNTRY AT THE END OF THE PERIOD OF ADMISSION. EXPERIENCED EB-5 LEGAL PRACTITIONERS CAUTION THAT NON-IMMIGRANT INTENT MAY BE DIFFICULT TO ESTABLISH ONCE AN INVESTOR HAS PAID FUNDS INTO AN EB-5 PROJECT OR FILES AN I-526, AS THE SOLE PURPOSE OF THIS INVESTMENT AND PETITION IS TO ESTABLISH THAT THE INVESTOR QUALIFIES TO BECOME A LAWFUL PERMANENT RESIDENCE. THE DIFFICULTY OF MAINTAINING NON-IMMIGRANT INTENT IS MADE MORE DIFFICULT UPON COMMENCING CONSULAR PROCESSING, WHICH IS CONSIDERED BY USDOS TO BE A CLEAR REQUEST FOR LAWFUL PERMANENT RESIDENCE AS SOON AS PROCESSING TIMES PERMIT. INVESTORS SHOULD CONSULT WITH COMPETENT COUNSEL TO EVALUATE THE RISKS ASSOCIATED WITH SEEKING TEMPORARY (NON-IMMIGRANT) ADMISSION TO THE UNITED STATES SUBSEQUENT TO MAKING THE INVESTMENT OR FILING AN I-526 PETITION OR AN APPLICANT FOR AN IMMIGRANT VISA. DESPITE BEST EFFORTS, AN INSPECTOR MAY DENY ADMISSION UNDER THESE CIRCUMSTANCES. SUCH A DENIAL MAY ALSO RESULT IN FORMAL EXCLUSION FROM THE U.S. WHICH MIGHT PRECLUDE ADMISSION WITH AN IMMIGRANT VISA FOR A PERIOD OF YEARS.

**ADJUSTMENT OF STATUS**

FURTHER TO THIS TOPIC, PLEASE SEE *IMMIGRATION MATTERS, ADJUSTMENT OF STATUS, PAGE 26.*

MAKING THE INVESTMENT, FILING THE I-526 OR APPLYING FOR AOS WITHIN THE 60 DAY PERIOD BEFORE APPLYING FOR AOS MAY BE VIEWED BY USCIS AS EVIDENCE OF IMMIGRANT INTENT AND MAY RESULT IN THE DENIAL OF AOS. IN SUCH AN EVENT, THE INVESTOR WILL BE REQUIRED TO DEPART THE U.S. AND WILL NEED TO SEEK AN IMMIGRANT VISA THROUGH CONSULAR PROCESSING. IN THIS PROCESS, EXPERIENCED IMMIGRATION COUNSEL BELIEVE THAT USDOS (THROUGH ITS CONSULATES) MAY REQUIRE THE INVESTOR TO SEEK A WAIVER OF EXCLUSION (FOR WHICH THE APPLICANT MUST ESTABLISH ELIGIBILITY) FOR HAVING MISREPRESENTED THE PURPOSE OF ENTRY UPON THE ADMISSION AS A NON-IMMIGRANT. WAIVERS ARE GRANTED IN THE UNREVIEWABLE DISCRETION OF THE USCIS AND THE PROCESSING TIME FOR WAIVER APPLICATIONS IS FREQUENTLY SIGNIFICANT.

THERE MAY BE ADDITIONAL REASONS WHY AN ALIEN MAY NOT ADJUST STATUS, WHICH IS A BENEFIT GRANTED IN THE DISCRETION OF USCIS. THERE IS NO APPEAL FROM A DENIAL OF AOS; THE ONLY RELIEF AVAILABLE IS A REQUEST TO RE-OPEN OR RE-CONSIDER THE AOS APPLICATION. INVESTORS SHOULD CONSULT WITH IMMIGRATION COUNSEL TO DETERMINE IF THEY, THEIR SPOUSE AND THEIR CHILDREN ARE ELIGIBLE FOR AOS OR IF PURSUIT OF AOS WOULD BE PRUDENT.



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NEAR THE CONCLUSION OF AN AOS CASE, USCIS MAY SCHEDULE AN INTERVIEW FOR THE AOS APPLICANT. THE INTERVIEW MAY BE WAIVED BY USCIS, BUT THE WAIVER SHOULD NOT BE EXPECTED. EXPERIENCED IMMIGRATION LAW PRACTITIONERS BELIEVE THAT USCIS USES PROFILING INFORMATION TO DETERMINE WHO WILL BE INTERVIEWED AND IT ALSO INTERVIEWS SOME AOS APPLICANTS TO MAINTAIN THE INTEGRITY OF ITS SCREENING PROCESS. THERE IS NO FORMAL PROCESS TO REQUEST THE WAIVER OF AN INTERVIEW. INVESTORS SHOULD CONSULT WITH EXPERIENCED IMMIGRATION COUNSEL ON ALL MATTERS CONCERNING ADJUSTMENT OF STATUS.

## REMOVAL OF CONDITIONS

*Further to this topic, please see Immigration Matters, Removal of Conditions, Page 27*

IN THE HISTORY OF THE EB-5 PROGRAM, INS (NOW USCIS) MODIFIED THE REQUIREMENTS FOR REMOVAL OF CONDITIONS AFTER THE TIME THAT SOME INVESTORS WERE GRANTED CLPR. AS A RESULT OF THIS ACTION, SOME OF THOSE INVESTORS WERE UNABLE TO COMPLY WITH THE NEW REQUIREMENTS, CREATING THE POSSIBILITY THAT THEY WOULD BE REMOVED FROM THE UNITED STATES. SOME OF THESE INVESTORS CONTESTED THE CHANGE IN RULES AFTER THEIR INVESTMENTS WERE MADE. THEIR POSITION WAS SUPPORTED IN LITIGATION THAT RESULTED IN INS BEING ORDERED TO RECONSIDER THEIR APPLICATIONS TO REMOVE CONDITIONS BY APPLYING THE ORIGINAL RULES.

THERE IS AN INCREASED INTEREST BY USCIS IN EXAMINING ALL ASPECTS OF EB-5 PROJECT AND INVESTOR PETITION COMPLIANCE DURING THE REMOVAL OF CONDITIONS PROCESS. INVESTORS SHOULD SEEK GUIDANCE FROM EXPERIENCED EB-5 COUNSEL CONCERNING ALL ASPECTS OF THE REMOVAL CONDITIONS PROCESS AND THE EFFECT OF POSSIBLE USCIS ACTIONS ON THE INVESTOR AND THE INVESTOR'S SPOUSE AND QUALIFYING CHILDREN.

## FAMILY RELATIONSHIPS

1. SPOUSES OF THE INVESTOR MAY ACCOMPANY OR FOLLOW TO JOIN AN INVESTOR WHO HAS BEEN GRANTED CONDITIONAL LAWFUL PERMANENT RESIDENCE PROVIDED THAT THE INVESTOR AND THE SPOUSE WERE MARRIED AT THE TIME OF THE INVESTOR'S ACQUISITION OF CLPR. IF THE RELATIONSHIP IS ONE IN COMMON LAW, THE "SPOUSE" OF THE INVESTOR MAY NOT ACQUIRE LAWFUL PERMANENT RESIDENT STATUS ON ACCOUNT OF THE RELATIONSHIP. NOT ALL VALID MARRIAGES WILL BE RECOGNIZED FOR PURPOSES OF U.S. IMMIGRATION. INVESTORS SHOULD CONSULT COMPETENT IMMIGRATION COUNSEL REGARDING THE ELIGIBILITY OF THEIR SPOUSE FOR IMMIGRATION BENEFITS.

2. CERTAIN CHILDREN OR STEP-CHILDREN OF THE INVESTOR MAY ACCOMPANY OR FOLLOW TO JOIN AN INVESTOR WHO HAS BEEN GRANTED CONDITIONAL LAWFUL PERMANENT RESIDENCE PROVIDED THAT THE INVESTOR CAN ESTABLISH PARENTAGE OR STEP-PARENTAGE AT THE TIME OF THE INVESTOR'S FIRST ADMISSION TO THE UNITED STATES AS A CONDITIONAL LAWFUL PERMANENT RESIDENT OR ADJUSTMENT OF STATUS TO LAWFUL PERMANENT RESIDENCE. FAILURE TO COMPLY WITH ALL APPLICABLE REQUIREMENTS MAY RESULT IN THE SEPARATION OF A CHILD FROM THE INVESTOR OR THE INVESTOR'S SPOUSE FOR PROTRACTED PERIODS, IN SOME INSTANCES FOR YEARS, WHILE OTHER IMMIGRATION OPPORTUNITIES ARE ATTEMPTED IN AN EFFORT TO REUNITE THE FAMILY. U.S. LAW EXCLUDES SOME STEP-CHILDREN AND ADOPTED CHILDREN FROM ELIGIBILITY FOR IMMIGRATION BENEFITS. INVESTORS SHOULD CONSULT COMPETENT IMMIGRATION COUNSEL REGARDING THE ELIGIBILITY OF THEIR CHILDREN FOR IMMIGRATION BENEFITS.

3. A "CHILD" IS SOMEONE UNDER THE AGE OF 21 YEARS WHO IS UNMARRIED. IF A CHILD BECOMES AGE 21 OR MARRIES BEFORE BEING ADMITTED TO THE U.S. AS A LAWFUL PERMANENT RESIDENT OR ADJUSTING TO LAWFUL PERMANENT RESIDENT STATUS, THE FORMER CHILD, NOW DEEMED A SON OR DAUGHTER, MAY NOT BE ELIGIBLE TO ACCOMPANY OR FOLLOW TO JDIN THE INVESTOR. IN SOME CIRCUMSTANCES, THE CHILD STATUS PROTECTION ACT MAY ASSIST A SON OR DAUGHTER TO QUALIFY AS A CHILD BY REDUCING THE DEEMED AGE OF THE SON OR DAUGHTER TO LESS THAN 21 YEARS. FAILURE TO MEET THE REQUIREMENTS OF THE CHILD STATUS PROTECTION ACT MAY RESULT IN THE SEPARATION OF A SON OR DAUGHTER FROM THE INVESTOR OR THE INVESTOR'S SPOUSE FOR PROTRACTED PERIODS, IN SOME INSTANCES FOR YEARS, WHILE OTHER IMMIGRATION OPPORTUNITIES ARE ATTEMPTED IN AN EFFORT TO REUNITE THE FAMILY.

4. UNDER SOME CIRCUMSTANCES A CHILD WHO BECOMES 21 YEARS OF AGE OR MARRIES WHILE HOLDING CONDITIONAL LAWFUL PERMANENT RESIDENT STATUS, OR THE SPOUSE OF THE INVESTOR WHO IS DIVORCED FROM THE INVESTOR WHILE HOLDING CONDITIONAL LAWFUL PERMANENT RESIDENT STATUS, MAY BE ELIGIBLE TO REMOVE CONDITIONS BY BEING INCLUDED IN THE INVESTOR'S I-829 PETITION OR FILING A



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SEPARATE I-829 PETITION. FAILURE TO MEET QUALIFYING CONDITIONS, WHICH MAY NOT BE WITHIN THE CHILD'S OR DIVORCED SPOUSE'S CONTROL, AND, ABOUT WHICH THE LAW AND REGULATIONS DO NOT PROVIDE CLEAR GUIDANCE, WILL RESULT IN THE CHILD OR DIVORCED SPOUSE BEING PLACED IN REMOVAL PROCEEDINGS AND MAY REQUIRE THE CHILD OR DIVORCED SPOUSE TO DEPART THE UNITED STATES.

5. UPON THE DEATH OF AN INVESTOR HOLDING CONDITIONAL LAWFUL PERMANENT RESIDENT STATUS, A SPOUSE AND QUALIFYING CHILDREN OF THE INVESTOR ALSO HOLDING SUCH STATUS ARE ENTITLED TO SEEK REMOVAL OF CONDITIONS BY SUBMISSION OF THE SAME EVIDENCE DEMONSTRATING COMPLIANCE WITH REQUIRED CRITERIA THAT USCIS REQUIRES OF AN INVESTOR SEEKING TO REMOVE CONDITIONS. FAILURE OF EACH MEMBER OF THE FAMILY TO ESTABLISH THESE CRITERIA WILL RESULT IN THE DENIAL OF THE APPLICATION TO REMOVE CONDITIONS, PLACEMENT OF THE FAMILY MEMBERS IN REMOVAL PROCEEDINGS AND THEIR MANDATED DEPARTURE FROM THE UNITED STATES.

6. IT IS UNCLEAR UNDER USCIS PROCEDURES IF A CHILD WHO BECOMES A SON OR DAUGHTER BEFORE THE DEATH OF THE INVESTOR IS ENTITLED TO SEEK REMOVAL OF CONDITIONS. USCIS REGULATIONS ARE SILENT ON THIS MATTER. IF USCIS DOES NOT EXTEND THIS BENEFIT, SUCH A SON OR DAUGHTER WILL BE DENIED AN APPLICATION TO REMOVE CONDITIONS AND WILL BE PLACED IN REMOVAL PROCEEDINGS AND MAY BE MANDATED TO DEPART THE UNITED STATES.

**END OF SECTION 1**



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JAY PEAK
VERMONT

# Section 2

# Business Plan

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Note: (An appendix of financial tables is also annexed at the end this Business Plan)

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# IMPORTANT NOTICE

**FORWARD LOOKING STATEMENTS:** ANY STATEMENTS THAT EXPRESS OR INVOLVE DISCUSSIONS WITH RESPECT TO PREDICTIONS, GOALS, EXPECTATIONS, BELIEFS, PLANS, PROJECTIONS, OBJECTIVES, ASSUMPTIONS OR FUTURE EVENTS OR PERFORMANCE ARE NOT STATEMENTS OF HISTORICAL FACT AND MAY BE "FORWARD LOOKING STATEMENTS. "FORWARD LOOKING STATEMENTS ARE BASED ON EXPECTATIONS, ESTIMATES AND PROJECTIONS AT THE TIME THE STATEMENTS ARE MADE THAT INVOLVE A NUMBER OF RISKS AND UNCERTAINTIES WHICH COULD CAUSE ACTUAL RESULTS OR EVENTS TO DIFFER MATERIALLY FROM THOSE PRESENTLY ANTICIPATED.

THIS BUSINESS PLAN CONTAINS FORWARD-LOOKING STATEMENTS AND PROJECTIONS THAT MAY ADDRESS, AMONG OTHER THINGS, THE HOTEL AND SKI RESORT AND ANCILLARY PROJECTS DEVELOPMENT AND STRATEGY, PROJECTED CONSTRUCTION TIMES, EXPANSION STRATEGY, DEVELOPMENT OF SERVICES, USE OF PROCEEDS, PROJECTED REVENUE AND CAPITAL EXPENDITURES, OPERATING COSTS, LIQUIDITY, JOB CREATION, ECONOMIC MODELING, DEVELOPMENT OF ADDITIONAL REVENUE SOURCES, DEVELOPMENT AND MAINTENANCE OF PROFITABLE MARKETING AND MANAGEMENT AND MAINTENANCE ALLIANCES, ABILITY TO DEVELOP "RESORT" IDENTIFICATION AND NATIONAL AND INTERNATIONAL EXPANSION, AND GENERAL PARTNER'S STATEMENTS OF EXPERIENCE AND EXPECTATIONS. NO ASSURANCE CAN BE MADE NOR IS ANY ASSURANCE GIVEN IN ANY FORM IMPLIED OR OTHERWISE THAT THESE FORECASTS WILL PROVE ACCURATE. NEITHER THE GENERAL PARTNER NOR THE LIMITED PARTNERSHIP HAS ANY OBLIGATION TO REVISE OR UPDATE ANY FORWARD LOOKING STATEMENT FOR ANY REASON.

THESE STATEMENTS MAY BE ALSO FOUND IN THE SECTIONS OF THE JAY PEAK PENTHOUSE SUITES L.P OFFERING MEMORANDUM ENTITLED "SUMMARY OF OFFERING," "RISK FACTORS," "USE OF PROCEEDS," "THE PARTNERSHIP'S BUSINESS PLAN" AND IN THE OFFERING MEMORANDUM GENERALLY. ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THESE FORWARD-LOOKING STATEMENTS AND PROJECTIONS AS A RESULT OF VARIOUS FACTORS, INCLUDING ALL THE RISKS DISCUSSED IN "RISK FACTORS" WITHIN THE OFFERING MEMORANDUM. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THESE RISKS, IN ADDITION TO OTHER INFORMATION CONTAINED WITHIN THE OFFERING MEMORANDUM BEFORE DECIDING WHETHER TO INVEST IN THE PARTNERSHIP.

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# JAY PEAK PENTHOUSE SUITES L.P. EXECUTIVE SUMMARY

## THE PARTNERSHIP AND ITS BUSINESS;

SUMMARY OF PRINCIPAL OBJECTIVES AND ACTIVITIES INCLUDING FINANCIAL REPORTS AND SUPPORTING SCHEDULES IMPORTANT NOTICE: SEE OFFERING MEMORANDUM: RISK FACTORS "FORWARD LOOKING STATEMENTS".

## THE PROJECT: BRIEF OVERVIEW

55 UNIT ALL-SUITE PENTHOUSE HOTEL FLOOR; MOUNTAIN LEARNING CENTER, OFFERING SKI AND SNOW SPORTS TUITION, MOUNTAIN BIKING, ZIP LINE, SHOOTING CLAYS, ECO-TOURS AND NATURE CENTER, AND MOUNTAIN CAFÉ BAR BISTRO, ALL LOCATED IN JAY PEAK RESORT, JAY, VERMONT, A TARGETED EMPLOYMENT AREA WITHIN THE STATE OF VERMONT AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT USICS DESIGNATED REGIONAL CENTER.

## THE STATE OF VERMONT – A USCIS DESIGNATED REGIONAL CENTER

JAY PEAK PENTHOUSE PROJECT HAS BEEN STRUCTURED TO ASSIST INVESTORS TO MEET THE REQUIREMENTS OF THE EB-5 PROGRAM [8 U.S.C.§ 1153 (B)(5)(A) - (D); INA § 203 (B)(5)(A) - (D) OF THE IMMIGRATION & NATIONALITY ACT (THE "ACT")] AND QUALIFY VIA INVESTMENT IN THIS PROJECT (THE "PROJECT") TO BECOME ELIGIBLE FOR ADMISSION TO THE UNITED STATES OF AMERICA AS LAWFUL PERMANENT RESIDENTS WITH THE INVESTOR'S QUALIFYING FAMILY MEMBERS.

FURTHER TO THE UTILIZATION OF THE EB-5, ALIEN ENTREPRENEUR PROGRAM, ON OCTOBER 6, 2009, U.S. CITIZENSHIP AND IMMIGRATION SERVICE (USCIS) WROTE AS FOLLOWS TO THE STATE OF VERMONT, AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT (VACCD) TO AUTHORIZE EXPANDED ACTIVITIES WITHIN THE PREVIOUSLY APPROVED VERMONT REGIONAL CENTER:

"PURSUANT TO SECTION 610 OF THE APPROPRIATIONS ACT OF 1993, ON JUNE 26, 1997, THE VACCD REGIONAL CENTER, WAS APPROVED AND DESIGNATED AS A REGIONAL CENTER TO PARTICIPATE IN THE IMMIGRANT INVESTOR PILOT PROGRAM. ON JUNE 11TH 2007, THE DESIGNATION WAS REAFFIRMED. IN A WRITTEN REQUEST DATED AUGUST 17, 2009, VACCD REGIONAL CENTER SOUGHT TO AMEND ITS INITIAL REGIONAL CENTER DESIGNATION, TO EXPAND THE TYPES OF APPROVED ECONOMIC ACTIVITIES AND INDUSTRIAL CLUSTERS AS FOLLOWS

1. TO ADD MANUFACTURING, PROFESSIONAL SERVICES, EDUCATION, INFORMATION AND LENDING INSTITUTIONS TO THEIR CURRENT LIST OF APPROVED INDUSTRIES.

2. TO ADD THE ECONOMIC ACTIVITIES OF DESIGN, DEVELOPMENT AND PRODUCTION OF NEW PRODUCTS; EXPANSION OR RENOVATION OF EXISTING FACILITIES; ESTABLISHING AND EXPANDING POST SECONDARY SCHOOLS INCLUDING BUILDING, DEVELOPMENT AND OPERATION OF THE SCHOOLS; DESIGN, DEVELOPMENT & PUBLISHING OF SOFTWARE, BOOKS AND OTHER INFORMATION PUBLISHING ACTIVITIES.

3. TO PROVIDE DIRECT EQUITY INVESTMENTS IN OR TO THE INDUSTRY CLUSTERS AND/OR TO PROVIDE INDIRECT INVESTMENTS TO THE INDUSTRIES THROUGH INVESTMENT IN AN ENTERPRISE WHICH IN TURN WILL LEND THE FUNDS FOR SPECIFIC INDUSTRY RELATED PROJECT(S).

"BASED ON ITS REVIEW AND ANALYSIS OF THE REQUEST TO AMEND THE PREVIOUS VACCD REGIONAL CENTER DESIGNATION AND PRIOR AMENDED PROPOSALS, BUSINESS PLAN, AND SUPPLEMENTARY EVIDENCE, THE U.S. CITIZENSHIP AND IMMIGRATION SERVICES (USCIS), AMENDS THE DESIGNATION OF THE REGIONAL CENTER AS REQUESTED TO INCORPORATE THE ABOVE 2 CHANGES. [REFERRING TO THE EXPANSION OF "...THE TYPES OF APPROVED ECONOMIC ACTIVITIES AND INDUSTRIAL CLUSTERS...", ABOVE]. IN ACCEPTING THE AMENDMENT, USCIS HAS UPDATED ITS RECORDS OF YOUR REGIONAL CENTER APPROVAL, DESIGNATION, AND BUSINESS PLAN TO ENCOMPASS THESE AMENDMENTS RELATIVE TO THE INVESTMENT FOCUS OF THE REGIONAL CENTER ...."

IN JUNE 2010 JAY PEAK PENTHOUSE SUITES L.P. EXECUTED A MEMORANDUM OF UNDERSTANDING WITH VACCD, TO AUTHORIZE THIS PROJECT AS QUALIFYING INVESTMENT IN A COMMERCIAL ENTERPRISE SITUATED WITHIN THE REGIONAL CENTER. THE STATE OF VERMONT MAY ASSIST INVESTORS IN AN APPROVED PROJECT THAT FOSTERS ECONOMIC EXPANSION THROUGH GREATER REGIONAL PRODUCTIVITY, JOB CREATION OR ADDITIONAL DOMESTIC CAPITAL INVESTMENT TO BECOME ELIGIBLE FOR ADMISSION TO THE UNITED STATES OF AMERICA AS LAWFUL PERMANENT RESIDENTS.


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## PROJECT SUMMARY

PENTHOUSE SUITES PROJECT IS A FURTHER PHASE OF THE JAY PEAK EB-5 EXPANSION PROJECT AND WILL COMPRISE:

- ACQUIRING THE APPLICABLE DEVELOPMENT AND DECLARANT RIGHTS FROM JAY PEAK HOTEL SUITES PHASE II L.P., A VERMONT LIMITED PARTNERSHIP, TO CONSTRUCT, FIT UP, FURNISH, OWN AND LEASE OUT AN ADDITIONAL FLOOR THAT WILL INCLUDE A PENTHOUSE SUITES HOTEL (THE "PENTHOUSE SUITES HOTEL"), COMPRISING 55 PENTHOUSE UNITS, CONCIERGE SERVICES AND BUSINESS CENTER TO BE LOCATED ON THE TOP FLOOR OF A BUILDING BEING CONSTRUCTED BY JAY PEAK HOTEL SUITES PHASE II L.P. AT THE JAY PEAK RESORT IN JAY, VERMONT (THE "RESORT"). THE PENTHOUSE SUITES HOTEL WILL BE LEASED TO AND OPERATED AS A FULL SERVICE SUITES HOTEL AND CONCIERGE SERVICES BY A TENANT TO BE APPROVED BY THE PARTNERSHIP;

- CONSTRUCTING BUILDINGS (COLLECTIVELY THE "MOUNTAIN LEARNING CENTER BUILDINGS") ON LAND OWNED BY THE RESORT OWNER AT THE RESORT, A MOUNTAIN BIKE AND OTHER ACTIVITIES LEARNING CENTER AND RESTAURANT, TO BE LEASED BACK FROM THE RESORT OWNER FOR NOMINAL CONSIDERATION AND THEN SUBLEASED TO A TENANT TO BE APPROVED BY THE PARTNERSHIP THAT WILL OPERATE ALL THE ACTIVITIES IN AND RELATED TO THE MOUNTAIN LEARNING CENTER BUILDINGS.

- MOUNTAIN LEARNING CENTER WILL BE USED IN WINTER AS SKI AND SNOWBOARD LEARNING FACILITY, WITH NIGHTIME USE FOR SNOWTUBING AND SLEDDING. IN NON WINTER THIS FACILITY BECOMES A NATURE CENTER WHICH MAY INCLUDE ACTIVITIES SUCH AS MOUNTAIN BIKING, ZIPLINE BASE, SPORTING CLAYS, FLY FISHING, AND FEATURING PROGRAMS FOR NATURE APPRECIATION, BIRDING, WILDLIFE PHOTOGRAPHY, AND ECO TOURS. THE LEARNING CENTER WILL ALSO INCLUDE A MOUNTAINSIDE CAFÉ BAR AND RESTAURANT WITH EXTENSIVE SUNDECKS.

## INVESTMENT INTO PROJECT

THE PENTHOUSE SUITES PROJECT IS OPEN BOTH TO US INVESTORS, AND FOREIGN INVESTORS, WITH EACH FOREIGN INVESTOR SEEKING CLASSIFICATION AS AN "ALIEN ENTREPRENEUR" AS REQUIRED BY LAW TO CURRENTLY INVEST $500,000 USD TO THE PROJECT. THE PROJECT WILL REQUIRE INVESTMENT AMOUNTING TO $32.5 MILLION OF DEVELOPMENT COSTS TO BE FINANCED PURSUANT TO THIS OFFERING MEMORANDUM, WHICH WILL BE SUPPLEMENTED WITH THE ADDITIONAL INVESTMENT IN CASH, LAND OR VALUE OF $5 MILLION PROVIDED BY THE RESORT OWNER, RAISING THE ESTIMATED OVERALL DEVELOPMENT COSTS TO $37,500,000 (SEE SUMMARY OF OFFERING; PROJECT SUMMARY).

THE ARCHITECTURAL PLANS ARE IN THE COURSE OF PREPARATION AND SOME BUILDING PERMITS ARE ALREADY APPLIED FOR. UPON APPROVAL AND AFTER ISSUANCE OF ALL PERMITS, BUILDING WORK WILL COMMENCE ON THE NEW PENTHOUSE SUITES IN JANUARY 2011, AND IT IS ANTICIPATED THAT THE ANCILLARY PROJECTS WILL COMMENCE IN MID 2011. THIS WILL CONSUME MOST OF THE CASH INVESTED INTO THE PARTNERSHIP OVER A 12 MONTH PERIOD. BOTH THE PENTHOUSE SUITES AND THE ANCILLARY PROJECTS ARE PROJECTED TO OPEN IN 2012.

THE INVESTMENT WILL PROVIDE THE INVESTOR WITH A MONTHLY INCOME FROM LEASE RENTAL PAYMENTS PROJECTED TO PROVIDE AN ANNUAL AVERAGE RETURN TO INVESTORS OF 5.00% OR MORE OVER A FIVE YEAR PERIOD.

BY CREATING THIS PENTHOUSE SUITES HOTEL AND THE ANCILLARY PROJECTS, AND AIDING THE FURTHER EXPANSION AND TRANSITION OF JAY PEAK INTO AN "ALL SEASONS RESORT," JAY PEAK PENTHOUSE SUITES L.P. WILL STIMULATE ECONOMIC DEVELOPMENT AND CREATE MANY NEW PERMANENT JOBS AT THE RESORT, IN THE GREATER JAY PEAK REGION, AND WITHIN THE STATE OF VERMONT REGIONAL CENTER.



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## SOURCE AND APPLICATION OF FUNDS

THE TABLE BELOW DEPICTS THE TOTAL FUNDS INTO THE PROJECT AND THE SOURCE OF FUNDS. INVESTORS ARE BEING OFFERED THE OPPORTUNITY TO PURCHASE LIMITED PARTNERSHIP INTERESTS. THE CAPITAL CONTRIBUTION OF EACH LIMITED PARTNER TO THE PROJECT SHALL BE A MINIMUM OF $500,000 IN CASH, WHICH SHALL BE APPLIED TO THE PROJECT AS INVESTOR FUNDS. THE LIMITED PARTNER SHALL NOT BE OBLIGATED TO MAKE ANY ADDITIONAL CAPITAL CONTRIBUTIONS TO THE PARTNERSHIP. THE TOTAL OF INVESTMENT FUNDS TO BE RECEIVED FROM LIMITED PARTNERS IS $32,500,000, ADDITIONALLY JAY PEAK INC. WILL CONTRIBUTE IN CASH, ASSETS AND SERVICES A TOTAL VALUE OF $5,000,000 AND THE USE OF THESE FUNDS IS DETAILED IN THE TABLE AND RELATED NOTES DETAILED BELOW.

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JAY PEAK VERMONT

# JAY PEAK PENTHOUSE SUITES L.P. INVESTOR FUNDS SOURCE AND APPLICATION

| | | | | | |
|---|---|---|---|---|---|
| Overall Summary | | | | | Investors: |
| Number of Project Investors | | | | | 55 |
| Project Investment Funds from Investors | | | | | $32,500,000 |
| Project Investment Funds from Jay Peak Inc. | | | | | $5,000,000 |
| TOTAL PROJECT FUNDS | | | | | $37,500,000 |
| ALL SUITE VIP PENTHOUSE SUITES | | # Units | Sq ft | Cost sq ft. | Totals $ |
| POINT 'A' | Hotels Penthouse Suites | 55 | 46000 | $358 | $16,468,000 |
| | (est. sq. ft. includes common areas) | | | | |
| | Fixtures & Fittings | 55 | Unit Cost $39,500 | | $2,172,500 |
| | | | | | $18,640,500 |
| | Contractor Fee | 15% | | | $2,796,075 |
| | Contingency | 5% | | | $932,025 |
| | Sub-Total | | | | $22,368,600 |
| | Structural, Engineering, Utilities | | | | $1,450,000 |
| | Common Area Contribution | 55 | Unit Cost $65,000 | | $3,575,000 |
| | Total | | | | $27,393,600 |
| POINT 'B' | Mountain Learning Center | | | | |
| | Operations Center and Store. | | 5000 | 350 | $1,750,000 |
| | Café, Bar Bistro and Takeaway incl. F & F | | 3000 | 375 | $1,125,000 |
| | Bicycles, Tools, Equipment , Tour Materials | | | | $875,000 |
| | Shooting Clays - Build and Equipment | | | | $675,000 |
| | Total | | | | $4,425,000 |
| | Project Sub-total | | | | $31,818,600 |
| | Working Capital | | | | $681,400 |
| INVESTOR PROJECT COST | | | | | $32,500,000 |
| FUNDS FROM JAY PEAK | | | | | |
| MOUNTAIN BIKE AND TOUR TRAILS | | | | | |
| INFRASTRUCTURE, COMMON AREAS AND PARKING | | | | $5,000,000 | $5,000,000 |
| TOTAL PROJECT COST | | | | | $37,500,000 |

Prepared by Douglas Hulme FCCA: Chartered Certified Accountant: Rapid USA Visas, Inc.:
data provided by W Stenger President and CEO Jay Peak Resort, Inc. 6-Jul-10

IMPORTANT NOTE: SEE RISK FACTORS: FORWARD LOOKING STATEMENTS:

Construction Costs and build square footages are estimated, actual numbers will vary.



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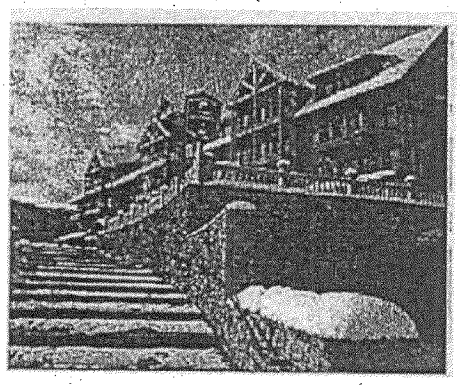
# JAY PEAK RESORT

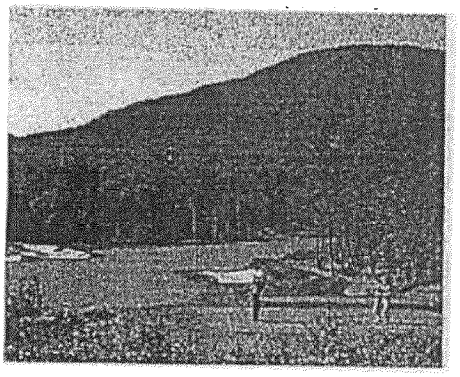
ALTHOUGH JAY PEAK PENTHOUSE SUITES L.P. IS A NEWLY FORMED ENTITY, JAY PEAK RESORT HAS BEEN A SUCCESSFUL, LARGELY WINTER RESORT FOR OVER 50 YEARS AND IS ONE OF THE LEADING SKI RESORTS IN NORTH AMERICA. JAY PEAK, (WWW.JAYPEAKRESORT.COM) WITH 344 INCHES OF AVERAGE ANNUAL SNOWFALL, THE HEAVIEST NATURAL SNOWFALL OF ANY SKI RESORT IN THE EAST, IS, WITH ITS NEW 18 HOLE CHAMPIONSHIP GOLF COURSE OPENED IN JUNE 2007, FAST BECOMING A YEAR-ROUND FAMILY RESORT AND THE COMPLETION AND OPENING OF THE NEW PHASE 1 57 UNIT ALL-SUITE HOTEL WITHIN THE JAY PEAK EB-5 VISA PROGRAM, AND WITH A FULL ONGOING CONSTRUCTION PROGRAM FOR PHASE II, THE EB-5 VISA PROGRAM CONTINUES TO BE AN OUTSTANDING SUCCESS FOR ITS INVESTORS, FOR JOB CREATION FOR THE STATE OF VERMONT AND FOR JAY PEAK. WITH ALL INVESTOR PETITIONS FOR PHASE I AND PHASE II FILED WITH THE UNITED STATES IMMIGRATION SERVICE HAVING BEEN APPROVED BY USCIS AND WITH A 100% SUCCESS RATE, THESE PROJECTS HAVE BEEN AN OUTSTANDING SUCCESS BOTH FOR JAY PEAK, AND FOR THE IMMIGRANT INVESTORS AND THEIR FAMILIES, MAKING A NEW LIFE IN THE USA.



EB-5 Phase 1 Hotel Dec 2009

THE SECOND PHASE OF THE JAY PEAK EB-5 PROJECT COMPRISES OF A MULTI STORY BUILDING AND INCLUDES A 120 UNIT ALL-SUITE HOTEL, A NEW MULTI-LEVEL INDOOR WATER PARK WITH MULTI-SLIDE EXHILARATING WATERSLIDES, LAGOONS AND WATER PARK EATERY, TOGETHER WITH A FITNESS CENTER, CONFERENCE CENTER FACILITY, ADDITIONAL DINING FACILITIES AND RETAIL STORES. IN ADDITION THE SECOND PHASE INCLUDES THE ANCILLARY PROJECTS OF AN INDOOR ICE RINK ARENA, WHICH OPENED IN MAY 2010, AND A SPECTACULAR GOLF CLUBHOUSE, WITH PUB AND PANORAMA VISTA RESTAURANT WHICH OPENED JUNE 2010.

THE NEW PENTHOUSE SUITES PROJECT WILL PROVIDE AN ADDITIONAL ONE FLOOR OF UPSCALE ACCOMMODATION WITHIN THE JAY PEAK PHASE II HOTEL UNITS BUILDING (THE "PHASE II CONDOMINIUM"), WHICH WILL OCCUPY THE TOP FLOOR AND COMPRISE 55 PENTHOUSE UNITS AND CONCIERGE SERVICES. THE PROJECT WILL ALSO INCLUDE A MOUNTAIN LEARNING CENTER THE NEW 8,000 SQ FT APPROX. AREA FACILITY WILL OFFER ACTIVITY FEATURES, AND WILL ALSO INCLUDE A MOUNTAIN CAFÉ BAR BISTRO FACILITY.



Jay Peak Championship Golf Course

## LOCATION

JAY PEAK RESORT IS LOCATED IN THE CENTRAL PORTION OF NORTHERN VERMONT, APPROXIMATELY 65 MILES NORTHEAST OF BURLINGTON, VERMONT AND APPROXIMATELY 90 MILES SOUTHEAST OF MONTREAL, QUEBEC. THE RESORT IS LOCATED IN THE TOWN OF JAY, VERMONT IN ORLEANS COUNTY, TWO AIR MILES FROM THE CANADIAN BORDER. THE RESORT (FOUNDED IN 1955) HAS EVOLVED AS A WINTER ALPINE SKI RESORT OVER THE PAST 50 YEARS. IN RECENT YEARS, JAY PEAK MANAGEMENT HAS BEEN WORKING TOWARD THE CREATION OF A YEAR-ROUND RESORT SO THAT ECONOMIC VIABILITY IS STRENGTHENED, NEW PERMANENT JOBS ARE CREATED, AND THE REGION PROSPERS FROM THIS 4-SEASON ECONOMIC STRUCTURE. JAY PEAK HAS 75 SKI-TRAILS, GLADES AND CHUTES COVERING APPROXIMATELY 450 ACRES, DIVIDED APPROXIMATELY 50% FOR INTERMEDIATE SKIERS (APPEALING TO THE MAJORITY OF SKIERS), 25% FOR EXPERT SKIERS AND 25% FOR BEGINNING SKIERS. THE TRAIL AND LIFT SYSTEM ALLOWS FOR A SUBSTANTIAL INCREASE IN SKIER VISITS AND PERMITS A COMFORTABLE LEVEL OF UTILIZATION, WITH LOWER THAN AVERAGE LIFT LINES COMPARED TO OTHER MAJOR SKI RESORTS IN VERMONT. JAY PEAK RESORT LAND AREA CONSISTS OF APPROXIMATELY 4,000 ACRES. ABUNDANT WATER IS AVAILABLE TO THE PROPERTY AND A MODERN $7 MILLION CENTRAL SEWAGE TREATMENT FACILITY HAS BEEN COMPLETED BY THE TOWNS OF JAY AND TROY. PHASE II OFFERED A UNIQUE OPPORTUNITY TO CONTINUE FIRST CLASS DEVELOPMENT OF THE MOUNTAINSIDE RESORT WHILE EMPHASIZING ENVIRONMENTAL CONTROLS AND SENSITIVITY, AND BEING LOCATED ON MOST STRATEGIC PIECE OF LAND AT JAY PEAK WILL BE FURTHER ENHANCED BY THE ADDITION OF UPSCALE ACCOMODATIONS AND FACILITIES WITH THE NEW PENTHOUSE SUITES PROJECT AND THE MOUNTAIN LEARNING CENTER.



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ACCESS TO THE RESORT IS CONVENIENT AND EASY FOR FAMILIES THROUGHOUT NEW ENGLAND, NEW YORK, BOSTON, AND THE PROVINCE OF QUEBEC IN CANADA, WITH MONTREAL AND ITS OVER 3 MILLION POPULATION, ALL BEING ONLY

AROUND 90 MINUTES DRIVE OR LESS FROM JAY PEAK. IN FACT JAY PEAK, IN THE NORTH EASTERN UNITED STATES, IS LOCATED WITHIN 6 HOURS DRIVE OF OVER 60 MILLION POPULATION.

## MARKET REVIEW

WITH JAY PEAK'S DEVELOPMENTAL PHILOSOPHY CORNERSTONED ON AN ENVIRONMENTAL FRAMEWORK, FUTURE MARKET DEVELOPMENT WILL BE ENHANCED AS JAY'S POSITIONING AND PHYSICAL CHARACTERISTICS PROVIDE SUBSTANTIAL ADVANTAGES OVER OLDER, LESS ENVIRONMENTALLY SENSITIVE FACILITIES. WINTER BUSINESS WILL CONTINUE TO FOCUS ON SKIING AND THE SKI VACATION PRODUCT. FAMILY SKI VACATIONS, SKI CLUB OUTINGS AND INDIVIDUAL AND COUPLES' BUSINESS WILL PROVIDE THE FRAMEWORK FOR WINTER BUSINESS DEVELOPMENT.

Senator Leahy attends official opening Ice Arena

ACCENTUATING THE TWO AND THREE DAY WEEKEND STAY, AND THE THREE, FIVE, AND SEVEN-DAY SKI WEEK EXPERIENCE WILL BE THE PRIMARY FOCUS OF THE RESORT'S WINTER MARKETING EFFORTS. THE RESORT'S MARKETS FOR WINTER ACTIVITY AND HOTEL UTILIZATION WILL BE EASTERN CANADA, ALL OF NEW ENGLAND AND THE MID-ATLANTIC STATES OF THE UNITED STATES. FURTHER DESTINATION MARKETS SUCH AS THE MID-SOUTH AND FLORIDA ARE VIABLE THROUGH AIRLINE CONNECTIONS INTO THE BURLINGTON, VERMONT AIRPORT AND THE PIERRE ELLIOT TRUDEAU (DORVAL) AIRPORT SERVING MONTREAL, QUEBEC, CANADA. SUMMER BUSINESS DEVELOPMENT WILL LARGELY FOCUS ON FAMILY VACATIONS INVOLVING ACTIVE, OUTDOOR AND ENVIRONMENTALLY BALANCED EXPERIENCES. WITH SUCH A UNIQUE AND UNSPOILED SETTING, JAY PEAK CAN PROVIDE IT'S VACATIONING PUBLIC AN OPPORTUNITY TO HIKE, BIKE, FISH, SAIL AND SIGHTSEE IN OR NEAR THE RESORT IN A SETTING THAT IS TRULY UNDEVELOPED. NATURE TRAILS ALONG PRISTINE MOUNTAIN STREAMS WILL PROVIDE THE MOST NATURAL OF SETTINGS FOR FAMILY OUTINGS. GOLF AND OTHER TYPICAL RECREATION ENJOYED IN SUMMER WILL ALSO BE ON THE RESORT PREMISES, BUT EVERYTHING FROM SIGNAGE TO LIGHTING TO PROGRAM DESIGN WILL EMIT AN ENVIRONMENTAL SENSITIVITY THAT WILL, ONCE AGAIN, DIFFERENTIATE JAY PEAK FROM OTHER RESORTS THAT HAVE LARGELY BEEN BUILT ON A LEGACY OF RAPID EXPANSION IN THE 1970'S AND 1980'S.

ALTHOUGH JAY PEAK ALREADY HAS A VERY SUCCESSFUL SKI RESORT, MANY TIMES, EVEN IN PEAK SEASON, POOR WEATHER WILL RESULT IN TRIPS, VACATIONS AND MEETINGS BEING CANCELLED. THE RESORT SOUGHT OPPORTUNITIES THAT WOULD HELP EXPAND INTO A YEAR-ROUND DESTINATION, INSULATE THE RESORT FROM THE IMPACT OF WEATHER, CREATE WEATHER-PROOF VACATIONS, CAPTURE YEAR-ROUND REVENUES, YET ALLOW THE FREEDOM TO THE RESORT TO CONTINUE TO DO WHAT IT HAS DONE SO WELL FOR THE LAST 50 YEARS. WITH THE COMPLETION OF THE ONGOING PHASE II DEVELOPMENT, JAY PEAK RESORT WILL TRULY BE A "DESTINATION RESORT" WITH A 12 MONTH VENUE. WITH THE ONGOING DEVELOPMENT OF PHASE II, THE NEW ANCILLARY FACILITIES SUCH AS THE INDOOR WATER PARK, ICE ARENA, SPA, AND CONVENTION CENTER WILL HELP FILL ROOMS MOST WEEKENDS ALL YEAR LONG AND SCHOOL BREAK PERIODS DURING THE YEAR. HOTELS/RESORTS WITH AN INDOOR WATER PARK ARE REPORTEDLY ABLE TO EXTEND THEIR PEAK SEASONS FROM ABOUT 100 DAYS TO ABOUT 300 DAYS OR MORE. THE ICE ARENA OPENED IN MAY 2010 AND THE GOLF CLUBHOUSE COMPLEX OPENED IN JUNE 2010. IT IS PROJECTED THAT THE INDOOR WATER PARK, SPA, CONVENTION CENTER AND HOTEL BUILDING IN WHICH THE PENTHOUSE SUITES HOTEL WILL BE COMPLETED BY EARLY 2012.

Jay Peak: Ongoing constructions works on EB-5 Projects

WITH A CHAMPIONSHIP GOLF COURSE AND OTHER TYPICAL RECREATION ENJOYED IN THE SUMMER ALSO WITHIN THE RESORT PREMISES AND WITH THE COMPLETION OF PHASE II, AND THE UPSCALE ACCOMODATIONS PROVIDED BY THE NEW PENTHOUSE UNITS HOTEL WITHIN THIS PENTHOUSE PROJECT, JAY PEAK RESORT WILL BE POISED TO CAPTURE A MARKET SHARE AS A CONFERENCE



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AND CONVENTION DESTINATION THAT PROVIDES LUXURY AND BUSINESS SPECIFIC ACCOMMODATION FOR THOSE ATTENDEES.

## THE PROJECT: BUSINESS STRUCTURE

THE FLOW CHART DEPICTED BELOW ILLUSTRATES THE BUSINESS STRUCTURE AND ACTIVITIES OF THE PARTNERSHIP:

THE PARTNERSHIP WILL RECEIVE INVESTOR FUNDS TO CONSTRUCT, FIT UP, FURNISH, OWN AND LEASE OUT AN ADDITIONAL FLOOR THAT BEING A PENTHOUSE SUITES HOTEL, TO BE LOCATED ON THE TOP FLOOR OF A BUILDING BEING CONSTRUCTED BY JAY PEAK HOTEL SUITES PHASE II L.P.

THE PENTHOUSE SUITES HOTEL WILL BE LEASED TO AN APPROVED TENANT AND OPERATED AS A FULL SERVICE HOTEL BY THE TENANT WHO MUST BE APPROVED BY THE PARTNERSHIP AND FURTHER COMPLY WITH THE SPECIAL TERMS OF THE LEASE WHICH WILL REQUIRE THE TENANT TO PROVIDE FULL DOCUMENTATION AND EVIDENCE RELATING TO REVENUES, AND EMPLOYMENT TO THE PARTNERSHIP. (SEE DRAFT LEASE: SECTION 5; EXHIBIT "O")

IN ADDITION THE PARTNERSHIP WILL CONSTRUCT, FIT UP AND FURNISH IN ONE OR MORE BUILDINGS (COLLECTIVELY THE "MOUNTAIN LEARNING CENTER BUILDINGS") ON LAND OWNED BY THE RESORT OWNER AT THE RESORT A MOUNTAIN BIKE AND OTHER ACTIVITIES LEARNING CENTER AND RESTAURANT, TO BE LEASED BACK FROM THE RESORT OWNER FOR NOMINAL CONSIDERATION. THE FACILITY WILL BE SUBLEASED TO A TENANT TO BE APPROVED BY THE PARTNERSHIP THAT WILL OPERATE ALL THE ACTIVITIES IN AND RELATED TO THE MOUNTAIN LEARNING CENTER BUILDINGS PROVIDE FULL DOCUMENTATION AND EVIDENCE RELATING TO REVENUES, AND EMPLOYMENT TO THE PARTNERSHIP. (SEE DRAFT LEASE: SECTION 5; EXHIBIT "P")

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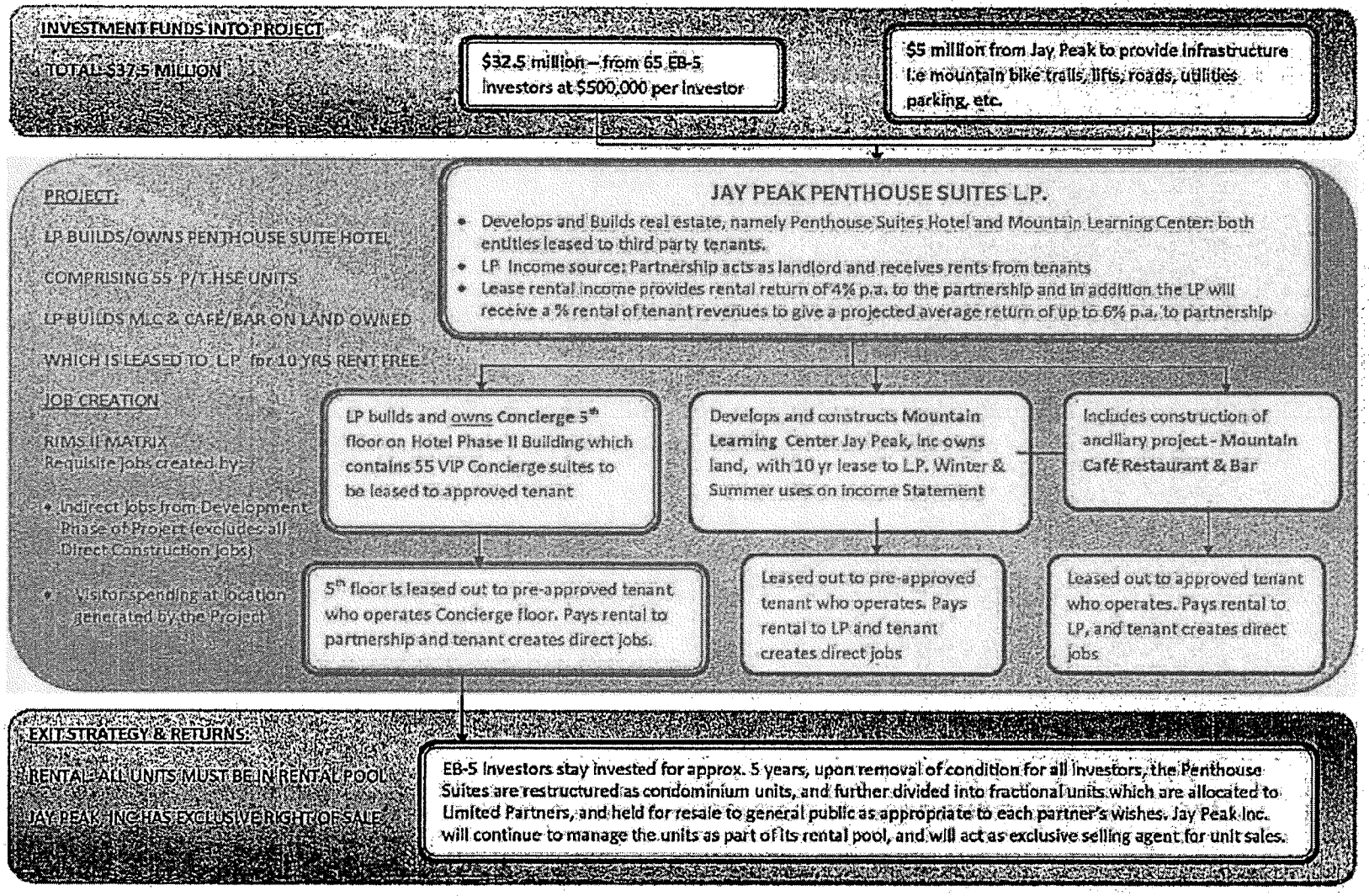
## FLOWCHART: STRUCTURE OF BUSINESS OPERATIONS



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# THE FINANCIAL TRANSACTION

INVESTMENT FUNDS AND VALUE TOTALING $37,500,000 ARE ESTIMATED AS REQUIRED TO COMPLETE THE PROJECT, INVESTORS PROVIDING UP TO $32,500,000 PURSUANT TO THE OFFERING MEMORANDUM AND JAY PEAK INC. $5,000,000.

THE DEVELOPMENT STAGE OF THE PROJECT IS ANTICIPATED TO TAKE APPROXIMATELY 12 MONTHS, WITH CONSTRUCTION COMMENCING IN JANUARY 2011, AND THE PROJECT TO OPEN AND THE APPROVED OPERATORS COMMENCE BUSINESS OPERATIONS IN EARLY 2012. (SUBJECT TO NO UNFORESEEN DELAYS OR INCLEMENT WEATHER FACTORS DURING THE EXTERIOR STRUCTURES BUILD PHASE).

(SEE CHART: RIMS II INPUT DATA: SUMMARY OF BUILD PHASES AND JOB CREATION POINTS)

THE REVENUES TO THE PARTNERSHIP WILL BE FROM RENTAL INCOME DERIVED FROM THE LEASES TO APPROVED TENANTS FOR THE THREE FACILITIES, NAMELY THE PENTHOUSE SUITES, THE MOUNTAIN LEARNING CENTER, AND THE MOUNTAIN CAFE.

A TEN YEAR SUMMARY OF PARTNERSHIP INCOME AND MANAGEMENT COSTS IS SHOWN ON THE TABLE BELOW.

A SUMMARY OF PROJECTED BUSINESS OPERATIONS FOR EACH ACTIVITY DETAILING INCOME GENERATED AND VISITOR SPENDING GENERATED BY THE PROJECT IS SHOWN ELSEWHERE IN THE BUSINESS PLAN.

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# PROJECTED REVENUES: TEN YEAR SUMMARY OF PARTNERSHIP INCOME

JAY PEAK VERMONT

**JAY PEAK PENTHOUSE SUITES L.P. 65 INVESTORS $32,500,000**
**PROJECTED STATEMENT OF PARTNERSHIP RENTAL INCOME**
PENTHOUSE HOTEL, AND MOUNTAIN BIKE AND TOURS CENTER WITH CAFE / BAR

| YEAR OF OPERATION | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 6 | YEAR 7 | YEAR 8 | YEAR 9 | YEAR 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| FINANCED BY 65 EB-5 INVESTORS $32.5m | | | | | | | | | | |
| REVENUES | | | | | | | | | | |
| CONCIERGE PENTHOUSE HOTEL - 55 Suites | | | | | | | | | | |
| *BASE RENTAL INCOME* | 1,095,744 | 1,117,659 | 1,140,012 | 1,162,812 | 1,186,069 | 1,209,790 | 1,233,986 | 1,258,665 | 1,283,839 | 1,309,516 |
| *PERCENTAGE RENT* | 195,258 | 210,876 | 215,094 | 219,396 | 223,784 | 228,259 | 232,824 | 237,481 | 242,231 | 247,075 |
| MOUNTAIN LEARNING CENTER - BIKE ETC. | | | | | | | | | | |
| *BASE RENTAL INCOME* | 177,000 | 182,310 | 187,779 | 193,418 | 199,215 | 203,199 | 207,263 | 211,409 | 215,637 | 219,950 |
| *PERCENTAGE RENT* | 219,300 | 230,364 | 234,927 | 239,671 | 244,464 | 249,353 | 254,340 | 259,427 | 264,616 | 269,908 |
| MOUNTAIN CENTER CAFE | | | | | | | | | | |
| *BASE RENTAL INCOME* | 88,500 | 90,270 | 92,075 | 93,917 | 95,795 | 97,711 | 99,665 | 101,659 | 103,692 | 105,766 |
| *PERCENTAGE RENT* | 75,208 | 84,233 | 88,445 | 92,093 | 92,920 | 93,335 | 94,318 | 95,262 | 96,214 | 97,176 |
| SUMMARY | | | | | | | | | | |
| *BASE RENTAL INCOME* | 1,361,244 | 1,390,239 | 1,419,867 | 1,450,142 | 1,481,079 | 1,510,700 | 1,540,914 | 1,571,733 | 1,603,167 | 1,635,231 |
| *PERCENTAGE RENT* | 483,764 | 525,473 | 538,510 | 550,164 | 561,168 | 570,997 | 581,483 | 592,170 | 603,061 | 614,160 |
| *GROSS INCOME* | $1,845,008 | $1,915,712 | $1,958,376 | $2,000,306 | $2,042,246 | $2,081,698 | $2,122,398 | $2,163,902 | $2,206,228 | $2,249,390 |
| *LESS:* | | | | | | | | | | |
| *EXPENSES* | | | | | | | | | | |
| Management Fee | $184,501 | $191,571 | $195,838 | $200,031 | $204,225 | $208,170 | $212,240 | $216,390 | $220,623 | $224,939 |
| Insurance | $24,000 | $30,000 | $36,000 | $36,000 | $36,000 | $36,000 | $36,000 | $36,000 | $36,000 | $36,000 |
| Office Expenses | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 |
| *TOTAL EXPENSES* | $232,501 | $245,571 | $255,838 | $260,031 | $264,225 | $268,170 | $272,240 | $276,390 | $280,623 | $284,939 |
| *Expenses % Cost* | 12.60% | 12.82% | 13.06% | 13.00% | 12.94% | 12.88% | 12.83% | 12.77% | 12.72% | 12.67% |
| *PARTNERSHIP NET OPERATING INCOME* | $1,612,507 | $1,670,141 | $1,702,539 | $1,740,276 | $1,778,022 | $1,813,528 | $1,850,158 | $1,887,512 | $1,925,605 | $1,964,451 |
| | | | | | | | | | | |
| *UNIT INVESTOR INCOME* | $24,808 | $25,694 | $26,193 | $26,773 | $27,354 | $27,900 | $28,464 | $29,039 | $29,625 | $30,222 |
| *Annual % Return on Investment* | 4.96% | 5.14% | 5.24% | 5.35% | 5.47% | 5.58% | 5.69% | 5.81% | 5.92% | 6.04% |

6-Jul-10

Report prepared by K Douglas Hulme FCCA: Chartered Certified Accountant: Rapid USA Visas, Inc. from data provided by W Stenger, President and CEO Jay Peak Resort, Inc.

IMPORTANT NOTE: SEE RISK FACTORS: FORWARD LOOKING STATEMENTS
Projected Statement of Income is based upon completed total project, and business operations of approved tenant(s)
Projected Annual percentage Investor return: is average based upon investment of $500,000
Dividends paid monthly to Investors based upon available cash funds.
TOTAL INCOME TO PARTNERSHIP FROM RENTAL INCOME: YEAR 1 $1,845,008 YEAR 5: $2,042,246: YEAR 10: $2,249,390



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# TEN YEAR SUMMARY OF PROJECTED BUSINESS OPERATIONS FOR EACH ACTIVITY DETAILING INCOME GENERATED AND VISITOR SPENDING GENERATED BY THE PROJECT

IMPORTANT NOTE: SEE RISK FACTORS: FORWARD LOOKING STATEMENTS

JAY PEAK VERMONT

A JAY PEAK EB-5 PROJECT
JAY PEAK PENTHOUSE SUITES L.P.
PROJECTED STATEMENT OF INCOME FROM OPERATIONS
PENTHOUSE HOTEL, MOUNTAIN CAFE AND MOUNTAIN LEARNING BIKE TOURS & CLAY CENTER

See Risk Factors: Forward looking Statements

| YEAR OF OPERATION | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 6 | YEAR 7 | YEAR 8 | YEAR 9 | YEAR 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| FINANCED BY 65 EB-5 INVESTORS | | | | | | | | | | |
| **REVENUES FROM BUSINESS OPERATIONS OF TENANTS** | | | | | | | | | | |
| PENTHOUSE HOTEL ACCOM. 55 Suites | $4,985,890 | $5,079,835 | $5,448,318 | $5,599,185 | $5,712,317 | $5,827,738 | $5,945,560 | $6,065,662 | $6,188,261 | $6,313,352 |
| NET INCOME | $469,774 | $486,382 | $484,832 | $523,012 | $510,578 | $547,291 | $561,977 | $526,639 | $566,236 | $607,850 |
| MOUNTAIN LEARNING CENTER | $5,332,500 | $5,759,190 | $5,874,282 | $5,891,768 | $5,911,603 | $6,233,835 | $6,358,312 | $6,485,682 | $6,615,386 | $6,747,704 |
| NET INCOME | $263,657 | $464,390 | $562,145 | $545,297 | $554,531 | $565,556 | $577,888 | $590,542 | $604,120 | $618,487 |
| MOUNTAIN BIKE BAR CAFE | $1,506,180 | $1,684,836 | $1,748,892 | $1,821,859 | $1,858,398 | $1,847,690 | $1,884,567 | $1,885,231 | $1,924,283 | $1,943,326 |
| NET INCOME | $131,485 | $188,180 | $225,944 | $242,044 | $242,902 | $246,353 | $253,177 | $260,030 | $262,971 | $267,941 |
| GRAND TOTALS | | | | | | | | | | |
| OPERATOR TENANT REVENUES | $11,822,850 | $12,923,396 | $13,131,484 | $13,412,812 | $13,682,319 | $13,919,263 | $14,190,382 | $14,456,574 | $14,727,948 | $15,004,381 |
| NET PROJ. INCOME TO FACILITY OPERATOR(S) | $854,816 | $1,135,932 | $1,272,721 | $1,317,353 | $1,308,512 | $1,360,200 | $1,392,847 | $1,376,239 | $1,433,327 | $1,494,658 |
| ADD REVENUES FROM VISITOR SPENDING AT JAY PEAK RESORT BY OCCUPANTS OF HOTEL (SEE HOTEL PROJECTIONS ANALYSIS OF VISITOR SPENDING) | | | | | | | | | | |
| PROJECTED SPENDING | $11,121,173 | $11,347,149 | $12,186,046 | $12,429,488 | $12,678,484 | $12,931,972 | $13,190,811 | $13,454,423 | $13,723,512 | $13,997,982 |
| VISITOR SPENDING SUB-TOTAL | $27,943,223 | $24,270,547 | $26,317,578 | $25,841,728 | $26,360,717 | $26,851,232 | $27,382,193 | $27,910,996 | $28,451,451 | $29,002,363 |
| VISITORS | | | | | | | | | | |
| PENTHOUSE HOTEL | 49,446 | 51,870 | 52,423 | 53,471 | 54,541 | 55,632 | 56,746 | 57,879 | 59,038 | 59,218 |
| MTN LEARN CTR. - extra over hotel | 40,313 | 41,915 | 43,602 | 45,348 | 47,160 | 49,046 | 51,008 | 51,008 | 51,008 | 51,008 |
| MTN CAFE GENERAL DAY visitors | 34,975 | 35,875 | 36,588 | 37,116 | 37,858 | 37,858 | 37,858 | 37,858 | 37,858 | 39,716 |
| TOTALS | 124,734 | 129,670 | 132,613 | 135,934 | 139,559 | 142,536 | 145,611 | 146,745 | 148,146 | 150,804 |
| AVERAGE VISITOR SPEND | $85 | $99 | $99 | $99 | $95 | $98 | $97 | $99 | $99 | $100 |
| ADDITIONAL DAY VISITORS TO RESORT (10%) | 12,469 | 12,967 | 13,261 | 13,593 | 13,954 | 14,254 | 14,561 | 14,675 | 14,815 | 15,080 |
| ADD TOTAL OTHER SPEND PROJECTED AT RESORT GENERATED FROM PENTHOUSE PROJECT | | | | | | | | | | |
| REVENUES - OTHER RESORT FACILITIES | | | | | | | | | | |
| RETAIL TRADE SKI WEAR SKI BIKES ETC | $1,470,216 | $1,543,158 | $1,584,031 | $1,625,751 | $1,664,166 | $1,703,446 | $1,747,379 | $1,790,538 | $1,834,541 | $1,879,018 |
| BARS (night) & RESTAURANTS, SNACKS | $1,994,993 | $2,280,815 | $2,316,024 | $2,319,878 | $2,377,493 | $2,423,112 | $2,475,279 | $2,494,589 | $2,518,892 | $2,550,882 |
| SPA AND SALONS | $515,744 | $530,944 | $545,188 | $556,153 | $565,235 | $574,570 | $590,144 | $604,944 | $616,612 | $616,512 |
| CONFERENCES CONVENTION | $760,000 | $825,000 | $846,250 | $868,543 | $915,041 | $1,002,743 | $1,017,832 | $1,035,578 | $1,160,358 | $1,218,905 |
| WEDDINGS FUNCTIONS (2 per week) | $800,000 | $820,000 | $820,000 | $839,400 | $857,163 | $876,311 | $895,839 | $915,754 | $935,049 | $956,791 |
| COMPETITIONS - golf - mtn bikes | $500,000 | $600,000 | $610,000 | $667,000 | $678,260 | $693,745 | $703,562 | $717,352 | $737,000 | $748,648 |
| TOTALS | $4,429,979 | $7,037,957 | $7,216,564 | $7,481,847 | $7,592,384 | $7,776,041 | $7,955,449 | $8,126,126 | $8,298,248 | $8,487,945 |
| GRAND OVERALL TOTALS | $20,372,804 | $31,802,569 | $32,614,074 | $33,244,808 | $33,953,101 | $34,657,278 | $35,348,487 | $36,002,172 | $36,749,720 | $37,470,506 |
| Total Visitors | 137,168 | 142,417 | 145,655 | 149,527 | 153,515 | 156,799 | 160,172 | 161,420 | 162,961 | 165,004 |
| TOTAL AVERAGE VISITOR SPEND | $214 | $223 | $223 | $222 | $221 | $221 | $221 | $223 | $226 | $227 |

Report prepared by K Douglas Hulme FCCA; Chartered Certified Accountant; Rapid USA Visas, Inc. from data provided by W Stenger, President and CEO Jay Peak Resort, Inc. 6-30-10





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## HIGHLIGHTS

- TOTAL CONSTRUCTION SQUARE FOOTAGE (EST.) HOTEL SUITES 46,000 SQ FT.; ANCILLARY PROJECTS; MOUNTAIN LEARNING CENTER BUILDING(S) PROVIDING OPERATIONS BASE FOR ALL ACTIVITIES 8,000 SQ. FT APPROX. ACTIVITIES AREAS, CONSTRUCTION OF FACILITIES AND INFRASTRUCTURE BUILT BY JAY PEAK, INC. WILL COVER EXTENSIVE AREAS OF MOUNTAINSIDE WITHIN THE JAY PEAK RESORT.
- TOTAL PROJECT COST $37,500,000, FROM EB-5 INVESTORS: $32,500,000; FROM JAY PEAK INC. : $5,000,000
- CONSTRUCTION TO COMMENCE JANUARY 2011, ESTIMATED COMPLETION DECEMBER 2011, OPENING EARLY 2012.
- PROJECTED OPERATOR REVENUES ON COMPLETION OF PROJECT: YR 1 $11,822,650 YR 5: $13,682,313 YR. 10; $15,004,581
- PROJECTED TOTAL VISITOR SPENDING JAY PEAK RESORT COMPLETION PROJECT: YR 1 $29,372,904 YR 5 $33,953,101 YR. 10; $37,470,508

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# TEN YEAR PROJECTION: PENTHOUSE SUITES INCOME STATEMENT

TABLE 1

OPERATOR PROJECTIONS PENTHOUSE SUITES

*See Risk Factors: Forward looking Statements*

55 UNITS LEASED FROM JAY PEAK PENTHOUSE SUITES LP; LEASED COMPLETE WITH BUILD OUT INC. F & F's

PROSPECTIVE TENANTS POSSIBLE BUSINESS OPERATIONS AND PROJECTED STATEMENT OF INCOME AND EXPENSE BASED UPON USE OF PREMISES AND FACILITIES

| YEAR OF OPERATION | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 6 | YEAR 7 | YEAR 8 | YEAR 9 | YEAR 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | | | | |
| ROOMS | $4,891,395 | $5,271,907 | $5,377,345 | $5,484,892 | $5,594,589 | $5,705,481 | $5,820,611 | $5,937,023 | $6,055,764 | $6,176,879 |
| TELEPHONE | $104,595 | $107,733 | $110,965 | $114,294 | $117,723 | $121,254 | $124,892 | $128,639 | $132,498 | $136,473 |
| | $4,995,990 | $5,379,639 | $5,488,310 | $5,599,185 | $5,712,312 | $5,827,736 | $5,945,503 | $6,065,662 | $6,188,261 | $6,313,352 |
| GROSS REVENUES | $4,995,990 | $5,379,639 | $5,488,310 | $5,599,185 | $5,712,312 | $5,827,736 | $5,945,503 | $6,065,662 | $6,188,261 | $6,313,352 |
| *VISITORS (Has Hard Attachment Are Reliable)* | | | | | | | | | | |
| *OCCUPANCY 88% ROOM DAYS 247 - 188 Suites* | 49400 | 51870 | 52423 | 53471 | 54541 | 55632 | 56744 | 57879 | 59037 | 59280 |
| **DIRECT COSTS** | | | | | | | | | | |
| LABOR | $1,288,288 | $1,335,334 | $1,427,426 | $1,427,426 | $1,450,448 | $1,473,472 | $1,496,495 | $1,496,495 | $1,496,495 | $1,496,495 |
| OTHER VARIABLE EXPENSES | $732,209 | $790,786 | $806,602 | $822,734 | $839,188 | $855,972 | $873,092 | $890,553 | $908,365 | $926,532 |
| SUB-TOTAL | $2,021,497 | $2,126,120 | $2,234,028 | $2,250,160 | $2,289,637 | $2,329,444 | $2,369,587 | $2,387,048 | $2,404,860 | $2,423,027 |
| TELEPHONE | $83,678 | $86,186 | $88,772 | $91,435 | $94,178 | $97,003 | $99,914 | $102,911 | $105,998 | $109,178 |
| TOTAL DIRECT COSTS | $2,105,175 | $2,212,306 | $2,322,800 | $2,341,595 | $2,383,815 | $2,426,448 | $2,469,500 | $2,489,959 | $2,510,858 | $2,532,205 |
| EST. EMPLOYEES (FTE) (Avg Wage $11 w/h $28,025 Incl BO) | 55 | 58 | 62 | 62 | 63 | 64 | 65 | 65 | 65 | 65 |
| GROSS PROFIT | $2,890,815 | $3,167,333 | $3,165,510 | $3,257,590 | $3,328,497 | $3,401,288 | $3,475,003 | $3,575,703 | $3,677,403 | $3,781,147 |
| **INDIRECT COST & ADMIN. EXPENSES** | | | | | | | | | | |
| BASE RENT | $1,095,744 | $1,117,659 | $1,140,012 | $1,162,812 | $1,186,069 | $1,209,790 | $1,233,986 | $1,258,665 | $1,283,839 | $1,309,516 |
| PERCENTAGE RENT | $195,255 | $210,876 | $215,094 | $219,386 | $223,784 | $228,259 | $232,824 | $237,481 | $242,231 | $247,075 |
| ELECTRICITY & HEATING | $249,300 | $268,982 | $274,416 | $279,959 | $285,616 | $291,387 | $297,276 | $303,283 | $309,413 | $315,648 |
| MAINTENANCE & REPAIRS | $195,255 | $210,876 | $161,320 | $164,587 | $167,838 | $228,259 | $232,824 | $237,481 | $242,231 | $247,075 |
| MARKETING & PROMOTION | $488,140 | $632,629 | $645,261 | $658,187 | $671,351 | $684,778 | $698,473 | $712,443 | $726,692 | $741,225 |
| OTHER ADMINISTRATIVE COSTS | $97,828 | $105,438 | $107,547 | $109,698 | $111,892 | $114,130 | $116,412 | $118,740 | $121,115 | $123,538 |
| TOTAL COSTS | $2,321,323 | $2,546,460 | $2,543,670 | $2,594,599 | $2,648,548 | $2,756,603 | $2,811,795 | $2,868,094 | $2,925,520 | $2,984,096 |
| EBITDA | $569,494 | $620,873 | $621,840 | $662,992 | $681,949 | $644,685 | $664,207 | $707,609 | $751,884 | $797,050 |
| RESERVE FOR REPLACEMENT | $99,720 | $131,491 | $137,208 | $139,980 | $171,369 | $97,394 | $102,230 | $181,976 | $185,648 | $189,401 |
| PROJ. EARNINGS SUITE HOTEL | $469,774 | $489,382 | $484,632 | $523,012 | $510,579 | $547,291 | $561,977 | $525,633 | $566,236 | $607,650 |
| | 9.22% | 9.04% | 8.83% | 9.34% | 8.94% | 9.39% | 9.45% | 8.67% | 9.15% | 9.62% |

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# TEN YEAR PROJECTION: ADDITIONAL SPENDING BY OCCUPANTS OF PENTHOUSE SUITES HOTEL:

TABLE 2

| ADDITIONAL SPENDING AT JAY PEAK RESORT FACILITIES ARISING FROM THE OCCUPANTS OF THE PENTHOUSE SUITES | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *Recreation and Amusement Revenues* | | | | | | | | | | |
| *Lift Passes* | $2,272,400 | $2,454,192 | $2,503,276 | $2,553,341 | $2,604,408 | $2,656,496 | $2,709,626 | $2,763,819 | $2,819,095 | $2,875,477 |
| *Ski Rental* | $771,000 | $815,100 | $831,402 | $848,030 | $864,991 | $882,290 | $899,936 | $917,935 | $936,294 | $955,020 |
| *Ski School* | $404,000 | $543,400 | $554,268 | $565,353 | $576,660 | $588,194 | $599,958 | $611,957 | $624,196 | $636,680 |
| *WaterPark* | $954,500 | $933,660 | $952,333 | $971,380 | $990,807 | $1,010,624 | $1,030,836 | $1,051,453 | $1,072,482 | $1,093,931 |
| *Ice Arena* | $432,250 | $484,120 | $493,802 | $503,678 | $513,752 | $524,027 | $534,508 | $545,198 | $556,102 | $567,224 |
| *Golf Course* | $864,500 | $899,000 | $917,002 | $935,403 | $954,111 | $973,193 | $992,657 | $1,012,510 | $1,032,760 | $1,053,415 |
| *Total Revenues: Recreation* | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| **Food Revenues** | | | | | | | | | | |
| *Breakfasts* | $1,085,900 | $1,152,008 | $1,175,048 | $1,198,549 | $1,222,520 | $1,246,971 | $1,271,910 | $1,297,348 | $1,323,295 | $1,349,761 |
| *Lunch* | $813,100 | $890,368 | $907,014 | $915,872 | $934,190 | $952,874 | $971,931 | $991,370 | $1,011,197 | $1,031,421 |
| *Dinner* | $2,470,000 | $2,018,200 | $2,070,564 | $2,723,975 | $2,778,455 | $2,834,024 | $2,890,104 | $2,948,918 | $3,007,889 | $3,067,039 |
| *Golf Clubhouse/Nordic Center Bars/Rest.* | $1,066,625 | $1,167,075 | $1,190,417 | $1,214,225 | $1,238,509 | $1,263,280 | $1,288,545 | $1,314,316 | $1,340,602 | $1,367,414 |
| *Total Revenues: Meals* | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| *GRAND TOTAL: REVENUES* | $11,121,175 | $11,947,143 | $12,196,086 | $12,429,808 | $12,678,404 | $12,931,972 | $13,190,611 | $13,454,423 | $13,723,512 | $13,997,982 |

Report prepared by K Douglas Hulme FCCA: Chartered Certified Accountant: Rapid USA Visas, Inc. from data provided by W Stenger, President and CEO Jay Peak Resort, Inc. 5-Jul-10

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## HIGHLIGHTS

### TABLE 1: PENTHOUSE SUITES INCOME STATEMENT:

- TOTAL HOTEL REVENUES: ACCOMMODATION AND PHONE ONLY: YR 1 $4,985,990, YR $5,712,312 YR10: $6,313,352
- TOTAL RENTAL PAYMENT ($'s) TO JAY PEAK PENTHOUSE SUITES L.P.

| RENTS DETAIL | YEAR 1 | YEAR 2 | YEAR 5 | YEAR 10 |
|---|---|---|---|---|
| BASE RENT | 1,095,744 | 1,117,659 | 1,186,069 | 1,309,516 |
| PERCENT RENT | 195,256 | 210,876 | 223,784 | 247,075 |
| TOTALS | 1,291,010 | 1,328,535 | 1,409,853 | 1,556,591 |

- BASE RENT IS CALCULATED ON THE ADJUSTED BASIS OF 4% OF CAPITAL COST OF FACILITY, AND INCREASES BY UP TO 2% PER ANNUM BASED UPON CPI.
- THE PERCENTAGE RENT IS ADDITIONAL RENT AMOUNT PAYABLE TO THE PARTNERSHIP BASED UPON ANNUAL REVENUES OF FACILITY, CALCULATED AS; HOTEL: 4 %, MOUNTAIN LEARNING CENTER: 4 %, CAFÉ: 5%.
- ANNUAL HOTEL GROSS REVEUES ARE CALCULATED BASED UPON DATA EXTRACTED FROM THE HOTEL ASSUMPTIONS TABLE EXHIBITED BELOW.
- EMPLOYEE AVERAGE WAGE IS BASED UPON AN AVERAGE WAGE RATE OF $11 PER HOUR, 35 HOUR WEEK, PLUS EMPLOYER CONTRIBUTIONS AND BENEFITS.
- EXPENSES FIXED AND VARIABLE ARE BASED UPON ACTUAL HISTORIC DATA FROM JAY PEAK HOTEL OPERATIONS OVER THE PAST 10 YEARS.
- VISITOR NUMBERS AND OCCUPANCY AT THE HOTEL SUITES ARE CALCULATED IN DEPTH IN THE HOTEL ASSUMPTION TABLE SHOWN BELOW, AND INCLUDES AN ANALYSIS BASED UPON SEASONAL OCCUPANCY, ROOM RATES AND ADR (AVERAGE DAILY RATE).

### TABLE 2: ADDITIONAL SPENDING AT JAY PEAK RESORT FROM OCCUPANTS OF PENTHOUSE SUITES

JAY PEAK RESORT IS A DESTINATION RESORT WITH MANY RESTAURANTS AND FOOD FACILITIES: THE ADDITIONAL SPENDING IS BASED UPON THE OCCUPANCY/VISITOR NUMBERS EXTRACTED FROM THE HOTEL ASSUMPTIONS TABLE.

MEALS:

THE SPENDING IS ALLOCATED OUT ON AN AVERAGE BASIS FOR BREAKFASTS, MORNING COFFEES, LUNCH AND DINNER, APPLYING AVERAGE COSTS PER MEAL TYPE CHARGED BY JAY PEAK RESORT.

JAY PEAK RESORT ALSO OFFERS A WIDE RANGE OF RECREATIONAL ACTIVITES WITH SKIING, INDOOR WATER PARK, INDOOR ICE ARENA, CHAMPIONSHIP GOLFING SHOPPING, SPA, FUNCTIONS AND CONFERENCES: THE ADDITIONAL SPENDING IS BASED UPON THE OCCUPANCY/VISITOR NUMBER S EXTRACTED FROM THE HOTEL ASSUMPTION TABLE:

RECREATION:

THE SPENDING IS ALLOCATED OUT ON AN AVERAGE BASIS FOR THE USE OF THE ABOVE RECREATIONAL ACTIVITY, APPLYING AVERAGE RESORT CHARGES AND USAGE PER RECREATION TYPE AS CHARGED BY JAY PEAK RESORT TO ITS VISITORS.


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JAY PEAK VERMONT

**HOTEL PENTHOUSE SUITES**
Penthouse All Suite Hotel comprising 55 Units
**OPERATOR ASSUMPTIONS - SUITES AND OCCUPANCY**
*Key Important Note: Forward Looking Statements

ASSUMPTIONS - AVERAGE DAILY RATE

| SUITES UNIT ANALYSIS | Max Occupancy Per Unit | Max Occupancy (Units per day) | Unit Numbers | High Season Room Rate | Per Day | Mid Season Room Rate | Per Day | Low Season Room Rate | Per Day | Totals |
|---|---|---|---|---|---|---|---|---|---|---|
| S-1 | 4 | 40 | 10 | $325.00 | $3,250.00 | $280.00 | $2,800.00 | $140.00 | $1,400.00 | |
| S-2 | 4 | 4 | 1 | $285.00 | $285.00 | $240.00 | $240.00 | $140.00 | $140.00 | |
| 0-2L | 4 | 52 | 13 | $340.00 | $4,880.00 | $265.00 | $3,445.00 | $185.00 | $2,405.00 | |
| S-3 | 4 | 4 | 1 | $285.00 | $285.00 | $230.00 | $230.00 | $140.00 | $140.00 | |
| 1-1 | 4 | 40 | 10 | $475.00 | $4,750.00 | $425.00 | $4,250.00 | $250.00 | $2,500.00 | |
| 1-3 | 4 | 4 | 1 | $485.00 | $485.00 | $395.00 | $395.00 | $235.00 | $235.00 | |
| 1-5 | 4 | 16 | 4 | $525.00 | $2,100.00 | $425.00 | $1,700.00 | $250.00 | $1,000.00 | |
| 2-1 | 8 | 88 | 11 | $675.00 | $7,425.00 | $575.00 | $6,325.00 | $395.00 | $4,345.00 | |
| 3-1 | 8 | 18 | 3 | $750.00 | $2,250.00 | $625.00 | $1,875.00 | $450.00 | $1,350.00 | |
| 3-3 | 8 | 6 | 1 | $775.00 | $775.00 | $625.00 | $625.00 | $450.00 | $450.00 | |
| Totals | | 250 | 55 | | $28,265.00 | | $21,685.00 | | $13,965.00 | |
| Net Days Occupied (see Occupancy Table below) | | | | | 73 | | 69 | | 105 | 247 |
| Total Visitor Days | | | | | 18250 | | 17250 | | 26250 | 61750 |
| Gross Revenue Per Season Per Annum | | | | | $1,018,605 | | $1,498,285 | | $1,485,325 | $4,001,995 |
| Average Daily Rate Per Unit | | | | | | | | | | $359 |

ASSUMPTIONS - OCCUPANCY

| OCCUPANCY RATE | HOTEL SUITES YEAR 1 | | | HOTEL SUITES YEAR 4 | | | HOTEL SUITES YEAR 10 | | |
|---|---|---|---|---|---|---|---|---|---|
| | DAYS AVAIL. # | PERCENT OCCUPIED % | DAYS OCCUPIED # | DAYS AVAIL. # | PERCENT OCCUPIED % | DAYS OCCUPIED # | DAYS AVAIL. # | PERCENT OCCUPIED % | DAYS OCCUPIED # |
| PRIME TIME | | | | | | | | | |
| CHRISTMAS & NEW YEAR | 8 | 100% | 8 | 8 | 100% | 8 | 8 | 100% | 8 |
| GEORGE'S WASHINGTON WE | 5 | 90% | 5 | 5 | 90% | 5 | 5 | 90% | 5 |
| SCHOOL BREAK, QUEBEC | 5 | 85% | 4 | 5 | 85% | 4 | 5 | 85% | 4 |
| SCHOOL BREAK, ONTARIO | 5 | 100% | 5 | 5 | 100% | 5 | 5 | 100% | 5 |
| EASTER | 3 | 85% | 3 | 3 | 85% | 3 | 3 | 85% | 3 |
| WEEKEND, WINTER | 24 | 90% | 22 | 24 | 95% | 23 | 24 | 95% | 23 |
| WEEKEND, SUMMER | 20 | 90% | 18 | 20 | 95% | 19 | 20 | 95% | 19 |
| CONSTRUCTION HOLIDAY | 10 | 90% | 9 | 10 | 95% | 10 | 10 | 95% | 10 |
| | 80 | | 73 | 80 | | 76 | 80 | | 76 |
| OTHER PERIODS | | | | | | | | | |
| WEEKDAYS, WINTER | 45 | 65% | 29 | 45 | 75% | 34 | 45 | 80% | 36 |
| WEEKDAYS, SUMMER | 40 | 65% | 26 | 40 | 75% | 30 | 40 | 80% | 32 |
| FALL & SPRING DAYS | 20 | 65% | 13 | 20 | 75% | 15 | 20 | 75% | 15 |
| | 105 | | 69 | 105 | | 79 | 105 | | 83 |
| LOW OCCUPANCY PERIODS | 175 | 60% | 105 | 175 | 70% | 123 | 175 | 80% | 141 |
| CLEANING DAYS | 5 | | | 5 | | | 5 | | |
| TOTAL | 365 | 68% | 247 | 365 | 76% | 278 | 365 | 82% | 300 |

Note: Suite $ Rates are increased 1% p.a. Note: Suite $ Rates also inc. 3% p.a. from Yr. 4

Report prepared by K Douglas Hains FCCA, Chartered Certified Accountant, Rapid USA Visas, Inc. from data provided by W Stangle, President and CEO Jay Peak Resort, Inc.

## HOTEL MANAGEMENT

THE TENANT AND OPERATOR OF THE JAY PEAK HOTEL SUITES FACILITY WILL BE APPROVED BY JAY PEAK GP SERVICES, INC, THE GENERAL PARTNER, UNDER A PROPERTY MANAGEMENT AGREEMENT WHICH INTER ALIA PROVIDES FOR COMPENSATION TO MANAGEMENT AGENT OF 10% OF RENTAL REVENUES, AND REQUIRES EXTENSIVE DISCLOSURES BY TENANT OF EMPLOYEE AND REVENUE DATA PURSUANT TO TERMS OF LEASE.

THE MANAGEMENT AND STAFF FOR THE HOTEL SUITES OPERATION WILL BE NEW EMPLOYEES HIRED FROM THE REGION.

THE FOLLOWING ARE AMONG THE PRINCIPAL DUTIES AND SERVICES OF THE NEW HOTEL SUITES STAFF:

- ACCOUNTING FUNCTION
- CHECK-IN AND CHECK-OUT SERVICES
- SECURITY DEPOSIT SYSTEM MANAGEMENT



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- PAYMENT OF ACCOUNTS
- DEPOSITS OF RECEIPTS
- TAX FILING AND OTHER GOVERNMENTAL FINANCIAL REPORTING
- MARKETING AND SALES
- GROUP AND CONFERENCE BUSINESS SALES
- HOUSEKEEPING AND MAINTENANCE
- GUEST SERVICES AND CONCIERGE SERVICE

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## FACILITIES: ANALYSIS OF ACCOMMODATIONS

ROOMS TYPE CATEGORY AS SUMMARIZED ON HOTEL ASSUMPTIONS TABLE

**Jay Peak Penthouse Suites L.P. : Unit Analysis**
**Unit Types & Bed & Pillow Counts**
Date 2 July 2010

| UNIT TYPE | UNIT DESCRIPTION | # Units | AREA OF UNIT Square Feet (sq.mts.) | BEDROOM 1 King | BEDROOM 1 Queen | BEDROOM 1 Sofa (Queen) | BEDROOM 1 Murphy (Queen) | BEDROOM 1 Bunk (Twin) | BEDROOM 1 Twin | BEDROOM 2 King | BEDROOM 2 Queen | BEDROOM 2 Sofa (Queen) | BEDROOM 2 Murphy (Queen) | BEDROOM 2 Bunk (Twin) | BEDROOM 2 Twin | BEDROOM 3 King | BEDROOM 3 Queen | BEDROOM 3 Sofa (Queen) | BEDROOM 3 Murphy (Queen) | BEDROOM 3 Bunk (Twin) | BEDROOM 3 Twin | BEDROOM 4 King | BEDROOM 4 Queen | BEDROOM 4 Sofa (Queen) | BEDROOM 4 Murphy (Queen) | BEDROOM 4 Bunk (Twin) | BEDROOM 4 Twin | MAXIMUM PILLOW COUNT PER UNIT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| S-1 | Studio | 10 | 400 | | | 1 | | | 1 | | | | | | | | | | | | | | | | | | | 4 |
| | | | | | | | | | (Sofa Bed) | | | | | | | Not Applicable | | | | | | Not Applicable | | | | | | Not Applicable | |
| S-2 | Studio | 1 | 400 | | | | | | | | | | | | | | | | | | | | | | | | | |
| S-2L | | 3 | 400 | | | | | | | | | | | | | Not Applicable | | | | | | Not Applicable | | | | | | Not Applicable |
| S-3 | Studio | 1 | 400 | | | 1 | | | | | | | | | | | | | | | | | | | | | | 4 |
| | | | | | | | | | | | | | | | | Not Applicable | | | | | | Not Applicable | | | | | | Not Applicable |
| 1-1 | 1-Bedroom | 10 | 700 | | | | 1 | | | 1 | | | | | | | | | | | | | | | | | | 4 (Min. 3) |
| | | | | | | | | | | | | | | | | Not Applicable | | | | | | Not Applicable | | | | | | Not Applicable |
| 1-3 | 1-Bedroom | 1 | 700 | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | Not Applicable | | | | | | Not Applicable | | | | | | Not Applicable |
| 1-5 | 1-Bedroom | 4 | 700 | | | | 1 | | | 1 | | | | | | | | | | | | | | | | | | 4 |
| 2-1 | 2-Bedroom | 11 | 1024 | | | | | | | 1 | | | | | | | | | | | | | | | | | | 7 |
| | | | | | | | | | | | | | | | | | | | | | | Not Applicable | | | | | | Not Applicable |
| 3-1 | 3-Bedroom | 4 | 1435 | | | | | | | | | | | | | | | | | | | | | | | | | 9 |
| 3-3 | 3-Bedroom Penthouse Suite | 1 | 1435 | | | | | | | 1 | | | | | | | | | | | | | | | | | | 9 |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Data provided by W Stenger President and CEO Jay Peak Resort Inc.





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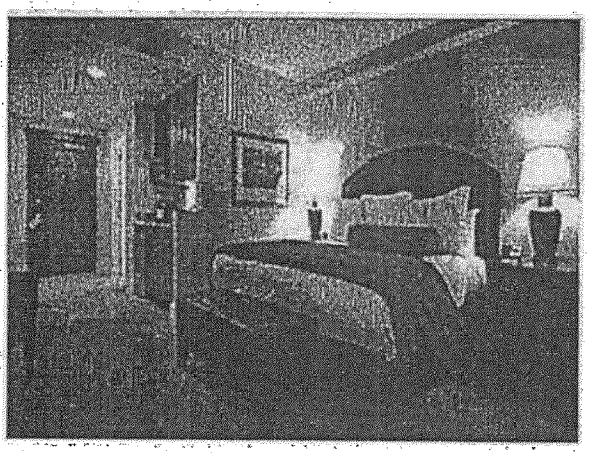
# PENTHOUSE SUITES: CONCEPTUAL INTERIORS AND AMENITIES

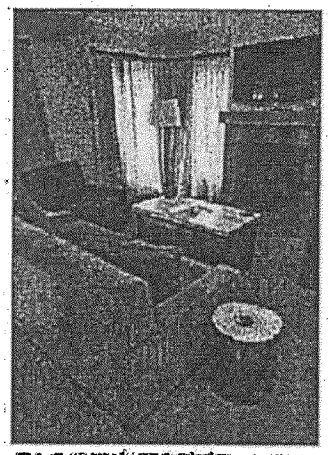
## Penthouse Suites — Conceptual Interiors and Amenities

The spacious penthouse suites offer a warm design with a fresh mountain ambience. Located on the top floor of the building, the suites have a residential semblance with a full deluxe kitchen, living room and either one or two master bedrooms. Each large bedroom includes a king or two queen beds, a flat screen TV and spacious elegant tiled bathroom. For those who enjoy entertaining, these suites features an expansive living room and additional flat screen television. The outside balcony bestows spectacular views of Jay Peak summit, and far into the province of Quebec, Canada.

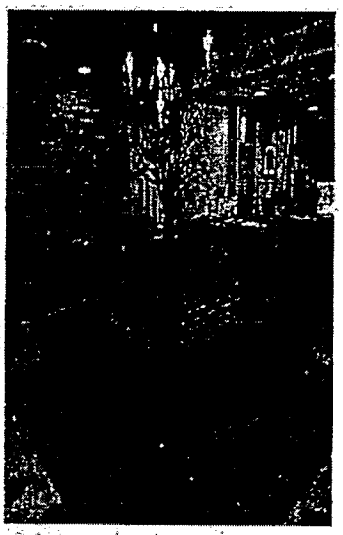
Amenities to include: High-speed wireless Internet in rooms, Designer Robes, and Toiletries, Extensive in-room services, 1,000-sq-ft approx. business center, State-of-the-art audio/visual capabilities, parking garage, Ski valet and lockers; Ice and vending machines, Dogs welcome for a small cleaning fee



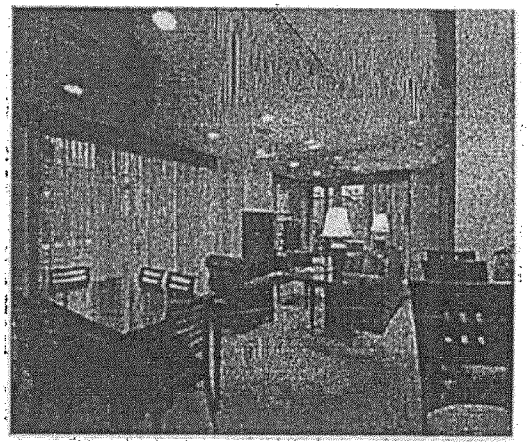
Conceptual: Two Bedroom Penthouse Suite - Master



Conceptual: TV Sitting Area



Penthouse Lobby - Conceptual



Penthouse Suites Living Room - Conceptual



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# THE MOUNTAIN LEARNING CENTER AT JAY PEAK

OPEN YEAR ROUND, WILL THROUGH ITS PROGRAMS, AND AS A HOST CENTER FOR GROUPS, BE A FACILITY THAT PROVOKES LIFE-LONG LEARNING, INSIGHT, ENVIRONMENTAL UNDERSTANDING AND APPRECIATION OF NATURE, SOCIAL INTERCHANGE AND CULTURAL ACTIVITIES.

## TEN YEAR INCOME PROJECTIONS: MOUNTAIN LEARNING CENTER

**MOUNTAIN LEARNING CENTER INC.**
**MOUNTAIN BIKE, OUTDOOR RECREATION, TOURS AND SHOOTING CLAYS CENTER**
**PROJECTED STATEMENT OF INCOME**

| YEAR OF OPERATIONS | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 6 | YEAR 7 | YEAR 8 | YEAR 9 | YEAR 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| REVENUES (see analysis below) | $5,332,500 | $5,759,100 | $5,874,282 | $5,991,768 | $6,111,603 | $6,233,835 | $6,358,512 | $6,485,682 | $6,615,396 | $6,747,704 |
| Labor | $1,053,906 | $1,154,278 | $1,204,484 | $1,254,690 | $1,273,743 | $1,304,836 | $1,329,929 | $1,356,022 | $1,380,115 | $1,405,208 |
| Purchases and Direct costs | $2,140,688 | $2,016,886 | $2,056,989 | $2,097,139 | $2,139,061 | $2,181,842 | $2,225,479 | $2,269,989 | $2,315,388 | $2,361,696 |
| EMPLOYEES (FTE) | 42 | 46 | 48 | 50 | 51 | 52 | 53 | 54 | 55 | 56 |
| (Avg. Wage $20030) | | | | | | | | | | |
| Other Variable Expenses | $533,250 | $575,910 | $587,428 | $600,177 | $611,160 | $623,384 | $636,851 | $648,563 | $661,640 | $674,770 |
| SUB-TOTAL | $3,727,844 | $3,747,074 | $3,847,901 | $3,952,005 | $4,023,964 | $4,110,062 | $4,191,259 | $4,273,574 | $3,357,093 | $3,441,675 |
| GROSS PROFIT | $1,604,657 | $2,013,227 | $2,026,391 | $2,040,822 | $2,081,699 | $2,123,773 | $2,167,252 | $2,212,103 | $2,258,353 | $2,306,029 |
| INDIRECT COSTS | | | | | | | | | | |
| Overheads | | | | | | | | | | |
| BASE RENT | $177,000 | $182,310 | $187,779 | $193,413 | $199,215 | $205,199 | $207,263 | $211,409 | $215,637 | $219,950 |
| PERCENTAGE RENT | $213,300 | $230,364 | $234,971 | $229,671 | $244,464 | $249,353 | $254,340 | $259,427 | $264,616 | $269,908 |
| Utilities | $67,500 | $69,025 | $71,611 | $73,769 | $75,972 | $78,261 | $80,609 | $83,016 | $85,607 | $88,072 |
| Prop Taxes | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Marketing | $213,300 | $345,546 | $234,971 | $229,671 | $244,464 | $249,353 | $254,340 | $259,427 | $264,616 | $269,908 |
| Insurance incl. liab | $30,000 | $30,000 | $30,000 | $30,000 | $30,000 | $30,000 | $30,000 | $30,000 | $30,000 | $30,000 |
| Eqip Maint and replace | $373,275 | $403,137 | $411,200 | $419,424 | $427,812 | $436,368 | $445,096 | $453,998 | $463,078 | $472,339 |
| Other Admin Costs | $258,625 | $287,966 | $293,714 | $299,588 | $305,580 | $311,692 | $317,926 | $324,284 | $330,770 | $337,385 |
| TOTAL | $1,341,000 | $1,548,337 | $1,460,246 | $1,475,525 | $1,527,508 | $1,558,217 | $1,589,584 | $1,621,561 | $1,654,223 | $1,687,562 |
| TOTAL COSTS | $5,068,844 | $5,294,710 | $5,312,137 | $5,440,471 | $5,551,472 | $5,668,279 | $5,780,824 | $5,895,140 | $6,011,296 | $6,129,237 |
| PROJECTED NET INCOME | $263,657 | $464,390 | $562,145 | $546,297 | $554,131 | $565,556 | $577,688 | $590,542 | $604,130 | $618,467 |

REVENUE BREAKDOWN ANALYSIS

| Gross Revenues - Year 1 | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Rate/Day $ | Units | Revenue Days | % Used | Revenue Days | TOTALS | |
| TUBES/SLEDS RENTS | 15 | 200 | 150 | 75% | 11250 | $562,500 | |
| Accessories | 10 | 100 | 150 | 75% | 11250 | $562,500 | |
| Lift Tickets | 35 | 200 | 150 | 75% | 11250 | $562,500 | |
| Nordic Ski School | 40 | 100 | 150 | 75% | 2750 | $300,000 | |
| Nordic Ski Rental | 25 | 100 | 150 | 75% | 2750 | $243,750 | |
| Accessories | 15 | 100 | 150 | 75% | 2750 | $146,250 | |
| MTN BIKES Rentals | 40 | 200 | 150 | 75% | 11250 | $450,000 | |
| Accessories | 20 | 200 | 150 | 75% | 11250 | $225,000 | |
| Lift Tickets | 25 | 200 | 150 | 75% | 11250 | $281,250 | |
| Young Hang Nanos | 10 | 100 | 150 | 75% | 11250 | $112,500 | |
| Shooting Clays Rentals | 50 | 100 | 150 | 75% | 11250 | $562,500 | |
| SUB-TOTAL | | | | | 101250 | $4,232,500 | |
| Product Sales | | | | | | $1,100,000 | |
| TOTALS | | | | | 101250 | $5,332,500 | $5,332,500 |

Report prepared by Rapid USA Visas, Inc. Naples FL - K Douglas Hulme FCCA Tel: 239.394.4498 — 5/17/2010
Data Provided by W Stenger CEO Jay Peak Resort, Inc.

## HIGHLIGHTS

- MOUNTAIN LEARNING CENTER BUILDING(S) PROVIDING OPERATIONS BASE FOR ALL ACTIVITIES 8,000 SQ. FT APPROX. ACTIVITIES AREAS, CONSTRUCTION OF FACILITIES AND INFRASTRUCTURE BUILT BY JAY PEAK, INC. AT AN ESTIMATED COST OF $5,000,000 WILL COVER EXTENSIVE AREAS OF MOUNTAINSIDE WITHIN THE JAY PEAK RESORT.
- CONSTRUCTION TO COMMENCE SPRING 2011, ESTIMATED COMPLETION DECEMBER 2011.
- PROJECTED REVENUES ON COMPLETION OF PROJECT: YR 1 $5,332,500, YR 5: $6,111,603, YR. 10: $6,747,704.


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## SUMMARY OF ACTIVITIES:

THE MOUNTAIN LEARNING CENTER (TO BE USED IN WINTER AS SKI AND SNOWBOARD LEARNING FACILITY, WITH NIGHTIME USE FOR SNOWTUBING AND SLEDDING), IN SEASONS OTHER THAN WINTER THIS FACILITY BECOMES THE HUB OF A NATURE CENTER WHICH MAY INCLUDE ACTIVITIES SUCH AS MOUNTAIN BIKING, ZIPLINE BASE, SPORTING CLAYS, FLY FISHING, AND FEATURING PROGRAMS FOR NATURE APPRECIATION, BIRDING, WILDLIFE PHOTOGRAPHY, AND ECO TOURS.

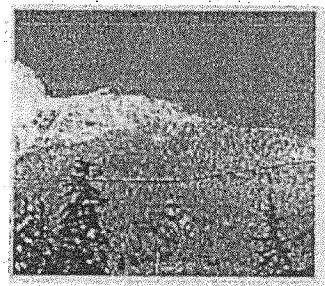
JAY PEAK MOUNTAIN WITH AN ALTITUDE OF JUST UNDER 4,000 FT. AND JAY PEAK RESORT COMPRISES SOME 4,000 ACRES, BEING LOCATED ABOUT 5 MI. SOUTH OF THE UNITED STATES-CANADA BORDER, THE JAY PEAK SKI RESORT IS ON THE NORTHEAST SIDE OF JAY PEAK, AND HAS THE HIGHEST SNOWFALL PER YEAR FOR SKI RESORTS IN THE EASTERN UNITED STATES.

JAY PEAK IS PART OF THE NORTHERN GREEN MOUNTAINS. THE MOUNTAIN IS FLANKED TO THE SOUTHWEST BY BIG JAY MOUNTAIN, AND TO THE NORTH, BY NORTH JAY PEAK (3,438 FT). MUCH OF THE MOUNTAIN IS IN JAY PEAK STATE FOREST. THE MOUNTAIN IS IN THE WATERSHED OF THE MISSISQUOI RIVER WHICH DRAINS INTO LAKE CHAMPLAIN, THE SOUTH SIDE OF THE MOUNTAIN DRAINS INTO JAY BROOK, THENCE WEST INTO THE TROUT RIVER AND THE MISSISQUOI RIVER. THE NORTHWEST SIDE OF THE MOUNTAIN ALSO DRAINS INTO BLACK FALLS BROOK, AND THENCE INTO THE TROUT RIVER. THE NORTH AND NORTHEAST SIDES OF THE MOUNTAIN DRAIN EAST INTO THE JAY BRANCH OF THE MISSISQUOI RIVER.

### WINTER:

ON-MOUNTAIN HIGHLIGHTS WILL INCLUDE NEW FACILITIES FOR SKI AND SNOWBOARD AND NORDIC SKI LEARNING. AN OUTSTANDING TEAM OF PROFESSIONAL CERTIFIED INSTRUCTORS ARE DRAWN TO JAY PEAK BY THE FANTASTIC TERRAIN, TREMENDOUS SNOW, AND THE GLADES SKIING. THE MOUNTAIN LEARNING CENTER WILL PROVIDE COMPREHENSIVE PROGRAMS DESIGNED TO HELP SKIERS AND SNOWBOARDERS GET THE MOST OUT OF THEIR ON-HILL EXPERIENCE. VISITORS WILL BE ABLE OBSERVE AND FEEL THE NATURAL WONDERS OF JAY PEAK WHILE SKIING OR SNOWSHOEING WITH A NATURALIST.

THE CENTER WILL ALSO OFFER BACKCOUNTRY SKIING TOURS, PROVIDING SOME OF THE MOST BEAUTIFUL EXPERIENCES ONE CAN HAVE ON SKIS WITH AN EXHILARATING RIDE ON FRESH POWDER DOWN TWISTING, NARROW TRAILS AND THROUGH HIGH FORESTED GLADES OF JAY PEAK IS CONSIDERED THE ULTIMATE SKIING EXPERIENCE.



NEW TERRAIN PARKS WILL BE CREATED FOR SLEDDING, SAUCERS & TUBING AREAS THAT WILL OFFER TOW SYSTEM AND SPECIAL RUNS WITH BANKED SNOW TRAILS. THE NEW SLEDDING TRACK SYSTEM WILL PROVIDE AN EXHILARATING RIDE FOR ALL THE FAMILY. ZIPTREK - ZIP LINE ECO TOURS WILL ENABLE THE VISITOR TO GLIDE THROUGH THE TREE CANOPIES OF JAY AND TAKE IN THE BREATHTAKING SCENERY AS LEARNING ABOUT THE ECOLOGY, ENVIRONMENT WILD LIFE AND CULTURE OF JAY PEAK.

### SUMMER:

THERE WILL BE A WIDE VARIETY OF ACTIVITIES – WITH THE SLEDDING TRAIL SYSTEM OPEN THROUGHOUT THE SUMMER: THE MOUNTAINBIKING: WITH AMAZING TRAILS; WITH SOME OF THE STATE'S BEST MOUNTAIN BIKING, WITH NEW SPECIALLY CONSTRUCTED TRAILS ON JAY PEAK MOUNTAIN, AND THROUGH THE FOREST. WHETHER LOOKING FOR A SCENIC, TWO-WHEELED STROLL, OR TO BREAK THE LAND SPEED RECORD CATCHING SOME AIR ALONG THE WAY, JAY PEAK WILL HAVE THE TRAIL. WITH HIKING AND NATURE TOURS, FLY FISHING SPORTING CLAYS, OUTDOOR PERFORMANCES AND THE LIKE.

THE LEARNING CENTER WILL ALSO FEATURE ENVIRONMENTAL AND CONSERVATION TOURS AND WITH A NATURALIST TO BE AVAILABLE TO GUIDE AND ANSWER QUESTIONS, ALSO FEATURING BIRD WATCHING AND WILDLIFE PHOTOGRAPHY,



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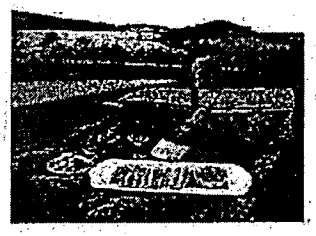
AN EXCITING NEW FEATURE WILL BE A TOP SPORTING CLAY FACILITIES FEATURING SPORTING CLAY STATIONS SPREAD ACROSS UP TO THREE COURSES. THE COURSE WILL BE TAILORED TO CHALLENGE EVERYONE FROM THE MOST SEASONED SHOOTER TO THE NOVICE SHOOTER, WITH PRIVATE LESSONS FOR BEGINNER TO ADVANCED SHOOTERS. CLAY SHOOTING IS A SPORT FOR THE WHOLE FAMILY.



PARTICIPATE AND APPRECIATE THE PRESERVATION OF WILDLIFE HABITAT, FOREST RESOURCES, AND THE NATURAL, SCENIC AND AESTHETIC VALUES OF JAY, OR TAKE A RELAXING DAY FLY FISHING ON THE NEARBY RIVERS AND LAKES WITH COMPLETE CATERED PICNIC LUNCH FROM THE PENTHOUSE CONCIERGE

THERE'S SOMETHING FOR THE WHOLE FAMILY TO WORK UP AN APPETITE AND HAVE LUNCH OR DINNER AT THE NEW MOUNTAIN CAFE BISTRO, AND ENJOY THE EXTENSIVE SUNDECKS.

JAY PEAK ACHIEVED A GOLDEN EAGLE AWARD FOR ENVIRONMENTAL EXCELLENCE, PLANTING TREES ON JAY BRANCH BROOK TO STABILIZE THE STREAM BANK AND PROVIDE SHADE FOR FISH HABITAT, AND FUNDING A VERMONT YOUTH CONSERVATION CORPS CREW TO STABILIZE STREAMBANKS ON FARMLAND IN TROY.

THESE AWARDS WERE ESTABLISHED IN 1993 TO RECOGNIZE THE ENVIRONMENTAL ACHIEVEMENTS OF SKI AREAS. JUDGES FOR THE GOLDEN EAGLE AWARDS INCLUDE REPRESENTATIVES FROM THE TRUST FOR PUBLIC LAND, U.S. FOREST SERVICE, WILDLIFE HABITAT COUNCIL, EPA, NATURAL CAPITALISM SOLUTIONS, NATIVE ENERGY, BONNEVILLE ENVIRONMENTAL FOUNDATION, ECOS CORPORATION, COLORADO DEPARTMENT OF PUBLIC HEALTH & ENVIRONMENT, CLIF BAR, BABES IN THE BACKCOUNTRY AND NATIONAL SKI AREAS ASSOCIATION.

TUBING TERRAIN – CONCEPTUAL:

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# TEN YEAR PROJECTIONS: MOUNTAIN CAFÉ

**OPERATOR PROJECTED INCOME STATEMENT**
**MOUNTAIN CAFÉ BISTRO BAR**
**STATEMENT OF INCOME**

| YEAR OF OPERATIONS | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 6 | YEAR 7 | YEAR 8 | YEAR 9 | YEAR 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| REVENUES (see analysis below) | $1,504,160 | $1,684,659 | $1,766,892 | $1,821,959 | $1,858,398 | $1,867,690 | $1,886,367 | $1,905,231 | $1,924,283 | $1,943,526 |
| Labor | $468,970 | $489,360 | $489,360 | $489,360 | $509,750 | $509,750 | $509,750 | $509,750 | $509,750 | $509,750 |
| Food & Beverage | $526,456 | $589,631 | $619,112 | $637,686 | $650,439 | $653,692 | $660,228 | $666,831 | $673,499 | $680,234 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| (Avg Wage $10 ph; $20000 incl EC) | | | | | | | | | | |
| Other Variable Expenses | $120,333 | $134,773 | $141,511 | $145,757 | $148,672 | $149,415 | $150,909 | $152,418 | $153,943 | $155,482 |
| GROSS COSTS | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| GROSS PROFIT | $388,401 | $470,896 | $518,909 | $549,157 | $549,537 | $554,833 | $565,479 | $576,231 | $587,091 | $598,080 |
| INDIRECT COSTS | | | | | | | | | | |
| Overheads | | | | | | | | | | |
| BASE RENT | $88,500 | $90,270 | $92,075 | $93,917 | $95,795 | $97,711 | $99,665 | $101,659 | $103,692 | $105,766 |
| PERCENTAGE RENT | $75,208 | $84,233 | $88,445 | $91,098 | $92,920 | $93,365 | $94,318 | $95,262 | $96,214 | $97,176 |
| Utilities | $60,166 | $67,388 | $70,756 | $72,878 | $74,336 | $74,708 | $75,455 | $76,209 | $76,971 | $77,741 |
| Prop Taxes | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Insurance | $18,000 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 | $28,000 | $30,000 |
| Other Costs | $15,042 | $16,847 | $17,689 | $18,220 | $18,584 | $18,677 | $18,864 | $19,052 | $19,243 | $19,435 |
| TOTAL | $256,916 | $282,736 | $292,965 | $300,113 | $305,635 | $308,480 | $312,302 | $316,182 | $324,120 | $330,118 |
| TOTAL COSTS | $1,372,675 | $1,496,499 | $1,542,948 | $1,572,915 | $1,614,496 | $1,621,337 | $1,633,190 | $1,645,181 | $1,661,312 | $1,675,584 |
| PROJECTED NET INCOME | $131,485 | $188,160 | $225,944 | $248,044 | $243,902 | $246,353 | $253,177 | $260,050 | $262,971 | $267,941 |
| | 8.74% | 11.17% | 12.77% | 13.67% | 13.12% | 13.19% | 13.42% | 13.65% | 13.67% | 13.79% |
| REVENUE BREAKDOWN ANALYSIS | | | | | | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | VISITORS | [illegible] |
| | | [illegible] | [illegible] | [illegible] | [illegible] | | | | | |
| | Bistro Fast Food Grill | | | Bar | Shop | Vending | | | Misc. | Total |
| Gross Revenues [illegible] | [illegible] | [illegible] | [illegible] | $592,800 | $50,000 | $50,000 | [illegible] | [illegible] | $100,000 | $1,504,160 |

Report prepared by Rapid USA Visas, Inc. Naples FL : K Douglas Hulme FCCA Tel: 239.584.5400 6/7/2010
Data Provided by W Stenger CEO Jay Peak Resort, Inc.

## HIGHLIGHTS

- CONSTRUCTION ON CAFÉ TO COMMENCE JULY/AUG 2011, ESTIMATED COMPLETION DECEMBER 2011, BUILD IS IN KEEPING WITH VERMONT ALPINE ARCHITECTURE USING LOCATIONS MATERIALS AND MEMORABILIA, AND FEATURING EXTENSIVE PATIOS AND SUNDECKS FOR LUNCHTIME BREAK FROM ACTIVITIES. OPEN ALL YEAR ROUND.
- ADJACENT TO MOUNTAIN LEARNING CENTER, CLOSE TO " FLYER" QUADRUPLE CHAIR LIFT BASE STATION
- PROJECTED REVENUES ON COMPLETION OF PROJECT: YR 1 $1,504,160 YR 5: $1,858,398 YR 10: $1,943,526

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# PROJECT JOB CREATION CALCULATION:

## RIMS II MATRIX

THE METHODOLOGY EMPLOYED IN THE ANALYSIS FOR THE PENTHOUSE SUITES PROJECT WAS DERIVED FROM THE REGIONAL INPUT-OUTPUT MODELING SYSTEM (RIMS II) DEVELOPED BY THE BUREAU ECONOMIC ANALYSIS (BEA).

RIMS II IS BASED ON AN ACCOUNTING FRAMEWORK CALLED AN I-O TABLE. FOR EACH INDUSTRY, AN I-O TABLE SHOWS THE INDUSTRIAL DISTRIBUTION OF INPUTS PURCHASED AND OUTPUTS SOLD. A TYPICAL I-O TABLE IN RIMS II IS DERIVED MAINLY FROM TWO DATA SOURCES: BEA'S NATIONAL I-O TABLE, WHICH SHOWS THE INPUT AND OUTPUT STRUCTURE OF NEARLY 500 U.S INDUSTRIES, AND BEA'S REGIONAL ECONOMIC ACCOUNTS, WHICH ARE USED TO ADJUST THE NATIONAL I-O TABLE TO SHOW A REGIONAL INDUSTRIAL STRUCTURE AND TRADING PATTERNS.

RIMS II IS WIDELY USED IN BOTH THE PUBLIC AND PRIVATE SECTOR. IN THE PUBLIC SECTOR, FOR EXAMPLE, THE DEPARTMENT OF DEFENSE USES RIMS II TO ESTIMATE THE REGIONAL IMPACTS OF MILITARY BASE CLOSINGS. STATE TRANSPORTATION DEPARTMENTS USE RIMS II TO ESTIMATE THE REGIONAL IMPACTS OF AIRPORT CONSTRUCTION AND EXPANSION. IN THE PRIVATE SECTOR, ANALYSTS AND CONSULTANTS USE RIMS II TO ESTIMATE THE REGIONAL IMPACTS OF A VARIETY OF PROJECTS, SUCH AS THE DEVELOPMENT OF SHOPPING MALLS AND SPORTS STADIUMS.

IT MAY BE NOTED THAT THE USCIS NEUFELD GUIDANCE MEMORANDUM DATED JUNE 17, 2009, AND ALSO IN MEETING WITH US CIS IN WASHINGTON DC ON JUNE 16, 2010, AT WHICH THE DHS ECONOMIST MS. K. ATTEBURY WAS IN ATTENDANCE, THAT INDICATION WAS GIVEN OF A POSSIBLE PREFERENCE FOR THE RIMS II METHODOLOGY ON THE BASIS THAT THE METHODOLOGY IS STRAIGHTFORWARD, READILY AVAILABLE, QUITE TRANSPARENT AND EASILY REPRODUCIBLE.

JAY PEAK PENTHOUSE SUITES L.P. HAS RETAINED ECONOMIC DEVELOPMENT RESEARCH GROUP OF BOSTON (EDR) MASSACHUSETTS TO CALCULATE, PREPARE AND SUBMIT THE JOB CREATION REPORT FOR THE PROJECT. THE EDR GROUP TEAM IS HEADED BY MS. LISA PETRAGLIA, DIRECTOR OF ECONOMIC RESEARCH. MS. PETRAGLIA HAS OVER 17 YEARS OF EXPERIENCE WORKING IN ECONOMIC MODELING AND POLICY ANALYSIS, FOCUSING SPECIFICALLY ON ECONOMIC IMPACT EVALUATION.

"EDR" HAS PERFORMED JOB CREATION CALCULATIONS DEMONSTRATING PROJECT JOB CREATION OF 217 NEW FULL TIME NON-DIRECT JOBS FOR THE YEAR OF THE DEVELOPMENT PHASE OF THE PROJECT, AND AT PROJECT LOCATION, NEW FULL TIME JOBS FROM BUSINESS OPERATIONS TOTAL 607 FOR YEAR 1, AND 658 BY YEAR 2. THE TOTAL OF YEAR 2 FULL TIME JOBS COMPRISES 128 DIRECT JOBS, AND 530 NON-DIRECT JOBS. THE TOTAL PROJECT JOB CREATION IS 875 NEW FULL TIME JOBS (217 JOBS FOR DEVELOPMENT PHASE AND 658 JOBS FROM OPERATIONS.) TOTAL JOBS CREATED FAR EXCEEDS THE REQUISITE JOB CREATION TOTAL OF 650 JOBS FOR 65 FOREIGN EB-5 INVESTORS. EDR BELOW PROVIDES A SYNOPSIS OF THE JOB GENERATING IMPACTS.

EXHIBIT:

1. RIMS II INPUT DATA SUMMARY SHEET INCLUDING CONSTRUCTION COSTS AND TIME FRAME INPUTS, AND LOCATION PHASE REVENUES FROM BUSINESS OPERATION AND SPENDING INPUTS.

   **HIGHLIGHTS: YEAR 1**

   DEVELOPMENT PHASE JOB CREATION: CAPITAL EXPENDITURE INTO THE PROJECT:

   DATA RESOURCE: RIMS II MULTIPLIERS: STATE OF VERMONT (SEE ANNEXED EXHIBITS)

   **BUILD COST: $28,714,075 FIXTURES COST: $3,597,500 OTHER: $5,188,425**

   **HIGHLIGHTS: YEARS 2 AND 3**

   LOCATION PHASE BUSINESS OPERATIONS JOB CREATION BASED UPON VISITOR SPENDING

   FOUR COUNTY REGION OF JAY PEAK, VERMONT, THE "HIGH IMPACT AREA" BASED UPON 2000 CENSUS DATA.

   YEAR 2: VISITOR SPENDING GENETRATED BY PROJECT: **$29,372,904**

   YEAR 3: VISITOR SPENDING GENETRATED BY PROJECT: **$31,802,599**



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Economic Development
RESEARCH GROUP

# Summary of Job Generating Impacts – Jay Peak EB-5 Expansion Project

July 28, 2010

A RIMS II multiplier analysis (using regional data for 2007) was conducted to evaluate the business plan for the Jay Peak (located in Jay, Vermont) *Penthouse Suites* expansion for job generation potential. Key findings are as follows:

- One-time development phase activity associated with a $37.5 million budget (in 2010$), $32.3 million as economic transactions, will support 217 *full-time equivalent* jobs in *Vermont* over and above the direct construction-related jobs. These 217 FTE jobs represent *non-direct* jobs supported during a 12-month development phase.
- Once the facilities are completed – *Penthouse Suites hotel, Mountain Learning Center,* and *Mountain Café* – expectations for additional visitors to the resort will bring more over-night guests as well as day visits for recreation and special events. Additional visitor spending in each of the first two years of operation (of the new facilities) is valued at $29.37 million and $31.80 million in 2010$.
- The *total* job generating effects of the annual visitor spending are 607 FTE's and 658 FTE's for YR1 and YR2 respectively for the 4-county Northwestern Vermont region.

**Job Generation effects of Jay Peak Proposed Expansion**

| Phase ==> | Operations | | Development Phase |
|---|---|---|---|
| Study Region => | 4-county NW VT* | | *State of Vermont* |
| | Year 1 | Year 2 | Year 1 |
| Visitor spending (mil.$2010) | $ 29.373 | $ 31.803 | [redacted] |
| Construction Budget (mil. 2010$)** | [redacted] | | $ 32.312 |
| *direct Jobs(FTE)* | 121 | 128 | not applicable |
| *non-direct Jobs (FTE)* | 486 | 530 | 217 |
| FTE Job Impacts | 607 | 658 | 217 |

* includes *Orleans, Lamoille, Franklin, and Chittenden counties*

** excludes contingency, land contribution, and working capital

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# SUMMARY OF DATA APPLIED FOR RIMS MATRIX

**JAY PEAK PENTHOUSE SUITES L.P.**
**SUMMARY OF DATA APPLIED FOR RIMS MATRIX ANALYSIS (2010 $ 5)**

Development Phase Job Creation

| CAPITAL EXPENDITURE INTO PROJECT | BUILD | FURNISHINGS & FIXTURES FOR SUITES FIT OUT | OTHER | YEAR 1 Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
|---|---|---|---|---|---|---|---|
| HOTEL SUITES | $16,468,000 | | | $4,117,000 | $4,117,000 | $4,117,000 | $4,117,000 |
| | | $2,172,500 | | | | | $2,172,500 |
| CONTRACTOR SUPERVISION FEES | $2,796,075 | | | $699,019 | $699,019 | $699,019 | $699,019 |
| Structural, Engineering, Utilities | $1,450,000 | | | $725,000 | $725,000 | | |
| MOUNTIAN LEARNING CENTER | $1,750,000 | F & F and EQUIPMENT | | | $583,333 | $583,333 | $583,333 |
| CAFÉ | $750,000 | | | | | $375,000 | $375,000 |
| CAFÉ | | $375,000 | | | | | $375,000 |
| BICYCLES, EQUIPMENT | | $875,000 | | | | | $875,000 |
| SHOOTING CLAYS | $500,000 | $175,000 | | | | $250,000 | $425,000 |
| MOUNTAIN BIKE AND TOUR TRAILS INFRASTRUCTURE, AND COMMON AREAS AND PARKING | $5,000,000 | | | $1,250,000 | $1,250,000 | $1,250,000 | $1,250,000 |
| SUB-TOTALS | | | | $6,791,019 | $7,374,352 | $7,274,352 | $10,871,852 |
| OTHER | | | | | | | |
| CONTINGENCY | | | $932,025 | | | | |
| LAND CONTRIBUTION | | | $3,575,000 | | | | |
| WORKING CAPITAL | | | $681,400 | | | | |
| TOTALS | $28,714,075 | $3,597,500 | $5,188,425 | | | | |
| GRAND TOTAL | | $32,311,575 | $37,500,000 | | | | $32,311,575 |
| | | | | | | Other | $5,188,425 |
| | | | | | | Check total | $37,500,000 |

Location Phase Project Operations Job Creation

| SUMMARY OF VISITOR SPENDING GENERATED BY PROJECT | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 |
|---|---|---|---|---|
| | | | For information only | |
| PENTHOUSE SUITES HOTEL | | | | |
| Accomodations | $4,985,990 | $5,379,639 | $5,468,310 | $5,599,185 |
| MOUNTAIN LEARNING CENTER (MLC) | | | | |
| Recreation | $5,332,500 | $5,759,100 | $5,874,282 | $5,991,758 |
| Meals | $1,504,160 | $1,684,659 | $1,768,892 | $1,821,959 |
| | $6,836,660 | $7,443,759 | $7,643,174 | $7,813,727 |
| PENTHOUSE VISITORS RESORT SPENDING | | | | |
| Recreation | $5,668,650 | $6,129,552 | $6,252,143 | $6,377,186 |
| Meals | $5,452,525 | $5,817,591 | $5,932,943 | $6,062,622 |
| | $11,121,175 | $11,947,143 | $12,186,086 | $12,429,808 |
| OTHER RESORT SPENDING FROM MLC AND DAY VISITORS | | | | |
| RETAILTRADE SKI WEAR SKI BIKES ETC | $1,870,316 | $1,945,128 | $1,984,031 | $2,023,711 |
| BARS (night) & RESTAURANTS (lunch) | $1,995,003 | $2,200,985 | $2,251,024 | $2,310,670 |
| SPA AND SALONS | $513,760 | $580,944 | $545,499 | $656,103 |
| CONFERENCES CONVENTIONS | $750,000 | $825,000 | $866,250 | $909,563 |
| WEDDINGS FUNCTIONS | $800,000 | $880,000 | $920,000 | $938,400 |
| COMPETITIONS - golf - mtn./bikes | $500,000 | $600,000 | $650,000 | $683,000 |
| | $6,429,079 | $7,032,057 | $7,216,504 | $7,401,547 |
| GRAND TOTALS | $29,372,904 | $31,802,599 | $32,534,074 | $33,244,368 |

Prepared by Douglas Hulme FCCA: Chartered Certified Accountant: Rapid USA Visas, Inc.data provided by W Stenger President and CEO Jay Peak Resort, Inc.



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# DEVELOPMENT OF THE PROJECT

## DEVELOPMENT PHASES

THE BUILD OUT OF THE PENTHOUSE SUITES WILL OCCUR OVER A 12-MONTH PERIOD PROJECTED TO COMMENCE IN JANAURY 2011. AS WILL BE NOTED FROM THE RIMS II INPUT TABLE ANNEXED TO THIS BUSINESS PLAN, THE PROJECT IS PLANNED OVER FOUR QUARTERS, AND PROJECTED TO BE COMPLETED BY END OF 2011 / EARLY 2012.

THE JOB CREATION INFORMATION IS DETAILED IN THE ECONOMIC JOB IMPACT REPORT IN THE EXHIBIT IN SECTION 5 OF THIS OFFERING, AND PREPARED BY ECONOMIC AND DEVELOPMENT RESEARCH GROUP OF BOSTON, MA DETAILING THE FULL TIME PERMANENT JOBS CREATED BY THE PROJECT.

## DEVELOPER AND CONSTRUCTION

THE CONSTRUCTION OF THE PENTHOUSE SUITES WILL BE OVERSEEN BY JAY PEAK INC, WHO WILL ENTER INTO A CONTRACT WITH THE GENERAL PARTNER FOR THE PROJECT. JAY PEAK INC. WILL RECEIVE CONTRACTOR SUPERVISION PAYMENT OF 15% OF THE HOTEL BUILD COST. JAY PEAK INC. HAS EXTENSIVE EXPERIENCE IN THE GENERAL CONTRACTING ROLE AND WILL ACT AS THE GENERAL CONTRACTOR. JAY PEAK INC. HAS CONSTRUCTED IN EXCESS OF 300 CONDOMINIUMS AND TOWNHOUSES AT JAY PEAK RESORT OVER A 10-YEAR PERIOD REPRESENTING OVER $60 MILLION IN CONSTRUCTION COSTS, TOGETHER WITH COMPLETING PHASE 1 EB-5 HOTEL COMPLEX OF THE JAY PEAK, AND THE PHASE II INDOOR ICE ARENA AND GOLF CLUBHOUSE CENTER. JAY PEAK INC. WILL FACILITATE THE CONSTRUCTION OF THE JAY PEAK PENTHOUSE SUITES PROJECT AND THE ANCILLARY PROJECT OF THE MOUNTAIN LEARNING CENTER.

## DEVELOPMENT PERMITS

THE JAY PEAK MASTER PLAN FOR THE ENTIRE JAY PEAK RESORT WAS CONCEPTUALLY APPROVED IN 1997 BY THE STATE OF VERMONT DISTRICT #7 ENVIRONMENTAL COMMISSION ("DEC") AND ALSO APPLIES TO THE AREA DESIGNATED FOR THIS PROJECT (COPY OF MASTER PLAN RESORT EXPANSION STUDY BELOW). THE DEC'S CONCEPTUAL APPROVAL IN 1997 OF FUTURE DEVELOPMENT PLANS BY JAY PEAK RESORT, INCLUDING HOTEL FACILITIES, PROVIDES CONDITIONS AND GUIDANCE FOR DEVELOPMENT APPLICATIONS MADE BY JAY PEAK RESORT UNDER THE LAND USE LAWS OF THE STATE OF VERMONT TO OBTAIN DEVELOPMENT PERMITS (SO-CALLED ACT 250 PERMITS), INCLUDING AN APPLICATION TO BE MADE FOR THE CONSTRUCTION OF THE JAY PEAK HOTEL SUITES PROJECT. IN ADDITION, AN APPLICATION WAS BE FILED WITH THE STATE OF VERMONT AGENCY OF NATURAL RESOURCES TO OBTAIN A SUBDIVISION PERMIT AUTHORIZING THE SUBDIVISION FROM THE REST OF THE JAY PEAK RESORT OF THE PARCEL OF LAND SUFFICIENT FOR THE HOTEL BUILDING, WHICH APPLICATION TOOK INTO ACCOUNT ALL WASTEWATER AND DRINKING WATER REQUIREMENTS FOR THE PROJECT TO INSURE SUFFICIENT CAPACITY IS AVAILABLE FROM ONSITE OR MUNICIPAL RESOURCES.

ON FEBRUARY 15$^{TH}$, 2008 THE JAY/TROY SEWER AUTHORITY SIGNED AN AGREEMENT WITH JAY PEAK RESORT COMMITTING 500,000 GALLONS PER DAY OF SEWAGE CAPACITY FROM ITS SOON-TO-BE-EXPANDED WASTE WATER FACILITY. PHASE II WILL REQUIRE 48,000 GALLONS PER DAY FOR ITS OPERATIONS – LESS THAN 10% OF THE NEW CAPACITY THE RESORT CONTROLS. THE SEWAGE TREATMENT FACILITY WILL OPEN ITS NEW CAPACITY 6 MONTHS BEFORE THE PHASE II HOTEL COMES ONLINE.

THE TOWN OF JAY DEVELOPMENT REVIEW BOARD/PLANNING COMMISSION HAS REVIEWED AND APPROVED THE PENTHOUSE PROJECT. THE APPROVAL LETTER IS ON FILE AT THE JAY TOWN CLERKS OFFICE.

THE ARCHITECTS JAY PEAK RESORT MASTER PLAN AS APPROVED BY STATE GOVERMENT IS FEATURED BELOW, AND ILLUSTRATES THE MANY PHASES OF JAY PEAK EXPANSION PLAN BOTH PRESENT AND FUTURE.


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# JAY PEAK RESORT CONCEPTUAL MASTER PLAN

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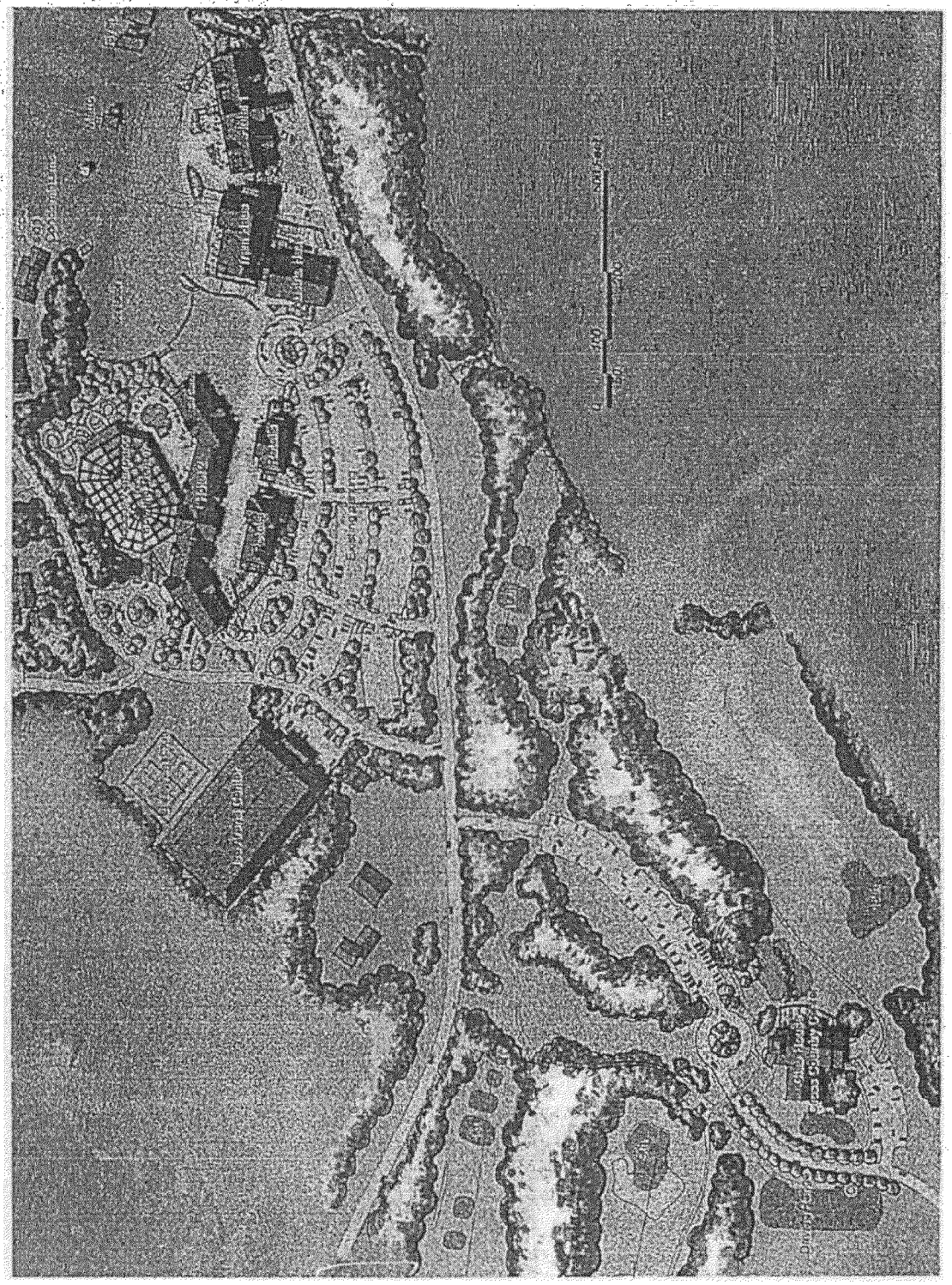
## RESORT BUILD PLAN – CONCEPTUAL





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# GENERAL PARTNER

THE GENERAL PARTNER, JAY PEAK GP SERVICES INC. WILL PERFORM SERVICES IN CONNECTION WITH THE ACQUISITION, SALE AND LEASING OF THE PARTNERSHIP PROPERTY, INCLUDING NEGOTIATING WITH THE JAY PEAK HOTEL SUITES PHASE II L.P. FOR THE PURCHASE OF THE DEVELOPMENT AND DECLARANT RIGHTS NECESSARY TO CONSTRUCT THE PENTHOUSE SUITES HOTEL, ON TERMS TO BE NEGOTIATED BY THE GENERAL PARTNER, INCLUDING ANY AGREEMENTS NEEDED WITH THE RESORT OWNER AS TO THE HOTEL LAND OR RESORT LAND. FURTHER SERVICES OF THE GENERAL PARTNER SHALL INCLUDE, BUT NOT BE LIMITED TO, ACT ON BEHALF OF THE PARTNERSHIP WITH FEDERAL, STATE AND LOCAL AUTHORITIES WITH RESPECT TO THE PROJECT; MONITOR COMPLIANCE WITH ZONING, LAND USE AND OTHER REQUIREMENTS; AND PREPARE OR CAUSE TO BE PREPARED SUCH THIRD PARTY STUDIES AS IT DEEMS NECESSARY IN CONNECTION WITH THE ACQUISITION, SALE AND LEASING OF THE PARTNERSHIP PROPERTY AND CONSTRUCTION OF THE BUILDINGS AND OTHER NECESSARY IMPROVEMENTS ON THE PARTNERSHIP PROPERTY AND RESORT LAND; ADDITIONALLY THE GENERAL PARTNER WILL OVERSEE CONSTRUCTION OF THE PENTHOUSE SUITES HOTEL AND MANAGE THE LEASE OF THE PENTHOUSE SUITES HOTEL, AND NEGOTIATE THIRD PARTY AGREEMENTS TO CONSTRUCT THE PENTHOUSE SUITES HOTEL AND TO SUBMIT THE PENTHOUSE SUITES HOTEL TO CONDOMINIUM OWNERSHIP UNDER THE CONDOMINIUM REGIME TO BE KNOWN AS JAY PEAK PHASE II CONDOMINIUM, AND TO FACILITATE THE AMENDMENT OF THE DECLARATION OF CONDOMINIUM AND ANY AFFILIATED DOCUMENTS WITH THE APPROPRIATE GOVERNMENT AUTHORITIES; LANDSCAPE THE PROPERTY ADJOINING THE BUILDINGS, AND CONTRIBUTE PARTNERSHIP FUNDS TO THE COSTS THEREOF (PURSUANT TO A GRANT OF EASEMENT AND MAINTENANCE AGREEMENT, AMONG THE RESORT OWNER, PARTNERSHIP AND OTHER NECESSARY PARTIES THERETO); AND FURTHER OVERSEE CONSTRUCTION OF THE MOUNTAIN LEARNING CENTER BUILDINGS, INCLUDING NEGOTIATING THIRD PARTY AGREEMENTS TO CONSTRUCT THE MOUNTAIN LEARNING CENTER BUILDINGS, AND MANAGE THE LEASE OF THE MOUNTAIN LEARNING CENTER BUILDINGS; ALL PLANNING, PERMITTING, BID MANAGEMENT AND QUALITY CONTROL MANAGEMENT OF THE BUILDINGS, INCLUDING THE HOTEL AND ANCILLARY PROJECT, AS WELL AS ALL MANAGEMENT OF AFFILIATE(S) WILL BE BORNE BY THE GENERAL PARTNER. ALL AUTHORITY, RESPONSIBILITIES AND DUTIES OF THE GENERAL PARTNER ARE MORE FULLY DESCRIBED IN THE LIMITED PARTNERSHIP AGREEMENT ANNEXED HERETO.

## FEES TO GENERAL PARTNER AND AFFILIATED ENTITIES

### GENERAL PARTNER'S MANAGEMENT COMPENSATION

OTHER THAN RECEIVING ITS INTEREST HEREIN, BEING REIMBURSED FOR ALL OF ITS EXPENSES AND COSTS INCURRED RELATED DIRECTLY OR INDIRECTLY TO THE DEVELOPMENT OF THE PROJECT (INCLUDING BUT NOT LIMITED TO PERMITTING FEES, PROFESSIONAL FEES AND THIRD PARTY CONSULTANT FEES), AND RECEIVING REIMBURSEMENT FOR EXPENSES AND OTHER COSTS INCURRED DIRECTLY OR INDIRECTLY BY THE GENERAL PARTNER TO FULFILL ITS DUTIES HEREUNDER, THE GENERAL PARTNER SHALL NOT BE ENTITLED TO COMPENSATION FOR ITS SERVICES RENDERED PURSUANT TO THE LIMITED PARTNERSHIP AGREEMENT.

THE GENERAL PARTNER MAY, IN THE NAME AND ON BEHALF OF THE PARTNERSHIP, ENTER INTO AGREEMENTS OR CONTRACTS FOR PERFORMANCE OF SERVICES FOR THE PARTNERSHIP WITH AN AFFILIATE OF THE GENERAL PARTNER, INCLUDING WITHOUT LIMITATION SERVICES NECESSARY TO OVERSEE CONSTRUCTION OF THE BUILDINGS AND OTHER IMPROVEMENTS AND FOR THE LEASING OF THE PENTHOUSE SUITES HOTEL AND THE MOUNTAIN LEARNING CENTER BUILDINGS, AND THE GENERAL PARTNER MAY OBLIGATE THE PARTNERSHIP TO PAY COMPENSATION FOR AND ON ACCOUNT OF ANY SUCH SERVICES; PROVIDED, HOWEVER, SUCH COMPENSATION SHALL BE AT COSTS TO THE PARTNERSHIP NOT IN EXCESS OF THOSE DISCLOSED IN THE CONFIDENTIAL MEMORANDUM, BUT SUCH LIMITATION ON COSTS SHALL NOT PREVENT THE RESORT OWNER, IF NECESSARY, FROM ADVANCING FUNDS TO COMPLETE THE PROJECT AND BEING REIMBURSED WITH THE GRANT OF RESORT OWNER INTERESTS. IN ADDITION, THE GENERAL PARTNER SHALL PAY THE RESORT OWNER ITS DEVELOPMENT FEES AND PAY WHOMEVER IT HIRES TO MANAGE THE LEASES A FEE EQUAL TO TEN PERCENT (10%) OF THE RENT PAID BY THE TENANTS, IN ADDITION, THE GENERAL PARTNER SHALL DELEGATE ITS DUTY TO SUPERVISE THE CONSTRUCTION OF THE PROJECT, INCLUDING BUT NOT LIMITED TO THE CONSTRUCTION AND BUILD OUT OF THE PROJECT, TO JAY PEAK INC. OR ANOTHER AFFILIATE FOR A MANAGEMENT FEE TO BE PAID BY THE PARTNERSHIP IN AN AMOUNT EQUAL TO FIFTEEN PERCENT (15%) OF THE OVERALL COST OF THE HOTEL, CONSTRUCTION AND FIT OUT.


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## LIMITATION OF LIABILITY OF GENERAL PARTNER

LIABILITY TO PARTNERSHIP AND LIMITED PARTNERS: THE GENERAL PARTNER, AND ITS AFFILIATES, AND THEIR OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, REPRESENTATIVES, ATTORNEYS, ACCOUNTANTS AND OTHER PERSONS OPERATING ON ITS BEHALF SHALL NOT BE LIABLE, RESPONSIBLE, OR ACCOUNTABLE IN DAMAGES OR OTHERWISE (INCLUDING ATTORNEYS FEES AND EXPENSES) TO THE LIMITED PARTNERS OR TO THE PARTNERSHIP FOR ANY ACTS PERFORMED IN GOOD FAITH AND WITHIN THE SCOPE OF AUTHORITY OF THE GENERAL PARTNER, OR ITS AFFILIATES IF ANY OF THE GENERAL PARTNER'S DUTIES HAVE BEEN CONTRACTUALLY DELEGATED TO THEM, PURSUANT TO THE LIMITED PARTNERSHIP AGREEMENT. (SEE LIMITED PARTNERSHIP AGREEMENT)

## TRANSACTIONS WITH RELATED PARTIES

JAY PEAK GP SERVICES INC. AS GENERAL PARTNER WILL ENTER INTO CONTRACTS AND OR AGREEMENTS WITH JAY PEAK, INC., AND OTHER AFFILIATES OF THE GENERAL PARTNER, ALL AS MORE PARTICULARLY DESCRIBED HEREIN. (SEE LIMITED PARTNERSHIP AGREEMENT)

## PROPERTY MANAGEMENT AGREEMENT

THE MANAGEMENT AGREEMENT WILL BECOME EFFECTIVE AS THE HOTEL AND ANCILLARY PROJECTS COMMENCE OPERATIONS. THE GENERAL PARTNER WILL RETAIN SQ PROPERTY MANAGEMENT, LLC, INC. TO MANAGE THE PARTNERSHIP PROPERTY PORTFOLIO, THE COLLECTION OF RENTS, AND THE TENANTS LEASES AND OBLIGATIONS UNDER THEIR LEASES. SQ PROPERTY MANAGEMENT, LLC IS ENTITLED, PURSUANT TO THE MANAGEMENT ARRANGEMENT, TO VARIOUS FEES AS DETAILED ELSEWHERE HEREIN.

## DISTRIBUTIONS TO INVESTORS

THE NET PROCEEDS FROM THE RENTAL INCOME WILL BE PAID IN ARREARS ON A MONTHLY BASIS. NET PROCEEDS WILL BE REVENUE ON HAND AFTER TYPICAL OPERATIONAL EXPENSES ARE PAID, AND ANY RESERVES MADE, OR OTHER FUNDS WITHHELD AS DEEMED NECESSARY BY THE GENERAL PARTNER (SEE LIMITED PARTNERSHIP AGREEMENT)

## EXIT STRATEGIES

AS MORE FULLY DESCRIBED IN THE LIMITED PARTNERSHIP AGREEMENT, ONCE ALL I-829 PETITIONS FILED UNDER THE EB-5 PROGRAM FOR ALL QUALIFIED INVESTORS WHO HAVE INVESTED INTO THE PARTNERSHIP HAVE BEEN DECIDED, THE GENERAL PARTNER SHALL SUBDIVIDE THE PENTHOUSE SUITES HOTEL INTO FRACTIONAL UNITS AND GRANT EACH LIMITED PARTNER FIVE (5) FRACTIONAL UNITS IN EXCHANGE FOR EACH LIMITED PARTNER'S INTEREST IN THE PARTNERSHIP.

ALL SUCH FRACTIONAL UNITS MUST BE MADE SUBJECT TO A RENTAL POOL OPERATED BY THE RESORT OWNER, WHICH RENTAL RATES WILL BE SET BY THE RESORT OWNER AT ITS SOLE DISCRETION AND THE RESORT OWNER WILL BE ENTITLED TO ITS STANDARD RENTAL MANAGEMENT FEE CURRENT AT THAT TIME. THE GENERAL PARTNER WILL, AS A CONDITION OF THE SALE, REQUIRE LIMITED PARTNERS AND OR PURCHASERS TO MAKE THEIR PROPERTY INTERESTS AVAILABLE TO COMMERCIALLY REASONABLE, ON-GOING HOTEL OPERATIONS WHICH WILL ASSIST TO MAINTAIN PERMANENT EMPLOYMENT CREATED BY THIS PROJECT. EACH LIMITED PARTNER MAY SELL HIS FRACTIONAL UNITS WHENEVER HE WISHES AND FOR A PRICE AT HIS DISCRETION, BUT SUCH FRACTIONAL UNITS MUST BE SOLD THROUGH JAY PEAK REALTY AT ITS STANDARD RATE OF COMMISSION FOR THIS PRODUCT.

## JAY PEAK MANAGEMENT TEAM

JAY PEAK RESORT IS LED BY BILL STENGER WHO IS A RESORT INDUSTRY LEADER IN VERMONT AND NATIONALLY. MR. STENGER HAS BEEN PRESIDENT OF JAY PEAK SINCE 1987 AND HAS BEEN LEADER OF THE RESORT SINCE 1985. MR. STENGER IS AIDED BY OTHER KEY QUALITY CORPORATE MANAGERS: STEVE WRIGHT - VICE PRESIDENT OF MARKETING, SALES AND HOSPITALITY; JAKE WEBSTER - VICE PRESIDENT OF DEVELOPMENT; CHERYL WARD - FOOD & BEVERAGE


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MANAGER; HOWARD NOSEK - DIRECTOR OF GOLF MAINTENANCE; JAIME STENGER - RETAIL AND GOLF OPERATIONS DIRECTOR; ALLYSON CARPENTER – HUMAN RESOURCES DIRECTOR.

WHEN PHASE II AND PENTHOUSE SUITES PROJECT ARE COMPLETED, JAY PEAK WILL BE ONE OF NORTH AMERICA'S MOST WELL DESIGNED AND PROPERLY SCALED FOUR-SEASON RESORTS LOCATED WITHIN AN 8HR DRIVE OF OVER 100 MILLION POTENTIAL GUESTS IN EASTERN NORTH AMERICA.

## SALES STRATEGY

THE SALES STRATEGY FOR THE PROJECT HAS A CAPTIVE MARKET ALREADY IN PLACE AND WILL HARNESS THE EXISTING FACILITIES OF THE JAY PEAK RESORT BOOKING SYSTEM THAT HAS BEEN CRITICAL TO THE SUCCESS OF THE RESORT. THE RESORT WILL MAKE AVAILABLE ITS WEB SITE WITH ON-LINE BOOKING SYSTEM, WEATHER REPORTS AND ADVERTISING/PROMOTION PROGRAM THAT PROMOTES THE RESORT'S EXISTING LODGING.

JAY PEAK RESORT HAS OVER 4,000 ACRES IN ITS OPERATION. THE COMBINATION OF MOUNTAIN FOREST AND VALLEY STREAM LANDSCAPE MAKES JAY PEAK ONE OF THE MOST SCENIC, NATURAL AND UNSPOILED RESORT SETTINGS OF ITS KIND ANYWHERE IN THE WORLD.

WITH THIS MAGNIFICENT NATURAL ASSET AS A BACK DROP, THE WELL PLANNED AND ENVIRONMENTALLY SENSITIVE APPROACH TO THE RESORT LAYOUT MAKES IT A RESORT OF THE FUTURE AND NOT A RE-DONE EFFORT TO REPAIR PAST MISTAKES.

THE SCALE OF THE FACILITIES AND SCOPE OF THE AMENITIES PLANNED WILL MAKE JAY PEAK A SOUGHT AFTER DESTINATION FOR A BROAD MARKET FOR YEARS TO COME. WITHIN 8HRS DRIVE THERE ARE 100 MILLION NORTH AMERICANS – 25 MILLION CANADIANS AND 75 MILLION AMERICANS. NUMEROUS FOUR LANE HIGHWAYS LEAD TO WITHIN 30 MINUTES OF JAY PEAK FROM CANADA AND THE US, AND JAY PEAK RESORT PROVIDES STRONG MARKETING CAMPAIGNS WITHIN CANADA TO ATTRACT CANADA RESIDENTS.

WORLD CLASS SKIING AND GOLF MAKE WINTER AND SUMMER EXCEPTIONALLY POPULAR BUT WITH A QUALITY SPA, CONFERENCE FACILITIES, AND INDOOR AMENITIES (SUCH AS A WATER PARK, SPA, AND ICE ARENA) THE SHOULDER SEASONS OF EARLY SPRING AND LATE FALL WILL BE AS POPULAR FOR VACATIONERS AS THE PEAK SEASONS OF WINTER AND SUMMER.

JAY PEAK HAS A HIGHLY EXPERIENCED MARKETING, SALES AND RESERVATIONS TEAM THAT WILL ASSIST TENANTS / OPERATORS WITH PRESENTING THE UNIQUE ARRAY OF RECREATIONAL FOUR-SEASON ASSETS INTO HIGH OCCUPANCY AND PROFITABLE RESULTS FOR THE PENTHOUSE SUITES AND MOUNTAIN LEARINING CENTER TENANT / OPERATORS.

JAY PEAK'S WEBSITE (WWW.JAYPEAKRESORT.COM) IS A VIBRANT, ACTIVE SITE THAT OFFERS ONLINE RESERVATIONS AND SPECIAL VACATION PACKAGE PROMOTIONS TO A WORLDWIDE AUDIENCE ON A DAILY BASIS. JAY PEAK AND ITS STAFF ALSO ADVERTISE AND PROMOTE THROUGHOUT REGIONAL RADIO, TELEVISION, NEWSPAPERS, AND MAGAZINES AS WELL AS REGIONAL FOUR-SEASON TRAVEL SHOWS AND EXPOSITIONS.

WITH A DYNAMIC PRODUCT AND A STAFF AND MARKETING PLAN TO MATCH THE FISCAL PERFORMANCE OF THESE NEW HOTEL PHASES WILL TRULY BE EXCITING. BELOW ARE EXAMPLES OF INDEPENDENT COMMENTS ON JAY PEAK MARKETING PROGRAM

### JAY PEAK WINS NSAA MARKETING AWARD THIRD YEAR IN A ROW

*05.17.2010 – Jay, VT – The National Ski Area Association (NSAA) announced the winners for the 2009-2010 Marketing and Guest Service Awards, and Jay Peak Resort again claimed the title for Best Overall Marketing Program. This is Jay Peak's third year in a row to win the award, and their fourth time winning out of the last five years. Bill Stenger, President and CEO of Jay Peak Resort, attributes the honor to the hard work of the employees and the direction of Steve Wright, Vice President of Marketing and Sales. Upon being notified of this year's award, Mr. Stenger said "To win this award one year is an accomplishment. To win it three years in a row shows a true understanding of our industry and Jay Peak's special qualities."*

*Jay Peak aims to not only improve the campaign each year, but also to unite all marketing efforts consistently throughout advertising, customer service, promotions, and social media. Their "Raise 'em Jay" campaign aims to get kids of all ages on the mountain early and often, and turns them into true skiers and riders – following in the footsteps of their parents and creating a whole new generation of dedicated Jay Peakers. The mantra "Raise 'em Jay" is evident in their series of television and print advertisements that feature babies in hats with skulls and crossbones and kids turning snowmen into ski jumps. According to Wright, Jay Peak's marketing success comes from their never-wavering dedication to make skiing and*


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*riding their number one priority, and despite the growth and expansion the resort is going through, Jay Peak will always stay true to these most important values.*

## JAY PEAK: A CASE STUDY IN SOCIAL MEDIA MARKETING FOR SKI RESORTS

*Sep 11th, 2009*
*by Mike Berard*

*Fact: Until recently, we've seen very few ski areas demonstrating real social media savvy. Sorry, it's true. While many resorts are showing up on various social media channels (Twitter, Facebook, etc), few are actually getting the point – they make the mistake of selling and promoting in the same way they do in print ads and on their websites. The vast majority are lost in the social media wilderness. Some resorts, however, have managed to stay out of the woods and at the forefront of new media.*

*Yesterday, Vermont's Jay Peak Resort offered a free lift ticket to the first 20 people who could prove purchase of new media evangelist Mitch Joel's new book, Six Pixels of Separation. With this brilliant social media maneuver, Jay Peak Resort has carved out their spot at the front of the digital media race for ski resorts, leaving much of the competition in their cold smoke powder wake. And here's why:*

*1. Simply put, they are using social media. Many resorts are still absent from the social media realm, meaning they are most likely watching it run away from them at light speed. Every day they make the choice to not join the conversation, they lose that ability to understand the language. Jay Peak is out there listening and contributing through Facebook, Twitter, a Flickr page and a Youtube page w/ custom content. Their up-to-date blog is updated by "key individuals from across the resort," allowing a transparency that translates into an honest look at what Jay Peak can offer to the consumer.*

*2. They are offering something of worth. This goes beyond giving away 20 free lift tickets. With their blog post, Jay Peak has simultaneously given you a book recommendation, a chance at a free day of skiing, and a little pick-me-up good news. But it doesn't end there – take a look at Jay Peak's Twitter (amongst other channels) and you'll find a company that is offering value through fun, relevant content and open conversation with its customers. Yes, it is that simple. Social media is not a game of give-and-take, but rather give-and-receive. The difference in the language is small, but the shift in the meaning is massive.*

*3. They share and promote. By enticing others to get on the social media train by reading Joel's book, Jay Peak is doing more than pumping up their own brand. They are supporting someone else's work. And that person just so happens to be a very influential person, which leads us to...*

*4. They realize the value of cross promotion. Traditional advertising and marketing often revolves around telling everyone how awesome you are. Social media should not. It is about sharing. By promoting Mitch's book, Jay Peak has made a new friend and ally. The fact that this new friend has many connections is merely a pleasant side-effect, regardless of whether it was planned that way. – Rory Tucker and Mike Berard*

## CONTINGENCY FEE

A 5% CONTINGENCY FEE WILL BE BUDGETED TO COMPENSATE FOR ANY COST OVERRUNS IN CONSTRUCTION RELATED COSTS. IN THE EVENT COST OVERRUNS EXCEED THE CONTINGENCY, THE GENERAL PARTNER WILL BE RESPONSIBLE FOR PROJECT COST ENGINEERING TO KEEP THE PROJECT WITHIN BUDGET OR TO PAY FOR COST OVERRUNS IN EXCESS OF PROJECT BUDGET. THE INVESTORS WILL NOT BE ASKED FOR ADDITIONAL FUNDS IN THE EVENT THE PROJECT'S ACTUAL COST EXCEEDS THE PLANNED BUDGET.

## COMMON AREA LAND, UTILITIES, EASEMENTS CONTRIBUTION

THE RESORT OWNER JAY PEAK INC. WILL RECEIVE COMPENSATION OF $3,575,000 PURSUANT TO THE OFFERING MEMORANDUM AND LIMITED PARTNERSHIP AGREEMENT.


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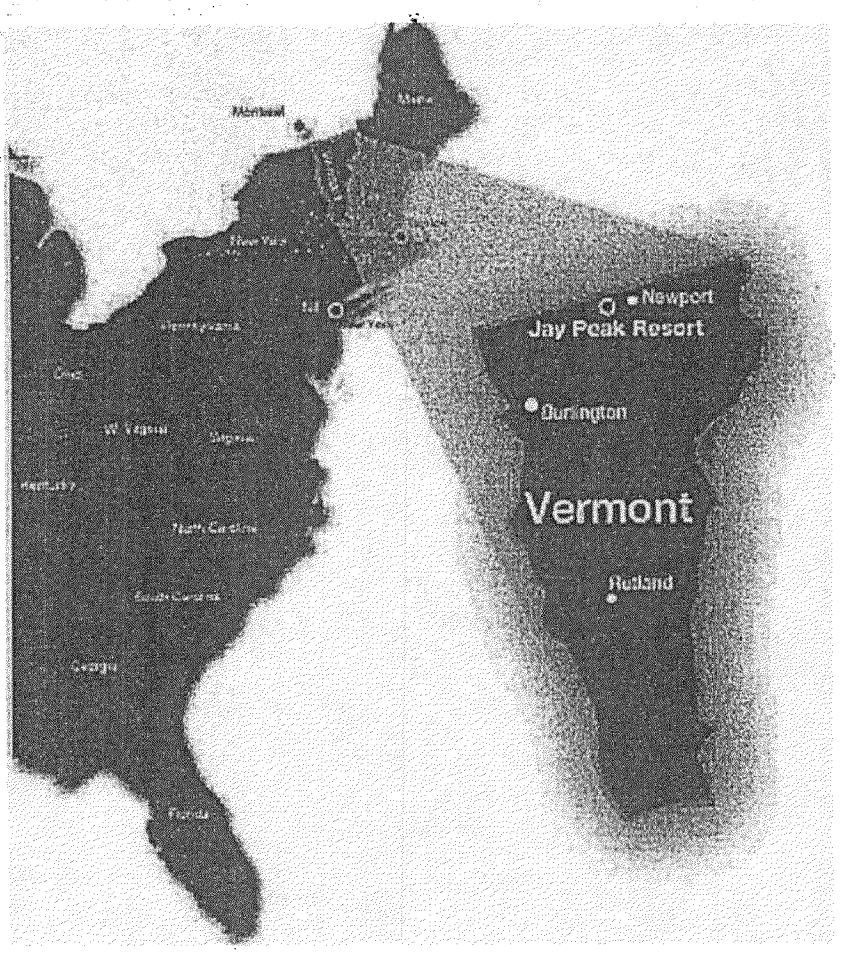
## LOCATION MAP OF JAY PEAK RESORT, STATE OF VERMONT




**END OF REPORT**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JAY PEAK
VERMONT

# JAY PEAK PENTHOUSE SUITES L.P.

## BUSINESS PLAN

## FINANCIAL DATA AND INCOME PROJECTIONS

PARTNERSHIP BUSINESS PLAN: SCHEDULE OF EXHIBITS

1. CAPITAL EXPENDITURE INTO THE PROJECT AND USE OF INVESTOR FUNDS:

2. SUMMARY OF:

   a) OVERALL PROJECT INCOME AND ACTIVITIES SUMMARY,
   b) PROJECTED REVENUES AND INCOME FROM PROJECT;
   c) PROJECTED VISITORS AND VISITOR SPENDING AT JAY PEAK RESORT

3. LIMITED PARTNERSHIP INCOME STATEMENT

4. FLOWCHART DEPICTING PARTNERSHIP BUSINESS OPERATIONS AND STRUCTURE

5. SUMMARY OF INPUT DATA APPLIED TO RIMS II MATRIX

   a) Year 1: Analysis of Capital Expenditure into Project: Breakdown of Time-Frame.
   b) Years 2 and 3: Summary of Visitor Spending generated by Project.

PROJECTIONS OF OPERATOR BUSINESS PLANS

6. PENTHOUSE HOTEL SUITES
   a) Assumptions applied; Room Rates, Seasonal Analysis, Occupancy, ADR
   b) Income projections and projected net earnings from accommodations
   c) Additional spending at Jay Peak Resort facilities
   d) Penthouse Suite Hotel Unit Analysis

7. MOUNTAIN LEARNING CENTER INCOME STATEMENT
   a) Analysis of Revenues and activities
      Winter Activities:
      Summer Activities

8. MOUNTAIN CAFÉ, BISTRO BAR: INCOME STATEMENT

JAY PEAK VERMONT

# JAY PEAK PENTHOUSE SUITES L.P.
## INVESTOR FUNDS SOURCE AND APPLICATION

| | | | | |
|---|---|---|---|---|
| Overall Summary | | | | Investors |
| Number of Project Investors | | | | 65 |
| Project Investment Funds from Investors | | | | $32,500,000 |
| Project Investment Funds from Jay Peak Inc. | | | | $5,000,000 |
| TOTAL PROJECT FUNDS | | | | $37,500,000 |
| ALL SUITE VIP PENTHOUSE SUITES | | | | |
| | | # Units | Sq ft | Cost sq ft. | Totals $ |
| POINT A | Hotels Penthouse Suites | 55 | 46000 | $353 | $16,468,000 |
| | (est. sq. ft. includes common areas) | | | | |
| | Fixtures & Fittings. | 55 | Unit Cost $39,500 | | $2,172,500 |
| | | | | | $18,640,500 |
| | Contractor Fee | 15% | | | $2,796,075 |
| | Contingency | 5% | | | $932,025 |
| | Sub-Total | | | | $22,368,600 |
| | Structural, Engineering, Utilities | | | | $1,450,000 |
| | Common Area Contribution | 55 | Unit Cost $65,000 | | $3,575,000 |
| | Total | | | | $27,393,600 |
| POINT B | Mountain Learning Center | | | | |
| | Operations Center and Store. | | 5000 | 350 | $1,750,000 |
| | Café, Bar Bistro and Takeaway incl. F & F | | 3000 | 375 | $1,125,000 |
| | Bicycles,Tools, Equipment , Tour Materials | | | | $875,000 |
| | Shooting Clays - Build and Equipment | | | | $675,000 |
| | Total | | | | $4,425,000 |
| | Project Sub-total | | | | $31,818,600 |
| | Working Capital | | | | $681,400 |
| INVESTOR PROJECT COST | | | | | $32,500,000 |
| FUNDS FROM JAY PEAK<br>MOUNTAIN BIKE AND TOUR TRAILS<br>INFRASTRUCTURE, COMMON AREAS AND PARKING | | | | $5,000,000 | $5,000,000 |
| TOTAL PROJECT COST | | | | | $37,500,000 |

Prepared by Douglas Hulme FCCA: Chartered Certified Accountant: Rapid USA Visas, Inc.:
data provided by W Stenger President and CEO Jay Peak Resort, Inc. 6-Jul-10

JAY PEAK
VERMONT

# A JAY PEAK EB-5 PROJECT
## JAY PEAK PENTHOUSE SUITES L.P.

*See Risk Factors*
*Forward looking Statements*

## PROJECTED STATEMENT OF INCOME FROM OPERATIONS
PENTHOUSE HOTEL, MOUNTAIN CAFE AND MOUNTAIN LEARNING BIKE, TOURS & CLAY CENTER

| YEAR OF OPERATION | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 6 | YEAR 7 | YEAR 8 | YEAR 9 | YEAR 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| FINANCED BY 65 EB-5 INVESTORS $32.5m | | | | | | | | | | |
| **REVENUES FROM BUSINESS OPERATIONS OF TENANTS** | | | | | | | | | | |
| PENTHOUSE HOTEL ACCOM. 55 Suites | $4,985,990 | $5,379,639 | $5,498,310 | $5,599,185 | $5,712,312 | $5,827,736 | $5,945,503 | $6,065,662 | $6,188,281 | $6,313,352 |
| *NET INCOME* | *$459,774* | *$486,382* | *$484,832* | *$523,012* | *$510,578* | *$547,291* | *$561,977* | *$525,639* | *$566,236* | *$607,650* |
| MOUNTAIN LEARNING CENTER | $5,332,500 | $5,759,100 | $5,874,282 | $5,991,768 | $6,111,603 | $6,233,835 | $6,358,512 | $6,485,682 | $6,615,396 | $6,747,704 |
| *NET INCOME* | *$263,657* | *$464,390* | *$562,145* | *$545,297* | *$554,151* | *$565,656* | *$577,688* | *$590,542* | *$604,130* | *$618,467* |
| MOUNTAIN BIKE BAR CAFE | $1,504,160 | $1,684,659 | $1,768,892 | $1,821,959 | $1,856,398 | $1,867,690 | $1,888,367 | $1,905,231 | $1,924,283 | $1,943,526 |
| *NET INCOME* | *$137,485* | *$188,160* | *$225,944* | *$249,044* | *$243,902* | *$246,353* | *$259,177* | *$280,050* | *$262,971* | *$287,941* |
| **GRAND TOTALS** | | | | | | | | | | |
| *OPERATOR TENANT REVENUES* | $11,822,650 | $12,823,398 | $13,131,484 | $13,412,912 | $13,682,313 | $13,929,261 | $14,190,382 | $14,456,574 | $14,727,940 | $15,004,581 |
| *NET PROJ. INCOME TO FACILITY OPERATOR(S)* | $854,916 | $1,138,932 | $1,272,721 | $1,317,353 | $1,308,812 | $1,359,200 | $1,392,843 | $1,376,230 | $1,433,337 | $1,494,058 |
| *ADD REVENUES FROM VISITOR SPENDING AT JAY PEAK RESORT BY OCCUPANTS OF HOTEL (SEE HOTEL PROJECTIONS ANALYSIS OF VISITOR SPENDING)* | | | | | | | | | | |
| *PROJECTED SPENDING* | $11,121,175 | $11,947,143 | $12,785,080 | $13,429,808 | $12,978,404 | $12,931,972 | $13,180,611 | $13,454,423 | $13,723,512 | $13,997,982 |
| *VISITOR SPENDING SUB-TOTAL* | $22,943,825 | $24,770,542 | $25,917,570 | $26,842,720 | $26,660,717 | $26,861,232 | $27,360,993 | $27,910,998 | $28,451,452 | $29,002,563 |
| *VISITORS* | | | | | | | | | | |
| *PENTHOUSE HOTEL* | 49,400 | 51,970 | 52,423 | 53,471 | 54,541 | 55,632 | 56,744 | 57,879 | 59,280 | 59,280 |
| *MTN LEARN CTR. - extra over hotel* | 40,910 | 41,925 | 43,602 | 45,346 | 47,160 | 49,046 | 51,008 | 51,008 | 51,008 | 51,008 |
| *MTN.CAFE GENERAL DAY -extra* | 34,975 | 35,675 | 36,388 | 37,116 | 37,858 | 37,858 | 37,858 | 37,858 | 37,858 | 39,716 |
| *TOTALS* | 124,685 | 129,470 | 132,413 | 135,934 | 139,559 | 142,536 | 145,611 | 146,745 | 148,146 | 150,004 |
| *AVERAGE VISITOR SPEND* | $95 | $96 | $99 | $99 | $96 | $98 | $97 | $99 | $96 | $100 |
| *ADDITIONAL DAY VISITORS TO RESORT (10%)* | 12,469 | 12,947 | 13,241 | 13,593 | 13,956 | 14,254 | 14,561 | 14,675 | 14,814 | 15,000 |
| *ADD TOTAL OTHER SPEND PROJECTED AT RESORT GENERATED FROM PENTHOUSE PROJECT* | | | | | | | | | | |
| *REVENUES - OTHER RESORT FACILITIES* | | | | | | | | | | |
| *RETAIL/TRADE SKI WEAR SKI BIKES ETC* | $1,870,316 | $1,945,128 | $1,984,031 | $2,023,711 | $2,064,186 | $2,105,469 | $2,147,578 | $2,190,530 | $2,234,341 | $2,279,028 |
| *BARS (night) & RESTAURANTS, SNACKS* | $1,995,003 | $2,200,985 | $2,251,024 | $2,310,870 | $2,372,505 | $2,425,112 | $2,476,370 | $2,491,669 | $2,518,397 | $2,550,068 |
| *SPA AND SALONS* | $513,600 | $580,944 | $546,199 | $556,103 | $567,225 | $578,570 | $590,141 | $601,944 | $616,618 | $616,512 |
| *CONFERENCES CONVENTION* | $750,000 | $825,000 | $850,250 | $899,583 | $955,041 | $1,002,793 | $1,052,932 | $1,105,579 | $1,160,858 | $1,218,901 |
| *WEDDING - FUNCTIONS (2 per week)* | $800,000 | $880,000 | $920,000 | $938,400 | $957,168 | $976,311 | $995,838 | $1,015,754 | $1,036,069 | $1,056,791 |
| *COMPETITIONS - golf - mtn.bikes* | $600,000 | $600,000 | $630,000 | $663,000 | $676,260 | $689,785 | $703,581 | $717,653 | $732,006 | $746,645 |
| *TOTALS* | $6,429,079 | $7,032,057 | $7,216,504 | $7,401,647 | $7,592,384 | $7,778,041 | $7,965,440 | $8,126,129 | $8,298,289 | $8,467,945 |
| *GRAND OVERALL TOTALS* | $29,372,904 | $31,802,599 | $32,134,074 | $33,244,366 | $33,253,101 | $34,639,273 | $35,346,142 | $35,036,127 | $36,749,741 | $37,470,508 |
| *Total Visitors* | 137,156 | 142,417 | 145,655 | 149,527 | 153,515 | 156,790 | 160,172 | 161,420 | 162,961 | 165,004 |
| *TOTAL AVERAGE VISITOR SPEND* | $214 | $223 | $223 | $222 | $221 | $221 | $221 | $223 | $226 | $227 |

**Report prepared by K Douglas Hulme FCCA, Chartered Certified Accountant: Rapid USA Visas, Inc. from data provided by W Stenger, President and CEO Jay Peak Resort, Inc.** **5-Jul-10**

JAY PEAK VERMONT

# JAY PEAK PENTHOUSE SUITES L.P. 65 INVESTORS $32,500,000
## PROJECTED STATEMENT OF PARTNERSHIP RENTAL INCOME
### PENTHOUSE HOTEL, AND MOUNTAIN BIKE AND TOURS CENTER WITH CAFE / BAR

| YEAR OF OPERATION | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 6 | YEAR 7 | YEAR 8 | YEAR 9 | YEAR 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| FINANCED BY 65 EB-5 INVESTORS $32.5m | | | | | | | | | | |
| REVENUES | | | | | | | | | | |
| CONCIERGE PENTHOUSE HOTEL - 55 Suites | | | | | | | | | | |
| *BASE RENTAL INCOME* | 1,095,744 | 1,117,659 | 1,140,012 | 1,162,812 | 1,186,069 | 1,209,790 | 1,233,986 | 1,258,665 | 1,283,839 | 1,309,516 |
| *PERCENTAGE RENT* | 195,256 | 210,876 | 215,094 | 219,396 | 223,784 | 228,259 | 232,824 | 237,481 | 242,231 | 247,075 |
| MOUNTAIN LEARNING CENTER - BIKE ETC | | | | | | | | | | |
| *BASE RENTAL INCOME* | 177,000 | 182,310 | 187,779 | 193,413 | 199,215 | 203,199 | 207,263 | 211,409 | 215,637 | 219,950 |
| *PERCENTAGE RENT* | 213,300 | 230,364 | 234,971 | 239,571 | 244,464 | 249,353 | 254,340 | 259,427 | 264,616 | 269,908 |
| MOUNTAIN CENTER CAFE | | | | | | | | | | |
| *BASE RENTAL INCOME* | 88,500 | 90,270 | 92,075 | 93,917 | 95,795 | 97,711 | 99,665 | 101,659 | 103,692 | 105,766 |
| *PERCENTAGE RENT* | 75,208 | 84,233 | 88,445 | 91,098 | 92,920 | 93,385 | 94,318 | 95,262 | 96,214 | 97,176 |
| SUMMARY | | | | | | | | | | |
| *BASE RENTAL INCOME* | 1,361,244 | 1,390,239 | 1,419,867 | 1,450,142 | 1,481,079 | 1,510,700 | 1,540,914 | 1,571,733 | 1,603,167 | 1,635,231 |
| *PERCENTAGE RENT* | 483,764 | 525,473 | 538,510 | 550,164 | 561,168 | 570,997 | 581,483 | 592,170 | 603,061 | 614,160 |
| *GROSS INCOME* | $1,845,008 | $1,915,712 | $1,958,376 | $2,000,306 | $2,042,246 | $2,081,698 | $2,122,398 | $2,163,902 | $2,206,228 | $2,249,390 |
| *LESS:* | | | | | | | | | | |
| *EXPENSES* | | | | | | | | | | |
| Management Fee | $184,501 | $191,571 | $195,838 | $200,031 | $204,225 | $208,170 | $212,240 | $216,390 | $220,623 | $224,939 |
| Insurance | $24,000 | $30,000 | $36,000 | $36,000 | $36,000 | $36,000 | $36,000 | $36,000 | $36,000 | $36,000 |
| Office Expenses | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 |
| *TOTAL EXPENSES* | $232,501 | $245,571 | $255,838 | $260,031 | $264,225 | $268,170 | $272,240 | $276,390 | $280,623 | $284,939 |
| *Expenses % Cost* | 12.60% | 12.82% | 13.06% | 13.00% | 12.94% | 12.88% | 12.83% | 12.77% | 12.72% | 12.67% |
| *PARTNERSHIP NET OPERATING INCOME* | $1,612,507 | $1,670,141 | $1,702,539 | $1,740,276 | $1,778,022 | $1,813,528 | $1,850,158 | $1,887,512 | $1,925,605 | $1,964,451 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *UNIT INVESTOR INCOME* | $24,808 | $25,694 | $26,193 | $26,773 | $27,354 | $27,900 | $28,464 | $29,039 | $29,625 | $30,222 |
| *Annual % Return on Investment* | 4.96% | 5.14% | 5.24% | 5.35% | 5.47% | 5.58% | 5.69% | 5.81% | 5.92% | 6.04% |

6-Jul-10

Report prepared by K Douglas Hulme FCCA: Chartered Certified Accountant: Rapid USA Visas, Inc. from data provided by W Stenger, President and CEO Jay Peak Resort, Inc.

JAY PEAK VERMONT

# JAY PEAK PENTHOUSE SUITES L.P. FLOWCHART: STRUCTURE OF BUSINESS OPERATIONS

**INVESTMENT FUNDS INTO PROJECT**

TOTAL $37.5 MILLION

$32.5 million – from 65 EB-5 investors at $500,000 per investor

$5 million from Jay Peak to provide infrastructure i.e mountain bike trails, lifts, roads, utilities parking, etc.

**PROJECT:**

LP BUILDS/OWNS PENTHOUSE SUITE HOTEL

COMPRISING 55 P/T HSE UNITS

LP BUILDS MLC & CAFE/BAR ON LAND OWNED

WHICH IS LEASED TO L.P. for 10 YRS RENT FREE

**JOB CREATION**

RIMS II MATRIX

Requisite jobs created by:

- Indirect jobs from Development Phase of Project (excludes all Direct Construction Jobs)
- Visitor spending at location generated by the Project

## JAY PEAK PENTHOUSE SUITES L.P.

- Develops and Builds real estate, namely Penthouse Suites Hotel and Mountain Learning Center both entities leased to third party tenants.
- LP Income source: Partnership acts as landlord and receives rents from tenants
- Lease rental income provides rental return of 4% p.a. to the partnership and in addition the LP will receive a % rental of tenant revenues to give a projected average return of up to 6% p.a. to partnership

LP builds and owns Concierge 5th floor on Hotel Phase II Building which contains 55 VIP Concierge suites to be leased to approved tenant

Develops and constructs Mountain Learning Center Jay Peak, Inc owns land, with 10 yr lease to L.P. Winter & Summer uses on income Statement

Includes construction of ancillary project – Mountain Café Restaurant & Bar

5th floor is leased out to pre-approved tenant who operates Concierge floor. Pays rental to partnership and tenant creates direct jobs.

Leased out to pre-approved tenant who operates. Pays rental to LP and tenant creates direct jobs

Leased out to approved tenant who operates. Pays rental to LP, and tenant creates direct jobs

**EXIT STRATEGY & RETURNS:**

JP RENTAL: ALL UNITS MUST BE IN RENTAL POOL

JAY PEAK INC HAS EXCLUSIVE RIGHT OF SALE

EB-5 Investors stay invested for minimum 5 years, upon removal of condition for all investors, the Penthouse Suites are restructured as condominium units, and further divided into fractional units which are allocated to Limited Partners, and held for resale to general public as appropriate to each partner's wishes. Jay Peak Inc. will continue to manage the units as part of its rental pool, and will act as exclusive selling agent for unit sales.

## JAY PEAK PENTHOUSE SUITES LLP
## SUMMARY OF DATA APPLIED FOR RIMS MATRIX ANALYSIS (2010 $)

### Development Phase Job Creation

| CAPITAL EXPENDITURE INTO PROJECT | BUILD | FURNISHINGS & FIXTURES FOR SUITES FIT OUT | OTHER | YEAR 1 Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
|---|---|---|---|---|---|---|---|
| HOTEL SUITES | $16,468,000 | | | $4,117,000 | $4,117,000 | $4,117,000 | $4,117,000 |
| | | $2,172,500 | | | | | $2,172,500 |
| CONTRACTOR SUPERVISION FEES | $2,796,075 | | | $699,019 | $699,019 | $699,019 | $699,019 |
| Structural Engineering, Utilities | $1,450,000 | | | $725,000 | $725,000 | | |
| MOUNTIAN | | F & F and EQUIPMENT | | | | | |
| LEARNING CENTER | $1,750,000 | | | | $583,333 | $583,333 | $583,333 |
| CAFÉ | $750,000 | | | | | $375,000 | $375,000 |
| CAFÉ | | $375,000 | | | | | $375,000 |
| BICYCLES, EQUIPMENT | | $875,000 | | | | | $875,000 |
| SHOOTING CLAYS | $500,000 | $175,000 | | | | $250,000 | $425,000 |
| MOUNTAIN BIKE AND TOUR TRAILS INFRASTRUCTURE, AND COMMON AREAS AND PARKING | $5,000,000 | | | $1,250,000 | $1,250,000 | $1,250,000 | $1,250,000 |
| SUB-TOTALS | | | | $6,791,019 | $7,374,352 | $7,274,352 | $10,871,852 |
| OTHER | | | | | | | |
| CONTINGENCY | | | $932,025 | | | | |
| LAND CONTRIBUTION | | | $3,575,000 | | | | |
| WORKING CAPITAL | | | $681,400 | | | | |
| TOTALS | $28,714,075 | $3,597,500 | [illegible] | | | | |
| GRAND TOTAL | | $32,311,575 | $37,500,000 | | | | $32,311,575 |
| | | | | | | Other | [illegible] |
| | | | | | | Check total | $37,500,000 |

### Location Phase Project Operations Job Creation

| SUMMARY OF VISITOR SPENDING GENERATED BY PROJECT | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 |
|---|---|---|---|---|
| | | | For information only | |
| PENTHOUSE SUITES HOTEL | | | | |
| Accomodations | $4,985,990 | $5,379,639 | $5,488,310 | $5,599,185 |
| MOUNTAIN LEARNING CENTER (MLC) | | | | |
| Recreation | $5,332,500 | $5,759,100 | $5,874,262 | $5,991,788 |
| Meals | $1,504,160 | $1,684,659 | $1,768,892 | $1,821,959 |
| | $6,836,660 | $7,443,759 | $7,643,174 | $7,813,727 |
| PENTHOUSE VISITORS RESORT SPENDING | | | | |
| Recreation | $5,668,650 | $6,129,552 | $6,252,143 | $6,377,188 |
| Meals | $5,452,525 | $5,817,591 | $5,932,943 | $6,052,622 |
| | $11,121,175 | $11,947,143 | $12,186,086 | $12,429,808 |
| OTHER RESORT SPENDING FROM MLC AND DAY VISITORS | | | | |
| RETAIL TRADE SKI WEAR SKI BIKES ETC | $1,870,316 | $1,945,128 | $1,984,031 | $2,023,711 |
| BARS (night) & RESTAURANTS (lunch) | $1,995,003 | $2,290,985 | $2,251,024 | $2,310,870 |
| SPA AND SALONS | $513,760 | $580,944 | $548,198 | $556,103 |
| CONFERENCES CONVENTIONS | $750,000 | $825,000 | $866,250 | $909,563 |
| WEDDINGS FUNCTIONS | $800,000 | $880,000 | $920,000 | $936,400 |
| COMPETITIONS - golf - mtn./bikes | $500,000 | $600,000 | $660,000 | $663,000 |
| | $6,429,079 | $7,032,057 | $7,216,504 | $7,401,642 |
| GRAND TOTALS | $29,372,904 | $31,892,699 | $32,634,074 | $33,244,368 |

Prepared by Douglas Hulme FCCA: Chartered Certified Accountant: Rapid USA Visas, Inc. data provided by W Stenger President and CEO Jay Peak Resort, Inc.

# HOTEL PENTHOUSE SUITES

Penthouse All Suite Hotel comprising 55 Units

## OPERATOR ASSUMPTIONS - SUITES AND OCCUPANCY

**See Important Note: Forward Looking Statements

### ASSUMPTIONS - AVERAGE DAILY RATE

| SUITES UNIT ANALYSIS | Max Occupancy per unit | Max Occupancy of units per day | Unit Numbers | Prime Time Room Rate | Per Day | High Season Room Rate | Per Day | Low Season Room Rate | Per Day | Totals |
|---|---|---|---|---|---|---|---|---|---|---|
| S-1 | 4 | 40 | 10 | $325.00 | $3,250.00 | $260.00 | $2,600.00 | $140.00 | $1,400.00 | |
| S-2 | 4 | 4 | [illegible] | $285.00 | $285.00 | $240.00 | $240.00 | $140.00 | $140.00 | |
| S-2L | 4 | 52 | 13 | $360.00 | $4,680.00 | $265.00 | $3,445.00 | $185.00 | $2,405.00 | |
| S-3 | 4 | 4 | [illegible] | $285.00 | $285.00 | $230.00 | $230.00 | $140.00 | $140.00 | |
| 1-1 | 4 | 40 | 10 | $475.00 | $4,750.00 | $425.00 | $4,250.00 | $250.00 | $2,500.00 | |
| 1-3 | 4 | 4 | [illegible] | $485.00 | $485.00 | $395.00 | $395.00 | $235.00 | $235.00 | |
| 1-5 | 4 | 16 | [illegible] | $525.00 | $2,100.00 | $425.00 | $1,700.00 | $250.00 | $1,000.00 | |
| 2-1 | 6 | 66 | [illegible] | $575.00 | $7,425.00 | $575.00 | $6,325.00 | $395.00 | $4,345.00 | |
| 3-1 | 6 | 18 | [illegible] | $750.00 | $2,250.00 | $625.00 | $1,875.00 | $450.00 | $1,350.00 | |
| 3-3 | 6 | 6 | [illegible] | $775.00 | $775.00 | $625.00 | $625.00 | $450.00 | $450.00 | |
| Totals | | 260 | 55 | | $26,285.00 | | $21,665.00 | | $13,965.00 | |
| Net Days Occupied (see Occupancy Table below) | | | | | 73 | | 69 | | 105 | 247 |
| Total Visitor Days | | | | | 18250 | | 17250 | | 26250 | 61750 |
| Room occupancy @ 60% for net visitor days | | | | | [illegible] | | [illegible] | | [illegible] | [illegible] |
| Gross Revenue Per Season Per Annum | | | | | $1,918,805 | | $1,496,265 | | $1,466,325 | $4,881,395 |
| Average Daily Rate Per Unit | | | | | | | | | | $359 |

### ASSUMPTIONS - OCCUPANCY

| OCCUPANCY RATE | HOTEL SUITES YEAR 1 | | | HOTEL SUITES YEAR 4 | | | HOTEL SUITES YEAR 10 | | |
|---|---|---|---|---|---|---|---|---|---|
| | DAYS AVAIL. # | PERCENT OCCUPIED % | DAYS OCCUPIED # | DAYS AVAIL. # | PERCENT OCCUPIED % | DAYS OCCUPIED # | DAYS AVAIL. # | PERCENT OCCUPIED % | DAYS OCCUPIED # |
| PRIME TIME | | | | | | | | | |
| CHRISTMAS & NEW YEAR | 8 | 100% | 8 | 8 | 100% | 8 | 8 | 100% | 8 |
| GEORGES WASHINGTON W/E | 5 | 90% | 5 | 5 | 90% | 5 | 5 | 80% | 5 |
| SCHOOL BREAK, QUEBEC | 5 | 85% | 4 | 5 | 85% | 4 | 5 | 85% | 4 |
| SCHOOL BREAK, ONTARIO | 5 | 100% | 5 | 5 | 100% | 5 | 5 | 100% | 5 |
| EASTER | 3 | 85% | 3 | 3 | 85% | 3 | 3 | 85% | 3 |
| WEEKEND,WINTER | 24 | 90% | 22 | 24 | 95% | 23 | 24 | 95% | 23 |
| WEEKEND,SUMMER | 20 | 90% | 18 | 20 | 95% | 19 | 20 | 95% | 19 |
| CONSTRUCTION HOLIDAY | 10 | 90% | 9 | 10 | 95% | 10 | 10 | 95% | 10 |
| | 80 | | 73 | 80 | | 76 | 80 | | 76 |
| OTHER PERIODS | | | | | | | | | |
| WEEKDAYS,WINTER | 45 | 65% | 29 | 45 | 75% | 34 | 45 | 80% | 36 |
| WEEKDAYS,SUMMER | 40 | 65% | 26 | 40 | 75% | 30 | 40 | 80% | 32 |
| FALL & SPRING DAYS | 20 | 65% | 13 | 20 | 75% | 15 | 20 | 75% | 15 |
| | 105 | | 69 | 105 | | 79 | 105 | | 83 |
| LOW OCCUPANCY PERIODS | 175 | 60% | 105 | 175 | 70% | 123 | 175 | 80% | 141 |
| CLEANING DAYS | 5 | | | 5 | | | 5 | | |
| TOTAL | 385 | 68% | 247 | 365 | 76% | 278 | 365 | 82% | 300 |

Note: Suites $ Rates also increased 1% p.a. Note: Suites $ Rates also inc. 3% p.a from Yr. 4

Report prepared by K Douglas Hulme FCCA, Chartered Certified Accountant; Rapid USA Visas, Inc. from data provided by W Stenger, President and CEO Jay Peak Resort, Inc.

JPI 002061

## OPERATOR PROJECTIONS PENTHOUSE SUITES

See Risk Factors; Forward Looking Statements

55 UNITS LEASED FROM JAY PEAK PENTHOUSE SUITES LP: LEASED COMPLETE WITH BUILD OUT INC. F & F's

PROSPECTIVE TENANTS POSSIBLE BUSINESS OPERATIONS AND PROJECTED STATEMENT OF INCOME AND EXPENSE BASED UPON USE OF PREMISES AND FACILITIES

| YEAR OF OPERATION | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 6 | YEAR 7 | YEAR 8 | YEAR 9 | YEAR 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | | | | |
| ROOMS | $4,881,395 | $5,271,907 | $5,377,345 | $5,484,892 | $5,594,589 | $5,706,481 | $5,820,611 | $5,937,023 | $6,055,764 | $6,176,879 |
| TELEPHONE | $104,595 | $107,733 | $110,865 | $114,294 | $117,723 | $121,254 | $124,892 | $128,639 | $132,498 | $136,473 |
| | $4,985,990 | $5,379,639 | $5,488,310 | $5,599,185 | $5,712,312 | $5,827,736 | $5,945,503 | $6,065,662 | $6,188,261 | $6,313,352 |
| GROSS REVENUES | $4,985,990 | $5,379,639 | $5,488,310 | $5,599,185 | $5,712,312 | $5,827,736 | $5,945,503 | $6,065,662 | $6,188,261 | $6,313,352 |
| VISITORS: Est Hotel Occupancy Schedule OCCUPANCY 44% ROOM DAYS 247 - 55 Suites | 49400 | 51870 | 52423 | 53471 | 54541 | 55632 | 56744 | 57879 | 59036 | 59280 |
| **DIRECT COSTS** | | | | | | | | | | |
| LABOR | $1,289,288 | $1,335,334 | $1,427,426 | $1,427,426 | $1,450,449 | $1,473,472 | $1,496,495 | $1,496,495 | $1,496,495 | $1,496,495 |
| OTHER VARIABLE EXPENSES | $732,209 | $790,786 | $806,602 | $822,734 | $839,188 | $855,972 | $873,092 | $890,553 | $908,365 | $925,532 |
| SUB-TOTAL | $2,021,497 | $2,126,120 | $2,234,028 | $2,250,160 | $2,289,637 | $2,329,444 | $2,369,587 | $2,387,048 | $2,404,860 | $2,423,027 |
| TELEPHONE | $83,676 | $86,186 | $88,772 | $91,435 | $94,178 | $97,003 | $99,914 | $102,911 | $105,998 | $109,178 |
| TOTAL DIRECT COSTS | $2,105,173 | $2,212,306 | $2,322,800 | $2,341,595 | $2,383,815 | $2,426,448 | $2,469,500 | $2,489,959 | $2,510,858 | $2,532,205 |
| EST. EMPLOYEES (FTE): Avg Wage $11/hr, $23,023 Inc. ECL | 110.36 | 68 | 62 | 62 | 61 | 62 | 62 | 62 | 62 | 62 |
| GROSS PROFIT | $2,880,817 | $3,167,333 | $3,165,510 | $3,257,590 | $3,328,497 | $3,401,288 | $3,476,003 | $3,575,703 | $3,677,403 | $3,781,147 |
| **INDIRECT COST & ADMIN. EXPENSES** | | | | | | | | | | |
| BASE RENT | $1,095,744 | $1,117,659 | $1,140,012 | $1,162,812 | $1,186,069 | $1,209,790 | $1,233,986 | $1,258,665 | $1,283,839 | $1,309,516 |
| PERCENTAGE RENT | $185,256 | $210,876 | $215,094 | $219,396 | $223,784 | $228,259 | $232,824 | $237,481 | $242,231 | $247,075 |
| ELECTRICITY & HEATING | $249,300 | $268,982 | $274,415 | $279,959 | $285,616 | $291,387 | $297,275 | $303,283 | $309,413 | $315,668 |
| MAINTENANCE & REPAIRS | $185,258 | $210,876 | $181,320 | $164,647 | $167,838 | $228,259 | $232,824 | $237,481 | $242,231 | $247,075 |
| MARKETING & PROMOTION | $488,140 | $632,629 | $645,281 | $658,187 | $671,351 | $684,778 | $698,473 | $712,443 | $726,692 | $741,226 |
| OTHER ADMINISTRATIVE COSTS | $97,628 | $105,438 | $107,547 | $109,698 | $111,892 | $114,130 | $116,412 | $118,740 | $121,115 | $123,538 |
| TOTAL COSTS | $2,321,326 | $2,546,460 | $2,563,670 | $2,594,699 | $2,646,548 | $2,756,603 | $2,817,794 | $2,868,093 | $2,926,520 | $2,984,098 |
| EBITDA | $559,494 | $620,873 | $621,840 | $662,992 | $681,949 | $644,685 | $664,207 | $707,609 | $751,884 | $797,050 |
| RESERVE FOR REPLACEMENT | $99,720 | $134,491 | $137,208 | $139,980 | $171,369 | $97,394 | $102,230 | $181,970 | $185,648 | $189,401 |
| NET OPERATING INCOME | $459,774 | $486,382 | $484,632 | $523,012 | $510,580 | $547,291 | $561,977 | $525,639 | $566,236 | $607,649 |
| | 9.22% | 9.04% | 8.83% | 9.34% | 8.94% | 9.39% | 9.45% | 8.67% | 9.15% | 9.62% |

ADDITIONAL SPENDING AT JAY PEAK RESORT FACILITIES ARISING FROM THE VISITORS TO THE PENTHOUSE SUITES PROJECT

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *Recreation and Attractions Revenues* | | | | | | | | | | |
| *Lift Passes* | $2,312,400 | $2,340,573 | $2,347,381 | $2,435,131 | $2,473,854 | $2,513,610 | $2,554,131 | $2,595,054 | $2,636,567 | $2,712,353 |
| *Ski Rental* | $731,000 | $770,570 | $798,253 | $801,774 | $817,892 | $835,166 | $850,849 | $867,966 | $885,223 | $902,928 |
| *Ski School* | $484,000 | $513,760 | $524,035 | $534,516 | $545,208 | $556,110 | $567,233 | $578,577 | $590,149 | $601,952 |
| *WaterPark* | $984,300 | $993,960 | $917,082 | $935,403 | $954,111 | $973,193 | $992,657 | $1,012,510 | $1,032,760 | $1,053,416 |
| *Ice Arena* | $433,250 | $440,140 | $458,531 | $467,701 | $477,055 | $486,597 | $496,328 | $506,255 | $516,380 | $526,708 |
| *Golf Course* | $984,500 | $999,060 | $917,082 | $935,403 | $954,111 | $973,193 | $992,657 | $1,012,510 | $1,032,760 | $1,053,416 |
| *Total Revenues: Rec/Attr* | $5,929,450 | $5,957,573 | $5,962,364 | $6,109,928 | $6,222,231 | $6,337,869 | $6,454,855 | $6,573,372 | $6,694,439 | $6,817,773 |
| *Meals Revenues* | | | | | | | | | | |
| *Breakfasts* | $1,086,800 | $1,130,272 | $1,152,877 | $1,175,935 | $1,199,454 | $1,223,443 | $1,247,912 | $1,272,870 | $1,298,327 | $1,324,294 |
| *Lunch* | $815,100 | $847,704 | $864,658 | $881,951 | $899,590 | $917,582 | $935,934 | $954,652 | $973,745 | $993,220 |
| *Dinner* | $2,470,000 | $2,568,800 | $2,620,176 | $2,672,580 | $2,726,031 | $2,780,552 | $2,836,163 | $2,892,886 | $2,950,744 | $3,009,759 |
| *Golf/Clubhouse/Nordic Center Bars/Rest.* | $1,080,000 | $1,123,200 | $1,145,377 | $1,168,254 | $1,192,829 | $1,216,491 | $1,240,831 | $1,265,638 | $1,290,950 | $1,316,769 |
| *Total Revenues: Meals* | $5,451,900 | $5,670,000 | $5,783,088 | $5,898,720 | $6,017,904 | $6,138,068 | $6,260,840 | $6,386,046 | $6,513,766 | $6,644,042 |
| *GRAND TOTAL: REVENUES* | $11,171,175 | $11,543,298 | $11,774,164 | $12,009,647 | $12,249,348 | $12,494,337 | $12,744,724 | $12,999,623 | $13,259,821 | $13,524,811 |

Report prepared by R Douglas Hulme FCCA; Chartered Certified Accountants Rapid USA Visas, Inc from data provided by W Stenger, President and CEO Jay Peak Resort, Inc.

6-JE-10

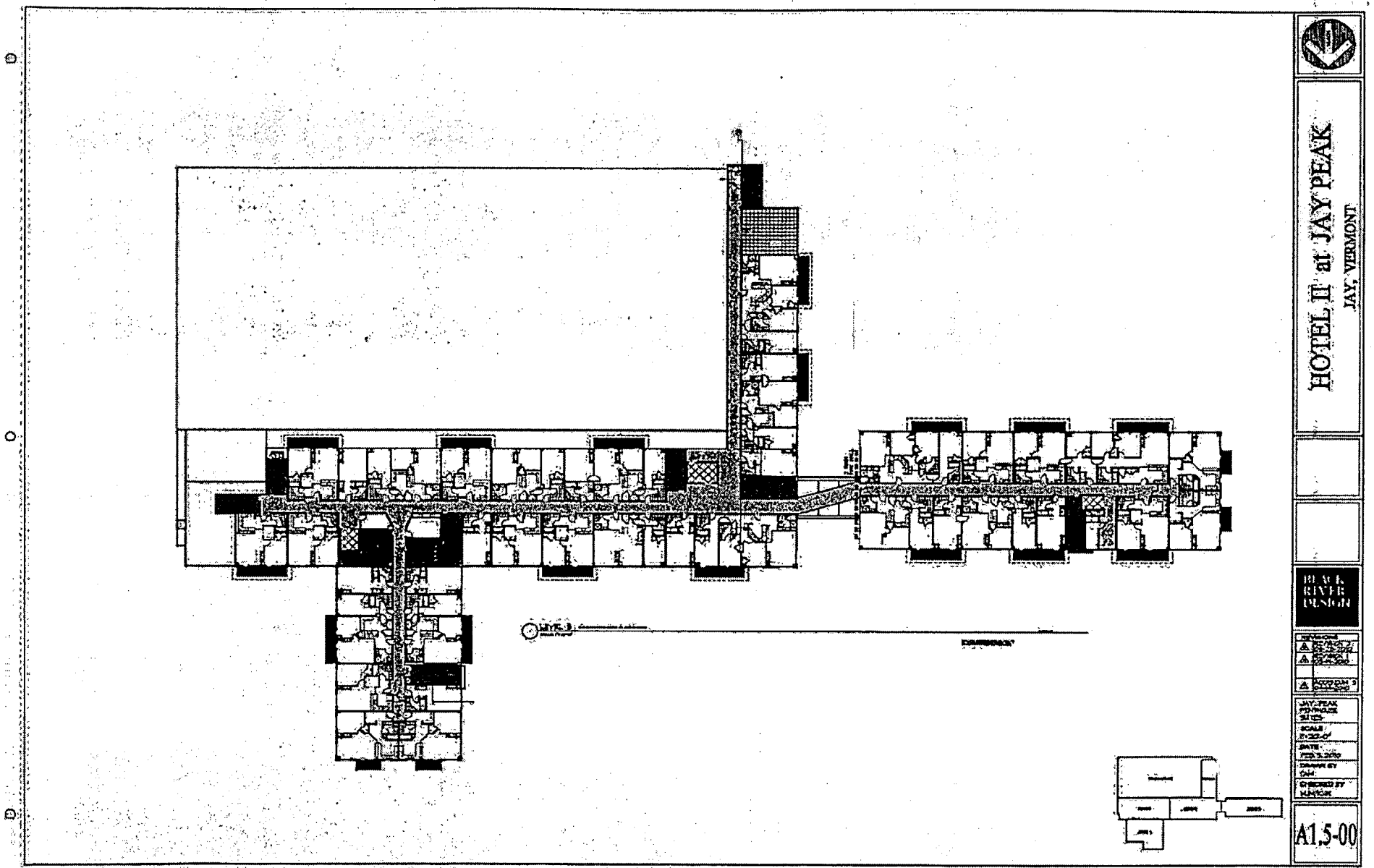
JPI 002062

**Jay Peak Penthouse Suites L.P. : Unit Analysis**
**Unit Types & Bed & Pillow Counts**

Date: 7 July 2010

| UNIT TYPE | UNIT DESCRIPTION | Number of Units | AREA OF UNIT (square feet) (Net Area) | BEDS IN UNIT'S LIVING AREA: King (1 pillow) | Queen (2 pillows) | Sofa (Queen) (2 pillows) | Murphy (Queen) (2 pillows) | Bunk (Twin) (2 pillows) | Twin (1 pillow) | BEDS IN BEDROOM 1: King (2 pillows) | Queen (2 pillows) | Sofa (Queen) (2 pillows) | Murphy (Queen) (2 pillows) | Bunk (Twin) (1 pillow) | Twin (1 pillow) | BEDS IN BEDROOM 2: King (2 pillows) | Queen (2 pillows) | Sofa (Queen) (2 pillows) | Murphy (Queen) (2 pillows) | Bunk (Twin) (1 pillow) | Twin (1 pillow) | BEDS IN BEDROOM 3: King (2 pillows) | Queen (2 pillows) | Sofa (Queen) (2 pillows) | Murphy (Queen) (2 pillows) | Bunk (Twin) (1 pillow) | Twin (1 pillow) | MAXIMUM PILLOW COUNT PER UNIT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| S-1 | Studio | 10 | 400 | 1 | | | | | | Not Applicable | | | | | | Not Applicable | | | | | | Not Applicable | | | | | | 2 |
| | | | | | | | | | | (See Note 7) | | | | | | | | | | | | | | | | | | |
| S-2<br>S-2U | Studio | 4<br>13 | 400<br>440 | 1 | | | | | | Not Applicable | | | | | | Not Applicable | | | | | | Not Applicable | | | | | | 2 |
| S-3 | Studio | 1 | 430 | 1 | | | | | | Not Applicable | | | | | | Not Applicable | | | | | | Not Applicable | | | | | | 2 |
| 1-1 | 1-Bedroom | 10 | 700 | | | | | | | Not Applicable | | | | | | Not Applicable | | | | | | Not Applicable | | | | | | 4 |
| 1-2 | 1-Bedroom | 4 | 740 | | | | | | | Not Applicable | | | | | | Not Applicable | | | | | | Not Applicable | | | | | | 4 |
| 1-3 | 1-Bedroom | 4 | 789 | | | | | | | | | | | | | | | | | | | | | | | | | 4 |
| 2-1 | 2-Bedroom | 1 | 1774 | | | | | | | | | | | | | | | | | | | Not Applicable | | | | | | 7 |
| 3-1 | 3-Bedroom | 1 | 1615 | | | | | | | | | | | | | | | | | | | | | | | | | 7 |
| 3-2 | 3-Bedroom Presidential Suite | 1 | 1448 | | | | | | | | | | | | | | | | | | | | | | | | | 7 |

* Data provided by W Stenger President and CEO Jay Peak Resort, Inc.


HOTEL II at JAY PEAK
JAY, VERMONT
BLACK RIVER DESIGN
A1.5-00

# MOUNTAIN LEARNING CENTER INC.
## MOUNTAIN BIKE, OUTDOOR RECREATION, TOURS AND SHOOTING CLAYS CENTER
### PROJECTED STATEMENT OF INCOME

* See Risk Factors  Forward Looking Statements

| YEAR OF OPERATIONS | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 6 | YEAR 7 | YEAR 8 | YEAR 9 | YEAR 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| REVENUES (see analysis below) | $5,332,500 | $5,759,100 | $5,874,282 | $5,991,768 | $6,111,603 | $6,233,835 | $6,358,512 | $6,485,682 | $6,615,395 | $6,747,704 |
| Labor | $1,053,906 | $1,154,278 | $1,204,464 | $1,254,650 | $1,279,743 | $1,304,836 | $1,329,929 | $1,355,022 | $1,380,115 | $1,405,208 |
| Purchases and Direct costs | $2,140,688 | $2,015,685 | $2,055,999 | $2,097,119 | $2,139,061 | $2,181,842 | $2,225,479 | $2,269,989 | $2,315,388 | $2,361,696 |
| EMPLOYEES (FTE) | 42 | 46 | 48 | 50 | 51 | 52 | 53 | 54 | 55 | 56 |
| (Avg. Wage $20930) | | | | | | | | | | |
| Other Variable Expenses | $533,250 | $575,910 | $587,428 | $599,177 | $611,160 | $623,384 | $635,851 | $648,566 | $661,540 | $674,770 |
| SUB-TOTAL | $3,727,844 | $3,745,873 | $3,847,891 | $3,950,945 | $4,029,964 | $4,110,062 | $4,191,259 | $4,273,579 | $4,357,043 | $4,441,675 |
| GROSS PROFIT | $1,604,657 | $2,013,227 | $2,026,391 | $2,040,822 | $2,081,639 | $2,123,773 | $2,167,252 | $2,212,103 | $2,258,353 | $2,306,029 |
| INDIRECT COSTS | | | | | | | | | | |
| Overheads | | | | | | | | | | |
| BASE RENT | $177,000 | $182,310 | $187,779 | $193,413 | $199,215 | $203,199 | $207,263 | $211,409 | $215,637 | $219,950 |
| PERCENTAGE RENT | $213,300 | $230,364 | $234,971 | $239,671 | $244,464 | $249,353 | $254,340 | $259,427 | $264,616 | $269,908 |
| Utilities | $67,500 | $69,525 | $71,611 | $73,759 | $75,972 | $78,251 | $80,599 | $83,016 | $85,507 | $88,072 |
| Prop Taxes | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Marketing | $213,300 | $345,546 | $234,971 | $239,671 | $244,464 | $249,353 | $254,340 | $259,427 | $264,616 | $269,908 |
| Insurance incl. liab | $30,000 | $30,000 | $30,000 | $30,000 | $30,000 | $30,000 | $30,000 | $30,000 | $30,000 | $30,000 |
| Eqip Maint and replace | $373,275 | $403,137 | $411,200 | $419,424 | $427,812 | $436,368 | $445,096 | $453,998 | $463,078 | $472,339 |
| Other Admin Costs | $266,625 | $287,955 | $293,714 | $299,588 | $305,580 | $311,692 | $317,926 | $324,284 | $330,770 | $337,385 |
| TOTAL | $1,341,000 | $1,548,837 | $1,464,246 | $1,495,525 | $1,527,508 | $1,558,217 | $1,589,564 | $1,621,561 | $1,654,223 | $1,687,562 |
| TOTAL COSTS | $5,068,844 | $5,294,710 | $5,312,137 | $5,446,471 | $5,557,472 | $5,668,279 | $5,780,824 | $5,895,140 | $6,011,266 | $6,129,237 |
| PROJECTED NET INCOME | $263,657 | $464,390 | $562,145 | $545,297 | $554,131 | $565,556 | $577,688 | $590,542 | $604,130 | $618,467 |

REVENUE BREAKDOWN ANALYSIS

Gross Revenues - Year 1 [illegible] $5,332,500

| | Rate/Day | [illegible] | Usage % | [illegible] | TOTALS |
|---|---|---|---|---|---|
| TUBES/SLEDGES Rentals | [illegible] | [illegible] | 65% | [illegible] | $682,500 |
| Accessories | [illegible] | [illegible] | 65% | [illegible] | $292,500 |
| Lift Tickets | [illegible] | [illegible] | 65% | [illegible] | $682,500 |
| Nordic Ski School | [illegible] | [illegible] | 65% | [illegible] | $190,000 |
| Nordic Ski Rental | [illegible] | [illegible] | 65% | [illegible] | $244,750 |
| Accessories | [illegible] | [illegible] | 65% | [illegible] | $146,250 |
| MTN BIKES Rental | [illegible] | [illegible] | 65% | [illegible] | $780,000 |
| Accessories | [illegible] | [illegible] | 65% | [illegible] | $390,000 |
| Lift Tickets | [illegible] | [illegible] | 65% | [illegible] | $487,500 |
| Tours, Hiking, Nature | [illegible] | [illegible] | 50% | [illegible] | $450,000 |
| Shooting Clays Rentals | [illegible] | [illegible] | 50% | [illegible] | $187,500 |
| SUB-TOTAL | | | | [illegible] | $4,732,500 |
| Product Sales | | | | | $600,000 |
| TOTALS | | | | [illegible] | $5,332,500 |

Report prepared by Rapid USA Visas, Inc. Naples FL : K Douglas Hulme FCCA Tel: 239.594.5400

Data Provided by W Stenger CEO Jay Peak Resort, Inc.

6/7/2010

# OPERATOR PROJECTED INCOME STATEMENT
## MOUNTAIN CAFE BISTRO BAR
## STATEMENT OF INCOME

| YEAR OF OPERATIONS | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 6 | YEAR 7 | YEAR 8 | YEAR 9 | YEAR 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| REVENUES (see analysis below) | $1,504,160 | $1,684,659 | $1,768,892 | $1,821,959 | $1,858,398 | $1,867,690 | $1,888,367 | $1,905,231 | $1,924,283 | $1,943,526 |
| Labor | $468,970 | $489,360 | $489,360 | $489,360 | $509,750 | $509,750 | $509,750 | $509,750 | $509,750 | $509,750 |
| Food & Beverage | $526,456 | $589,631 | $619,112 | $637,686 | $650,439 | $653,692 | $660,228 | $666,831 | $673,499 | $680,234 |
| EMPLOYEES (FTE) | 23 | 24 | 24 | 24 | 25 | 25 | 25 | 25 | 25 | 25 |
| (Avg Wage$10 p/h $20930 incl EC) | | | | | | | | | | |
| Other Variable Expenses | $120,333 | $134,773 | $141,511 | $145,757 | $148,672 | $149,415 | $150,909 | $152,418 | $153,943 | $155,482 |
| GROSS COSTS | $1,115,759 | $1,213,763 | $1,249,984 | $1,272,802 | $1,308,861 | $1,312,857 | $1,320,888 | $1,328,999 | $1,337,192 | $1,345,466 |
| GROSS PROFIT | $388,401 | $470,896 | $518,909 | $549,157 | $549,537 | $554,833 | $565,479 | $576,231 | $587,091 | $598,060 |
| INDIRECT COSTS | | | | | | | | | | |
| Overheads | | | | | | | | | | |
| BASE RENT | $88,500 | $90,270 | $92,075 | $93,917 | $95,795 | $97,711 | $99,665 | $101,659 | $103,692 | $105,766 |
| PERCENTAGE RENT | $75,208 | $84,233 | $88,445 | $91,098 | $92,920 | $93,385 | $94,318 | $95,262 | $96,214 | $97,176 |
| Utilities | $60,166 | $67,386 | $70,756 | $72,878 | $74,336 | $74,708 | $75,455 | $76,209 | $76,971 | $77,741 |
| Prop Taxes | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Insurance | $18,000 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 | $24,000 | $28,000 | $30,000 |
| Other Costs | $15,042 | $16,847 | $17,689 | $18,220 | $18,584 | $18,677 | $18,864 | $19,052 | $19,243 | $19,435 |
| TOTAL | $256,916 | $282,736 | $292,965 | $300,113 | $305,635 | $308,480 | $312,302 | $316,182 | $324,120 | $330,118 |
| TOTAL COSTS | $1,372,675 | $1,496,499 | $1,542,948 | $1,572,915 | $1,614,496 | $1,621,337 | $1,633,190 | $1,645,181 | $1,661,312 | $1,675,584 |
| PROJECTED NET INCOME | $131,485 | $188,160 | $225,944 | $249,044 | $243,902 | $246,353 | $253,177 | $260,050 | $262,971 | $267,941 |
| | 8.74% | 11.17% | 12.77% | 13.67% | 13.12% | 13.19% | 13.42% | 13.65% | 13.87% | 13.79% |

REVENUE BREAKDOWN ANALYSIS

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Capacity 120 Persons | 247 days | 240 meals per day | $12 spend | $711,360 | | | | MISC OPS | $59280 |
| | | Bar | $10 spend | $592,800 | | | | | |
| | Bistro Fast Food Grill | | Bar | Shop | Vending | | | Misc. | Total |
| Gross Revenues - Year 1 | | $711,360 | $592,800 | $50,000 | $50,000 | | | $100,000 | $1,504,160 |

Report prepared by Rapid USA Vises, Inc. Naples FL : K Douglas Hulme FCCA Tel: 239.694.5400 6/7/2010

Data Provided by W Stenger CEO Jay Peak Resort, Inc.

JPI 002066

JAY PEAK
VERMONT

# Section 3

# Limited Partnership Agreement

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# PARTNERSHIP AGREEMENT OF JAY PEAK PENTHOUSE SUITES L.P.
# A VERMONT LIMITED PARTNERSHIP

The parties to this Agreement of Limited Partnership of **JAY PEAK PENTHOUSE SUITES. L.P.** are:

**Jay Peak GP Services Inc.**, a Vermont corporation with its principal place of business at 4850 VT Route 242, Jay, Vermont 05859-9621, in its respective capacities as the General Partner and the Initial Limited Partner. As additional persons invest in the Partnership, and take such steps as are required hereunder and under the subscription agreements contained in the Confidential Memorandum (as defined in section 2.06(f)) to become Limited Partners, such additional Limited Partners shall become parties to this Agreement and shall be legally bound by the terms and conditions herein.

## Recitals

**WHEREAS**, the parties desire to form a limited partnership to (i) acquire the applicable development and declarant rights from Jay Peak Hotel Suites Phase II L.P., a Vermont Limited Partnership, to construct, fit up, furnish, own and lease out an additional floor that will include a penthouse suites hotel (the "Penthouse Suites Hotel"), to be located on the top floor of a building being constructed by Jay Peak Hotel Suites Phase II L.P. at the Jay Peak Resort in Jay, Vermont (the "Resort"), which Resort is owned by Jay Peak Inc. (the "Resort Owner"), and which Penthouse Suites Hotel will be leased to and operated as a full service suites hotel and concierge services by a tenant to be approved by the Partnership; and to (ii) construct in one or more buildings (collectively the "Mountain Learning Center Buildings") on land owned by the Resort Owner at the Resort a mountain bike and other activities learning center and restaurant, to be leased back from the Resort Owner for nominal consideration and then subleased to a tenant to be approved by the Partnership that will operate all the activities in and related to the Mountain Learning Center Buildings; and

**WHEREAS**, the parties expect to raise substantial funds from, among other investors, persons who are not United States' citizens or lawful permanent residents of the United States and who desire to become limited partners in the Partnership, and this Partnership may enable such investors to become eligible for admission to the United States of America as lawful permanent residents with their spouses and unmarried, minor children; and

**WHEREAS**, this Agreement sets forth the terms and provisions of the Partnership;

**NOW THEREFORE**, in consideration of the foregoing, of the mutual promises of the parties hereto, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending legally to be bound, hereby agree as follows:

## ARTICLE I - Definitions and Rules of Construction

**Section 1.01. Definitions.**

The following additional defined terms used in this Agreement shall have the meanings specified below:

"Accountants" - _____, or such other firm of independent certified public accountants selected by the General Partner that is reasonably acceptable to the Limited Partner.

"Act" - the Vermont Revised Uniform Limited Partnership Act (11 V.S.A. ch. 23) and any corresponding provision or provisions of succeeding law, as it or they may be amended from time to time.

"Adjusted Capital Account Deficit" - with respect to any Partner, the deficit balance, if any, in the Partner's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(i) credit to such Capital Account any amounts that such Partner is obligated to restore pursuant to any provision of this Agreement, is otherwise treated as being obligated to restore under Treasury Regulation Section 1.704-1 (b)(2)(ii)(c), or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation Sections 1.704-2(g) and 1.704-2(i)(5); and

(ii) debit to such Capital Account the items described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5), and (6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulation Section 1.704-1 (b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjusted Capital Contribution" - with respect to each Partner, the aggregate capital contributed to the Partnership by such Partner reduced, from time to time, (i) by any return of a Capital Contribution made pursuant to the Agreement, and (ii) by the aggregate distributions of Net Proceeds from a Capital Transaction made to such Partner pursuant to the Agreement.

"Admission Date" - the date on which a Limited Partner is admitted to the Partnership, which shall be deemed to be the date of payment by the Limited Partner of its Capital Contribution, which except for the Initial Limited Partner shall be the date each Limited Partner's Capital Contribution is received by the Partnership, thereafter confirmed with a limited partnership certificate (or other evidence of ownership) being issued to the Limited Partner.

"Affiliate" - as to the General Partner, any Person who directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control of the General Partner, including but not limited to the Resort Owner.

"Agreement" - this Agreement of Limited Partnership, including the Recitals and all of the exhibits attached hereto and made a part hereof, as amended and in effect from time to time.

"Available Cash Flow" - funds provided from operation of the Partnership, without deductions for payments made to service Secured Debt and for depreciation, but after deducting funds used to pay all expenses and other debts of the Partnership, including administrative operational expenses, debt payments other than Secured Debt, capital improvements and less the amount set aside by the General Partner, in the exercise of its sole discretion, for reserves.

"Buildings" – the improvements to be constructed by the Partnership on the Partnership Property or Resort Land that will include the Penthouse Suites Hotel on the top floor of the Jay Peak Hotel Suites Phase II Hotel Building, mountain bike and activities center and a mountainside restaurant.

"Capital Account" - the capital account maintained by the Partnership for each Partner, determined in accordance with Section 7.01.

"Capital Contribution" - the total amount of cash or any cash equivalents or property (net of liabilities and commitments secured by such contributed property that the Partnership may have assumed) contributed or agreed to be contributed to the Partnership by each Partner, including all adjustments thereto, as provided in this Agreement.

"Capital Transaction" - the sale or other disposition of all or substantially all of the Partnership Property in a single transaction or a series of related transactions, other than the initial intended conveyance to Resort Owner of the Resort Owner Units.

"Certificate" - the certificate of limited partnership for the Partnership, as it may be amended from time to time, that is prepared and filed in accordance with the Act.

"Code" - the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.

"Condominium Regime" – the condominium project at the Resort developed by Jay Peak Hotel Suites Phase II L.P. as the Declarant and ultimately comprising the following condominium units: the Penthouse Suites Hotel, the Resort Owner Units, the Phase II Hotel Unit and the Water Park Unit (collectively, the "Condominium Units"), together with common elements and limited common elements, as more specifically described in the Declaration of Condominium, as amended.

"Consent of the General Partner" - the written consent or approval of the General Partner, which shall be obtained prior to the taking of any action for which it is required hereunder; if there is more than one General Partner, "Consent of the General Partner" shall require the affirmative consent of General Partners holding at least a majority of the aggregate Interests of the General Partners.

"Consent of the Limited Partner" - the written consent or approval of the Limited Partner, which shall be obtained prior to the taking of any action for which it is required hereunder; if there is more than one Limited Partner, "Consent of the Limited Partner" shall require the affirmative consent of sixty-six and two-thirds percent (66.67%) of the Limited Partners authorized to vote.

"Declarant" –Jay Peak Hotel Suites Phase II L.P., a Vermont limited partnership with its principal place of business in Jay, Vermont, and whose development and declarant rights to add Condominium Units to the Condominium Regime as Declarant will be assigned to Jay Peak Penthouse Suites L.P., as will be set forth more specifically in the Declaration of Condominium.

"Declaration of Condominium" – the legal document that will govern the operation of the Condominium Regime, to be finalized and recorded in the Land Records of the Town of Jay, Vermont once the Condominium Units are substantially completed.

"Environmental Hazard" - any hazardous or toxic substance, waste or material, or any other substance, pollutant, or condition that poses a risk to human health or the environment, including, but not limited to: (a) any "hazardous substance" as that term is defined under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq. as amended, (b) petroleum in any form, lead-based paint, asbestos, urea formaldehyde insulation,

methane gas, polychlorinated biphenyls ("PCB's"), radon, or lead in drinking water, except for ordinary and necessary quantities of office supplies, cleaning materials and pest and insect control supplies stored in a safe and lawful manner and petroleum products contained in motor vehicles or otherwise properly stored; (c) any underground storage tanks not properly registered with the appropriate government agencies; or (d) accumulations of debris, mining spoil or spent batteries, except for ordinary trash and garbage stored in receptacles for regular removal.

"Event of Bankruptcy" - with respect to any Person,

(1) the entry of a decree or order for relief by a court having jurisdiction in respect of such Person in an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days;

(2) the commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for such person or for any substantial part of its property, or the making by such Person of any assignment for the benefit of creditors, or the taking of action by such Person in furtherance of any of the foregoing;

(3) the commencement against such Person of an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy insolvency or similar laws which has not been vacated, discharged or bonded within sixty (60) consecutive days;

(4) the admission by such Person of its inability to pay its debts as they become due; or

(5) such Person becoming "insolvent" by the taking of any action or the making of any transfer or otherwise, as insolvency is or may be defined pursuant to federal bankruptcy laws, the Uniform Fraudulent Transfer Act, any state or federal act or law, or the ruling of any court.

"Event of Default" - as set forth in Section 9.02(b).

"Final Determination" - with respect to any issue, the earliest to occur of (a) a decision, judgment, decree, or other order being issued by any court of competent jurisdiction, which decision, judgment, decree, or other order has become final (i.e., all allowable appeals filed by the parties to the action have been exhausted or the time for such appeals has expired); (b) the IRS having entered into a binding agreement with the Partnership or having reached a final administrative or judicial determination which, whether by law or agreement, is not subject to appeal; or (c) the expiration of the applicable statute of limitations.

"Fiscal Year" - the calendar year or such other year that the Partnership is required by the Code to use as its taxable year.

"Gain" - the income and gain of the Partnership for federal income tax purposes arising from a sale or other disposition of all or any portion of the Partnership Property.

"General Partner" - Jay Peak GP Services Inc. and any additional or substitute general partners of the Partnership named in any duly adopted amendment to this Agreement; if there is more than one general partner, "General Partner" shall refer collectively to all such general partners and

their successors.

"Initial Limited Partner" – Jay Peak GP Services Inc.

"Interest" - as to any Partner, the Partner's right, title, and interest in the Partnership, including any and all assets, distributions, losses, profits and shares of the Partnership, whether cash or otherwise, and any other interests and economic incidents of ownership whatsoever of such Partner in the Partnership.

"IRS" - the Internal Revenue Service of the United States of America.

"Leases" – collectively, the Penthouse Lease, the Mountain Center Lease and the Mountain Center Sublease.

"Limited Partner" - Jay Peak GP Services Inc., as the Initial Limited Partner, and any additional or substitute limited partner or partners of the Partnership as provided herein, in each such person's capacity as a limited partner. If there is more than one limited partner, "Limited Partner" or "Limited Partners" shall refer collectively to all such limited partners. In no event, however, shall there be more than sixty five (65) Limited Partners at any one time who are also Qualified Investors (as defined in Section 2.06(a)), unless the General Partner in its sole discretion determines that the Project can support additional Qualified Investors, in which case the General Partner may amend this Agreement to allow for additional Limited Partners who are Qualified Investors. If the Resort Owner must advance funds to complete the Project, this Agreement will be modified by the General Partner if necessary to reflect that the Resort Owner will be given a Limited Partnership Interest in a separate Class B and also become a Limited Partner (see "Resort Owner Interests").

"Limited Partnership Interest" - "Interest" or "Limited Partnership Interest" or "Partner Interest" means the ownership interest of a Partner in the Partnership at any particular time including the right of such Partner to any and all benefits to which such Partner may be entitled as provided in the Agreement and under the Act, together with the obligations of such Partner to comply with all the terms and provisions of the Agreement and Act.

"Loss" - the loss of the Partnership for federal income tax purposes arising from a sale or other disposition of all or any portion of the Partnership Property. If the value at which an asset is carried on the books of the Partnership pursuant to the capital account maintenance rules of Treasury Regulation Section 1.704-1(b) differs from its adjusted tax basis and loss is recognized from a disposition of such asset, the loss shall be computed by reference to the asset's book basis rather than its adjusted tax basis.

"Mountain Center Lease" – the commercial lease by and between the Resort Owner as landlord and the Partnership as tenant, by which the Partnership is granted the right to sublease the Mountain Learning Center Buildings to one or more tenants approved by the Partnership.

"Mountain Center Sublease" – collectively, the commercial sublease(s) by and between the Partnership as landlord and one or more tenants to be approved by the Partnership, by which the Partnership grants the approved tenant(s) the right to occupy and operate the Mountain Learning Center Buildings and run any associated activities, subject to certain requirements of the tenant(s) to cooperate and comply with the Partnership's requests to document certain employment, wage, revenue and other reports needed by the Partnership to comply with its reporting requirements in connection with the IN Act and EB-5 Program, as those terms are defined in Section 2.06(f).

"Net Cash Flow" - the amount, determined for any Fiscal Year or portion thereof, equal to the excess, if any, of Cash Flow over the sum of the amounts payable from Cash Flow in such year described in Section 8.01.

"Net Loss" – the net loss of the Partnership for federal income tax purposes for each Fiscal Year.

"Net Profit" - the taxable income of the Partnership for federal income tax purposes for each Fiscal Year.

"Notice" - a writing containing the information required by this Agreement and sent by registered or certified mail, postage prepaid, return receipt requested, or sent by commercial delivery service, by hand delivery, or by telecopy, paid for by the sender, to a Partner at the last address or addresses designated for such purpose by such Partner in Section 16.01 or as provided therein, the date of receipt of such registered mail or certified mail or the date of actual receipt of such writing by commercial delivery service, hand delivery or telecopy, being deemed the date of the Notice.

"Partner" or "Partners" - the General Partner and the Limited Partner, either individually or collectively, and their successors.

"Partnership" - Jay Peak Penthouse Suites L.P., a limited partnership formed under and pursuant to the Act, and governed by this Agreement. Also sometimes referred to herein as the Limited Partnership.

"Partnership Property" - the Partnership's interest in real property, including without limitation (i) a condominium ownership interest in the Penthouse Suites Hotel, including its appurtenant undivided interest in the Hotel Land, and (ii) a leasehold interest pursuant to the respective Leases in the Mountain Learning Center Buildings, all located at the Jay Peak Resort in Jay, Vermont.

"Penthouse Suites Hotel" – the condominium unit that will be constructed and owned by the Partnership on the top floor of the Jay Peak Hotel Suites Phase II Hotel Building, including with it an undivided percentage interest in the common elements, including without limitation the land underneath the Jay Peak Hotel Suites Phase II Hotel Building (the "Hotel Land"), made subject to the Jay Peak Phase II Condominium.

"Penthouse Lease" – the commercial lease of the Penthouse Suites Hotel by and between the Partnership as landlord and a tenant to be approved by the Partnership, enabling the approved tenant to occupy and operate the Penthouse Suites Hotel, subject to certain requirements of the tenant to cooperate and comply with the Partnership's requests to document certain employment, wage, revenue and other reports needed by the Partnership to comply with its reporting requirements in connection with the IN Act and EB-5 Program, as those terms are defined in Section 2.06(f).

"Person" - an individual or entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, cooperative, or association and the heirs, executors, administrators, legal representatives, successors, and assigns of the Person where the context so requires.

"Project" - the aggregate of all of the Buildings and other improvements to be constructed and leased out by the Partnership at the Resort.

"Related Documents" – the Confidential Memorandum and exhibits thereto, as defined in Section 2.06(f).

"Resort Land" – the land owned by the Resort Owner on which the Partnership will construct and lease out the Mountain Learning Center Buildings and the Penthouse Suites Hotel.

"Resort Owner Interests" – as to the Resort Owner, its right, title and interest as a Limited Partner in the Partnership in consideration if it must advance funds to complete the Project. The Resort Owner Interests shall be in a separate Class B of ownership from the other Limited Partners, under which class the Resort Owner shall not share in any Partnership income nor have any voting rights otherwise permitted Limited Partners, but shall share in any gain or loss, or in distributions in the event of a Capital Transaction, on a pro rata basis, *pari passu*, based on its Percentage Interest."

"State" - The State of Vermont.

"Term" - The period of time the Partnership shall continue in existence as stated in Section 2.07.

"Treasury Regulations" - the temporary and final regulations promulgated under the Code, as such regulations may be amended from time lo time (including corresponding provisions of succeeding regulations).

**Section 1.02. Rules of Construction.**

(a) Unless the context clearly indicates to the contrary, the following rules apply to the construction of this Agreement:

(1) words importing the singular number include the plural number and words importing the plural number include the single number;

(2) words of the masculine gender include correlative words of the feminine and neuter genders, and vice-versa;

(3) the headings or captions used in this Agreement are for convenience of reference and do not constitute a part of this Agreement, nor affect its meaning, construction, or effect;

(4) any reference in this Agreement to a particular "Article," "Section" or other subdivision shall be to such Article, Section, or subdivision of this Agreement unless the context shall otherwise require;

(5) Words such as "herein", "hereinbefore," "hereinafter," "hereof" and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires; each reference in this Agreement to an agreement or contract shall include all amendments, modifications, and supplements to such agreement or contract unless the context shall otherwise require; and

(6) when any reference is made in this Agreement or any of the schedules or exhibits attached hereto to the Agreement, it shall mean this Agreement, together with all other schedules and exhibits attached hereto, as though one document.

(b) In the event there is more than one Limited Partner or more than one General Partner, the following additional rules of construction shall apply unless otherwise provided:

(1) allocations to the General Partner and Limited Partner of Gain, Net Profits, Net Losses and Loss under Article VII, and distributions of Net Cash Flow and Capital Proceeds under Article VIII shall be further allocated and/or distributed between or among the General Partners and/or Limited Partners in proportion to each General or Limited Partner's respective Interest, to be set forth on Exhibit A, as amended. Unless otherwise provided herein, no General Partner shall have a superior right to receive distributions than any other General Partner and no Limited Partner shall have a superior right to receive

distributions than any other Limited Partner;

(2) with respect to any matter on which the approval or ratification of the General Partner or the Limited Partner is required or may be given, such approval or ratification shall not be deemed to have been given unless given by Consent of the General Partner or the Consent of the Limited Partner, as the case may be; and

(3) with respect to any matter on which the approval or ratification of the General Partner or the Limited Partner is required or may be given, each General Partner or Limited Partner, as the case may be, shall be entitled to vote.

**Section 1.03. Imputation of Knowledge and Notice.**
Notice or knowledge received by the Partnership is effective for a particular transaction from the time when it is brought to the attention of the individual conducting that transaction or event, and in any event from the time when it would have been brought to its or her attention if the Partnership had exercised due diligence. The Partnership exercises due diligence if it maintains reasonable routines for communicating significant information to the person conducting the transaction or event and there is reasonable compliance with the routines. Due diligence does not require an individual acting for the Partnership to communicate information unless such communication is part of its or her regular duties or unless he or she has reason to know of the transaction or event and that the transaction or event would be materially affected by the information.

**Section 1.04. Successor Statutes and Agencies.**
Any reference contained in this Agreement to specific statutory or regulatory provisions, including without limitation the Act and the Code, or to specific governmental agencies or entities shall include any successor statute or regulation, or agency or entity, as the case may be.

## ARTICLE II - Partnership Business Purpose

**Section 2.01. Formation of Partnership.**
The General Partner and the Initial Limited Partner hereby form the Partnership.

**Section 2.02. Partnership Name.**
The name of the Partnership is "Jay Peak Penthouse Suites L.P."

**Section 2.03. Principal Place of Business.**
The principal office of the Partnership and the office to be maintained pursuant to the Act shall be located at the offices of Jay Peak GP Services Inc., 4850 VT Route 242, Jay, VT 05859-9621.

**Section 2.04. Registered Agent.**
The name and address of the registered agent and registered office of the Partnership for service of process are Jay Peak GP Services Inc., 4850 VT Route 242, Jay, VT 05859-9621.

**Section 2.05. Title to Partnership Property.**
Legal title to or a leasehold interest in Partnership Property shall be in the name of the Partnership, and no Partner, individually, shall have any ownership of or leasehold interest in such Partnership Property, except in its capacity as a Partner.

**Section 2.06. Purposes of the Partnership.**
The purposes, nature, and general character of the business of the Partnership shall consist of:

(a) acquiring, owning, constructing, developing, leasing, subletting, managing, holding for economic gain, and, if appropriate and desirable in the opinion of the General Partner in its sole reasonable discretion, selling or allocating or otherwise disposing of the Partnership Property or any substantial

part thereof in settlement of the Limited Partnership Interests;

(b) leasing out the Penthouse Suites Hotel to a tenant approved by the Partnership and hiring such managers, consultants and other advisers, including without limitation the General Partner or its designee, as the Partnership deems necessary to manage such tenant and lease;

(c) leasing the Mountain Learning Center Buildings from the Resort Owner and leasing out the Mountain Learning Center Buildings to one or more tenants approved by the Partnership, and hiring such managers, consultants and other advisers, including without limitation the General Partner or its designee, as the Partnership deems necessary to manage such tenants and leases;

(d) carrying on any and all activities, to enter into, perform and carry out contracts of any kind necessary to, incidental to or related to the foregoing in accordance with this Agreement, including without limitation acquiring such development and declarant rights of Jay Peak Hotel Suites Phase II L.P. to the limited extent necessary to construct and own the Penthouse Suites Hotel as a commercial condominium unit to be subject to the condominium regime known as Jay Peak Phase II Condominium;

(e) mortgaging, selling, leasing, transfering, exchanging or otherwise conveying or encumbering all or part of the Partnership Property in furtherance of any and all of the objectives of the Partnership business;

(f) assisting in enabling no more than sixty five (65) qualified foreign investors at any one time (each a "Qualified Investor") to make qualifying "at risk" investments in a commercial enterprise (each a "Qualifying Investment"), which, though not restricted to such investments, is intended to also meet the requirements under 8 U.S.C.§ 1153 (b)(5)(A) - (D); INA § 203 (b)(5)(A) - (D) of the Immigration & Nationality Act (the "IN Act") and qualify under this program (the "EB-5 Program") as an "Alien Entrepreneur", as more fully described in the Jay Peak Penthouse Suites Private Offering Memorandum, a copy of which has been distributed to each Limited Partner in connection with the offering of Limited Partnership Interests hereunder (the "Offering") and each Limited Partner acknowledges receiving (the "Confidential Memorandum"); and

(g) as to those Qualified Investors who are not United States' citizens or lawful permanent residents of the United States (each an "EB-5 Investor" and collectively, the "EB-5 Investors"), using its reasonable best efforts to assist independent legal counsel acting for EB-5 Investors with the filing of each of the EB-5 Investors' petitions with USCIS, and of verifying required direct and indirect employment until removal of each of the EB-5 Investors' conditions to obtaining permanent residency.

**Section 2.07. Partnership Term and Dissolution.**
The Partnership shall continue in full force and effect until December 31, 2058 unless sooner terminated in accordance with Article XII. Upon termination of the Partnership, the General Partner shall take all actions necessary to terminate the Partnership in accordance with requirements of this Agreement and the Act.

**Section 2.08. Filing of Certificate.**
Immediately after the execution of this Agreement by the Partners, the General Partner shall cause the Certificate to be filed with the State in accordance with the Act.

## ARTICLE III - Partnership Interests and Sources of Funds

**Section 3.01. Identity of Partners and Interests.**
The names and business addresses of the General Partner and the Limited Partners are as

identified on Exhibit A, as such Exhibit may be amended from time to time in accordance with this Agreement, and each such Partner has the Interest indicated next to its name on Exhibit A. The failure of the General Partner to periodically amend Exhibit A and list each new Limited Partner, however, shall not act to limit or detract in any way from each Limited Partner being considered a Limited Partner once its Capital Contribution is made.

**Section 3.02. Capital Contributions.**

(a) General Partner. Subject to the provisions of this Section, the General Partner shall be obligated to (and does hereby covenant and agree to) contribute to the capital of the Partnership the cash or property set forth after the General Partner's name on Exhibit A. The General Partner shall be obligated or permitted to make additional Capital Contributions to the Partnership only in accordance with this Agreement. The General Partner at its sole option may make additional voluntary Capital Contributions to the Partnership at any time. A portion of the General Partner's Capital Contribution may arise from loan proceeds borrowed to fund construction costs in excess of the Partnership's equity capital, using the Project as security for the loan (the "Secured Debt"). To the extent Secured Debt proceeds cause the Partnership's capital to increase, each Partner's Interest in the Partnership shall be recalculated as a percentage of the sum of the Secured Debt proceeds plus existing General and Limited Partner equity Capital Contributions. The Limited Partners hereby acknowledge, consent and approve of the General Partner granting one or more security interests encumbering all or portions of the Penthouse Suites Hotel, including the Partnership's interest in the Hotel Land, or one of more of the Leases. The General Partner shall be responsible for repaying the Secured Debt according to its terms from the General Partner's allocation of Available Cash Flow and net proceeds from a Capital Transaction, from the sums distributed to the General Partner upon dissolution of the Partnership, and/or from the General Partner's own funds. In addition, the General Partner intends to use Capital Contributions invested into the Partnership by newly admitted Limited Partners to pay down the principal balance of the Secured Debt, if any. The Limited Partners shall have no obligation or liability for retiring the Secured Debt and at no time shall any Limited Partner who is also a Qualified Investor have its Capital Contribution reduced or repaid in cash with Partnership funds until such time as all I-829 petitions filed under the EB-5 Program for the Qualified Investors have been adjudicated by USCIS.

(b) Limited Partner. Subject to the provisions of this Section, each Limited Partner shall be obligated to (and does hereby covenant and agree to) contribute to the capital of the Partnership, by wire transfer or other form of available funds, the aggregate amount set forth herein. The subscription amount of each Limited Partner shall equal $550,000 in cash (the "Subscription Amount"), of which $500,000 shall be applied as a Capital Contribution to the Project as investor funds (the "Investment") and $50,000 will be applied to cover administration, syndication and other expenses in the preparation and distribution of the Confidential Memorandum, including but not limited to accounting fees, legal expenses and miscellaneous expenses incurred by the Partnership and the General Partner (the "Administration Fees"). As further set forth in the Confidential Memorandum, after reserving an interest in the Limited Partnership by making an escrow deposit of at least $10,000 with People's United Bank subject to the terms of an Investor Escrow Agreement, each Limited Partner shall have thirty (30) days to conduct his due diligence, and an additional forty-five (45) days thereafter to complete his investment into the Project by paying the rest of the Subscription Amount, which time periods may be extended by the General Partner at its sole discretion.

The Limited Partner shall not be obligated to make any additional Capital Contributions to the Partnership. All required Capital Contributions shall be subject to any applicable adjustments if otherwise permitted by this Agreement. Investment as a Limited Partner is available as a means of financing the planning, acquisition of necessary development and declarant rights from Jay Peak Hotel Suites Phase II L.P. to build and own the condominium unit known as the Penthouse Suites Hotel, including its appurtenant undivided interest in the Hotel Land, construction and start-up of the

Buildings and infrastructure at the Project. This investment may be beneficial, but is not limited, to investors who seek lawful permanent residence pursuant to the EB-5 Program under the IN Act, as more fully described in the Confidential Memorandum. There are other requirements of the EB-5 Program and other relevant immigration laws which the investor must observe or risk denial of lawful permanent residence pursuant to the EB-5 Program.

Investors shall begin the process to purchase a Limited Partnership Interest by completing the subscription procedure mandated by the Partnership, including depositing the Investment into the Partnership Account and depositing the Administration Fees into a designated Administrative Fees Account. Upon acceptance by the General Partner, closing shall occur and the investor will be issued an Interest in the Partnership (at which time each Limited Partner will be deemed to confirm its acceptance of all of the provisions and terms in this Agreement) and the investor's Investment will be final and irrevocable.

In the event of denial of a Limited Partner's I-526 Petition, other than based on the fraud or material misrepresentation of the Investor, the Limited Partnership shall pay back the Investment within ninety (90) days of written request by the Limited Partner and the Interest of such Limited Partner shall automatically be terminated upon such repayment without the necessity for such Limited Partner to take such steps as are required under Section 10.01. The Limited Partner's rights in this case are limited solely to the return of the $500,000 Investment and once the Investment is returned the Limited Partner shall no longer have any of the rights and benefits of ownership of an Interest or any right to participate in any manner whatsoever in the affairs of the Partnership. The Investment is separate from any previously paid or currently due distribution of profits.

Upon subscribing to the Offering and becoming a Limited Partner, it is at the sole responsibility and risk of each EB-5 Investor to file their I-526 petition. There is no refund of the Investment or the Administration Fees for failure of an EB-5 Investor, for whatever reason, to file the EB-5 Investor's I-526 petition.

If the regional center pilot program, created in support of the EB-5 Program and further described in the Confidential Memorandum (the "Pilot Program"), lapses, for each EB-5 Investor whose I-526 petition is filed with USCIS but not adjudicated on or before the date of lapse, their $500,000 Investment shall remain invested in the Partnership provided:

1. the Pilot Program is reauthorized retroactively or is pending reauthorization within a twelve (12) month period following its lapse, and the EB-5 Investor's I-526 petition is in due course adjudicated; or
2. legislation is enacted or pending providing substantially similar immigration benefits to EB-5 Investors as under the lapsed Pilot Program and the EB-5 Program within a twelve month period following the Pilot Program's lapse, and the EB-5 Investor's I-526 petition is in due course adjudicated.

If neither of the events described under 1 and 2 above occur, or are pending as stated, the EB-5 Investor at his option may either remain invested in the Project, or request in writing a refund of his Investment of $500,000. Upon receipt of a request of refund to the General Partner, the Investment will be refunded to the requesting EB-5 Investor by the Limited Partnership within a period of ninety (90) days from receipt of such request, and the EB-5 Investor's Interest as a Limited Partner shall automatically be terminated as set forth above with respect to the termination of a Limited Partner's Interest. The EB-5 Investor's rights upon termination of his Interest are limited solely to the return of their Investment of $500,000.

Notwithstanding anything herein to the contrary, in the event that the Resort Owner invests funds or makes financial commitments to complete the Project, the Resort Owner will be issued the remaining unsold Interests in the Partnership for no additional consideration and thereafter hold its Interest(s)

subject to the terms of this Agreement. If there are no unsold Interests in the Partnership, the Partnership will create a new class of Limited Partner Interests allocable only to the Resort Owner after it funds the completion of the Project, and such Resort Owner Interests will be issued in consideration of the Resort Owner investing funds to complete the Project, in a number sufficient to reimburse the Resort Owner, and thereafter the Resort Owner will hold its Interests subject to the terms of this Agreement.

**Section 3.03 Interest on Capital Contributions**
No interest shall be paid to a Partner on Capital Contributions. Interest will be credited by the Partnership to a Partner on the sum of any deemed distributions charged to such Partner's Capital Account from obligations owed to the Partnership by a General Partner arising under section 5.03(b) concerning federal income tax withholding. The interest charged will be computed on a calendar year compounded basis at a rate equal to two percent above the rate of interest from time to time announced by Chittenden Bank to be its "prime rate" or "base rate", such interest to be collected by reduction of any distributions payable to the Partnership immediately following the calculation of the years interest by the General Partner. To the extent that there are no distributions against the interest that can be applied, then the interest will be charged to the Partner's Capital Account. This section 3.03(a) will survive the termination of a Partner's status as a Partner.

**Section 3.04 Service of Secured Debt**
Payments to service the Secured Debt shall be made by the General Partner out of its share of Available Cash Flow, net proceeds from a Capital Transaction and sums distributed upon dissolution of the Partnership. For the security of the Limited Partners, the Partnership will service the Secured Debt directly out of the General Partner's share of these items including the General Partner's share of distributions to the Partners as set forth in section 8.01. If amounts required for the service of the Secured Debt are in excess of the General Partner's share of these items, then the General Partner will timely pay such amounts from its own funds. In the event that the General Partner fails to repay the Secured Debt according to its terms, any or all of the Limited Partners may, at their option, pay the unpaid amount and the amount paid shall be converted to equity for the benefit of the Limited Partners who made such payment, with the effect that the Interest of the General Partner will be pro-rata diluted and the Interest of the Limited Partners who paid pro-rata increased. The dilution will not affect the Interest of any other Limited Partner who did not make such payments.

**Section 3.05. Right to Require Repayment of Capital.**
No Partner shall have the right to withdraw from the Partnership all or any part of its Capital Contribution. No Partner shall have any right to demand and receive property of the Partnership in return for its Capital Contribution or in respect of its Interest, except as provided in this Agreement. No Limited Partner shall have priority over any other Limited Partner as to any return of Capital Contributions or as to any distributions made by the Partnership pursuant to Article VIII.

**Section 3.06. Deficit Restoration.**
If, upon liquidation of

(a) the General Partner's Interest (whether or not in connection with the liquidation of the Partnership), the General Partner has a negative balance in its Capital Account (as determined after taking into account Capital Account adjustments pursuant to Section 7.01 as well as adjustments for the Partnership Fiscal Year during which the liquidation of the General Partner's Interest occurs, other than those for contributions made pursuant to this Section), then the General Partner shall be required to contribute to the capital of the Partnership, immediately prior to the liquidation of its General Partner's Interest, the amount necessary to restore its Capital Account to zero. Such contributions shall be receipts of the Partnership available for payment of operating expenses and debts of the Partnership or distribution to the Partners, in accordance with the terms of this

Agreement; and

(b) the Limited Partner's Interest (whether or not in connection with the liquidation of the Partnership), the Limited Partner has a negative balance in its Capital Account, the Limited Partner shall have no obligation to make any contribution to the capital of the Partnership and the negative balance of the Limited Partner's Capital Account shall not be considered a debt owed by the Limited Partner to the Partnership or any other Person for any reason whatsoever.

**Section 3.07. No Third-Party Beneficiary.**

None of the provisions of this Agreement shall be construed as existing for the benefit of any creditor of the Partnership or for the benefit of any creditor of the Partners, and no provision shall be enforceable by a party not a Partner.

## ARTICLE IV - Right to Mortgage

**Section 4.01. Right to Mortgage.**

(a) In the General Partner's sole reasonable discretion and to facilitate the purposes of the Partnership, the General Partner may, in the name and on behalf of the Partnership, borrow money (including but not limited to Secured Debt) and issue evidences of indebtedness and secure the same by granting mortgages and security interests pledging all or any portion of the Partnership Property including without limitation collateral assignments of the Partnership's interest in the Leases, and to pay, prepay, extend, amend or otherwise modify the terms of any such borrowing and to sign any documents required on behalf of the Partnership in connection with said transaction(s), without the consent and signatures of the Limited Partners. The Limited Partners hereby acknowledge, consent and approve of same transaction(s).

(b) Except to the extent required by any lender and agreed to by the General Partner, no General Partner shall have any personal liability to such lender(s) or to the Partnership for the payment of all or any part of borrowed money or Secured Debt of the Partnership, except for customary exclusions for fraud, misappropriation of funds or waste.

## ARTICLE V - Rights. Powers and Obligations of the General Partner

**Section 5.01. Authority of General Partner.**

(a) Subject to the terms of this Agreement, the General Partner shall be further responsible for the overall management and control of the business assets and affairs of the Partnership, and the General Partner shall have the right, power, and authority, acting for and on behalf of and in the name of the Partnership, to: (i) execute and deliver on behalf of the Partnership any contract, agreement, or other instrument or document required or otherwise appropriate to acquire, construct, lease, operate, encumber, mortgage or refinance the Partnership Property (or any part thereof); (ii) convey Partnership Property by deed, mortgage, certificate, bill of sale, agreement, or otherwise, as appropriate; (iii) bring, compromise, settle, and defend actions at law or in equity; (iv) delegate its authority, power, and right to manage the Partnership Property provided, however, that any such delegation shall not relieve the General Partner of its obligations and responsibilities to ensure the proper management of the Partnership Property unless it finds a suitable replacement General Partner as governed by Section 9.01; and (v) use Partnership funds in performance of its rights, duties and powers, and reimburse itself for its incurred costs to exercise its rights and perform its duties.

(b) The General Partner shall

(i) cause the Partnership to do all things necessary to maintain its status as a limited partnership in good standing and to enable the Partnership to engage in its business;

(ii) not act in any manner that will cause the Partnership to fail to qualify as a limited partnership under the Act, or the Limited Partner to be liable for Partnership obligations;

(iii) cause the Partnership to take all commercially reasonable actions under the laws of the State and any other applicable jurisdiction that are necessary to protect the limited liability of the Limited Partner under the Act;

(iv) during and after the period in which he is a Partner, provide the Partnership with such information and sign such documents as are reasonably necessary for the Partnership to make timely, accurate and complete submissions of federal and state income tax returns;

(v) furnish to counsel for the Limited Partner promptly as and when requested in connection with the rendering of any legal opinion concerning federal income tax relating to the Limited Partner's investment in the Partnership all documents reasonably requested by counsel for the Limited Partner;

(vi) promptly inform the Limited Partner of any litigation, action, investigation, event, or proceeding that is pending which, if adversely resolved, would have a material adverse effect on the Partnership or the Partnership Property; have a material adverse effect on the ability of the General Partner to perform its obligations under this Agreement; or have a material adverse effect on the financial condition of the General Partner;

(vii) promptly inform the Limited Partner if it receives notice of any violation with respect to the Partnership Property of any law, rule, regulation, order, or decree of any governmental authority having jurisdiction, which would have a material adverse effect on the Partnership Property or the use, occupancy, or operation thereof;

(viii) develop, manage and operate the Partnership Property, together with the Ancillary Projects, in compliance with all applicable federal, state and local governmental regulations, ordinances, laws and rules, and this Agreement;

(ix) cause the Partnership to maintain necessary insurance against risks that are of a character usually insured by Persons engaged in a similar business and in form and amount and covering such risks as is usually carried by such Persons;

(x) take all actions necessary to ensure that the Partnership Property contains no, and is not affected by the presence of, any Environmental Hazard, and to ensure that the Partnership Property is not in violation of any federal, or local statute, law, regulation, rule, or ordinance. It shall promptly deliver to the Limited Partner a copy of any notice received from any source whatsoever of the existence of any Environmental Hazard on the Partnership Property or of a violation of any federal, state, or local statute law, regulation, rule or ordinance, including any Environmental Law with respect to the Partnership Property. If any Environmental Hazard is found to exist or be present, it shall commence promptly the taking of action to assure it will be either removed from the Partnership Property and disposed of or encapsulated and/or otherwise corrected, contained and made safe and inaccessible, all in strict accordance with federal, state and local statutes, laws, regulations, rules and ordinances;

(xi) investigate and report to the Limited Partner any bona fide proposal or offer of any Person, including any Partner, to acquire the Partnership Property or any part thereof;

(xii) set up one or more reserve fund accounts with Partnership funds and disburse funds from

such accounts in an amount sufficient, so far as it is able, to meet the obligations of the Partnership;

(xiii) identify additional Limited Partners and provide information on the Project and the Partnership to them;

(xiv) perform services in connection with the acquisition, sale and leasing of the Partnership Property, including negotiating with the Jay Peak Hotel Suites Phase II L.P. for the purchase of the development and declarant rights necessary to construct the Penthouse Suites Hotel, on terms to be negotiated by the General Partner, including any agreements needed with the Resort Owner as to the Hotel Land or Resort Land. Further services of the General Partner shall include, but not be limited to, act on behalf of the Partnership with federal, state and local authorities with respect to the Project; monitor compliance with zoning, land use and other requirements; and prepare or cause to be prepared such third party studies as it deems necessary in connection with the acquisition, sale and leasing of the Partnership Property and construction of the Buildings and other necessary improvements on the Partnership Property and Resort Land;

(xv) deal with and, if appropriate, use Partnership funds to purchase or otherwise redeem a Limited Partner Interest that is the subject of an insolvency or bankruptcy proceeding;

(xvi) oversee construction of the Penthouse Suites Hotel and manage the lease of the Penthouse Suites Hotel, and negotiate third party agreements to construct the Penthouse Suites Hotel and to submit the Penthouse Suites Hotel to condominium ownership under the condominium regime to be known as Jay Peak Phase II Condominium, and to facilitate the amendment of the Declaration of Condominium and any affiliated documents with the appropriate government authorities;

(xvii) to landscape the property adjoining the Buildings, and contribute Partnership funds to the costs thereof (pursuant to a Grant of Easement and Maintenance Agreement, among the Resort Owner, Partnership and other necessary parties thereto);

(xviii) oversee construction of the Mountain Learning Center Buildings, including negotiating third party agreements to construct the Mountain Learning Center Buildings, and manage the lease of the Mountain Learning Center Buildings;

(xix) Expenses: The Partnership shall promptly pay all costs and expenses of the Project which may include, but is not limited to:

1) Printing and all other expenses incurred in connection with insurance, distribution, transfer, registration and recording documents evidencing ownership of an interest in the Partnership in connection and with the business of the Partnership.

2) Fees and expenses paid to contractors, bankers for financing facilities, brokers and services, leasing agents, consultants, on site managers, real estate brokers, insurance brokers and other agents, including Affiliates of the Partnership, or any General Partner or its officers.

3) Expenses in connection with the acquisition of necessary development and declarant rights from the Jay Peak Hotel Suites Phase II L.P. and with the acquisition, preparation, improvement, development, disposition, replacement, alteration, repair, remodeling, refurbishment, leasing, renting, costs of insurance, financing and refinancing of Partnership Property, including the Partnership's appurtenant undivided interest in the Hotel Land;

4) All costs of personnel directly employed by the Partnership or performing services for the Partnership;

5) All costs of borrowed money (except the Secured Debt) including repayment of advances to the Partnership made by a Partner, which shall be paid monthly, interest only at a rate equal to two percent above the rate of interest from time to time announced by People's United Bank to be its "prime rate" or "base rate", and repaid in one lump sum five years after the date of the initial advance;

6) Legal, audit, accounting, brokerage and other fees including expenses of organizing, revising, amending, converting, modifying or terminating the Partnership.

7) Expenses in connection with distributions made by the Partnership to, the communications and book keeping and clerical work necessary in maintaining relations with, Limited Partners.

8) Expenses in connection with preparing and mailing reports required to be furnished to Partners for required tax reporting or other purposes which the General Partner deems appropriate, cost incurred in connection with any litigation, including any examination or audits by regulatory agencies, and costs of preparation and dissemination of Informational material and documentation relating potential sale, refinancing or other disposition of Partnership Property;

(xx) Payment of condominium fees and assessments owed under the Declaration of Condominium;

(xxi) loan, or otherwise contribute equity to the Partnership, either directly or by an Affiliate, including the Resort Owner, such funds as are necessary to complete the Project in the event the funds of the Partnership, after all Limited Partner Interests available for Qualified Investors have been sold, are insufficient to complete the Project, but in no event will a loan by the General Partner, the Resort Owner or another Affiliate be a personal liability or obligation of any Limited Partner, and the General Partner, the Resort Owner or other Affiliate shall have no recourse to recoup such a loan against any Limited Partner; and

(xxii) issue certificates representing Limited Partnership Interests to all Limited Partners, including Class A and Class B Interests if applicable, and take such other steps if required to evidence or set up different classes of ownership in the Partnership.

In consideration for its services set forth in this Agreement, the General Partner has received its Interest.

(c) Except for matters for which Consent of the Limited Partner is required as set forth in Section 5.02(b), all decisions made for and on behalf of the Partnership by the General Partner shall be binding upon the Partnership. Except as expressly otherwise set forth in this Agreement, the General Partner (acting for and in the name and on behalf of the Partnership), in extension and not in limitation of the rights and powers given it by law or by the other provisions of this Agreement, shall, in its sole discretion, have the full and entire right, power and authority, in the management of the Partnership's day-to-day business, to do any and all acts and things necessary, proper, ordinary, customary or advisable to effectuate the purposes and to conduct the business of the Partnership.

**Section 5.02. Limitations on the Authority of the General Partner.**

(a) Notwithstanding any other provision of this Agreement, the General Partner shall have no authority to perform any act in violation of any applicable law or regulations; to do any act required to be approved, consented to, voted on, or ratified by the Limited Partner under the Act or under this Agreement unless such approval, vote, consent, or ratification has been obtained; to cause the Partnership to engage in any business other than as set forth in Section 2.06; or do any act that would make it impossible to carry out the business of the Partnership as contemplated herein.

(b) In addition, the prior Consent of the Limited Partner is required before the General Partner may:

(i) sell, mortgage or convey all or any substantial portion of the Partnership Property, other than (a) the leasing of the Penthouse Suites Hotel and the Mountain Learning Center Buildings or (b) as otherwise set forth in Section 3.02(a),Section 4.01(a) or Section 10.03;

(ii) lease as an entirety the Partnership Property, or lease or rent out any portion of the Partnership Property, except in the Partnership's normal course of business, which shall be defined as leasing the Penthouse Suites Hotel and Mountain Learning Center Buildings;

(iii) acquire any real property in addition to the Partnership Property (other than land, easements, rights of way or similar rights required by governmental rule or regulations, or necessary or convenient for the development of the Partnership Property, including without limitation the development and declarant rights from Jay Peak Hotel Suites Phase II L.P., the leasing of the Penthouse Suites Hotel and Mountain Learning Center Buildings and the interrelationship between the Penthouse Suites Hotel, Mountain Learning Center Buildings, Partnership Property and Resort);

(iv) voluntarily file a bankruptcy petition on behalf of the Partnership;

(v) dissolve or wind up the Partnership except as set forth in Article 12;

(vi) confess any judgment;

(vii) modify or amend this Agreement except as expressly provided in this Agreement;

(viii) admit any Person as a Partner, except as otherwise provided in this Agreement;

(ix) borrow from the Partnership or commingle Partnership funds with the funds of any Person; or

(x) receive any rebates or give-ups or participate in any reciprocal business relationships in circumvention of this Agreement.

(c) In addition, the General Partner may be replaced by the Limited Partner pursuant to Section 9.02.

**Section 5.03. Tax Matters Partner.**

(a) Jay Peak GP Services Inc., in its capacity as General Partner, is hereby designated as the tax matters partner and shall maintain the books and records of the Partnership, and shall be responsible, on a timely basis, for (i) preparing all required tax returns and related information, (ii) making all tax elections, if appropriate, and (iii) preparing all financial information, all in accordance with this Agreement. It shall keep the Partners informed of all administrative and judicial proceedings, shall furnish to each Partner (within five days after receipt) a copy of each notice or other communication received by it from the IRS, and shall not respond to any notice or other communication from the IRS which questions or challenges any item which has been or may be reported on a Partnership tax return until after notice of the proposed response is given to the Limited Partner. It shall have no authority, without the Consent of the Limited Partner, to (i) enter into a settlement agreement with the IRS which purports to bind Partners other than the General Partner, (ii) file a petition as contemplated in Section 6226(a) or 6228 of the Code, (iii) intervene in any action as contemplated in Section 6226(b) of the Code, (iv) file any request contemplated in Section 6227(b) of the Code, (v) enter into an agreement extending the period of limitations as contemplated in Section 6229(b)(1)(B) of the Code, (vi) to file any tax related litigation in a court other than the United States Tax Court, or (vii) submit any report to the IRS.

(b) Federal Income Tax Withholding: In the event any of the Partners are subject to federal income tax withholding, the General Partner is authorized to withhold any sums required by the Internal Revenue Code even if such withholding conflicts with any of the terms and conditions of this Agreement or otherwise affects distributions, allocations or payments to the Partners. In the event that the General Partner learns of withholding obligations subsequent to the distribution to which the withholding obligations relate, the General Partner will issue an invoice to the Partner. If the invoice is not paid within sixty (60) days, the General Partner will charge the amount against the Partner's

Capital Account. This section will survive the termination of a Partner's status as a Partner.

**Section 5.04. Outside Activities.**
The General Partner shall devote to the management of the business of the Partnership so much of its time as it deems reasonably necessary to the efficient leasing of the Mountain Learning Center Buildings, the Penthouse Suites Hotel and any other Partnership Property in order to comply with this Agreement. The General Partner and its Affiliates, and their officers, directors, agents, employees, representatives, attorneys, accountants and other persons operating on its behalf, may engage in and possess any interest in other business ventures (including limited partnerships) of every kind, nature, and description whatsoever, independently or with others, whether existing at the date hereof or hereafter coming into existence, including, without limitation, acting as general partner or limited partner of other partnerships that own, directly or through interests in other partnerships, penthouses and conference center projects similar to, or in competition with, the Penthouse Suites Hotel or Mountain Learning Center Buildings, including without limitation other penthouses and conference center projects located at the Resort. Neither the Partnership nor the Partners shall have any rights by virtue of this Agreement in or to such other business ventures or to the income or profits derived therefrom and nothing shall be construed to render them partners in any such business ventures.

**Section 5.05. Liability to Partnership and Limited Partner.**
The General Partner, and its Affiliates, and their officers, directors, agents, employees, representatives, attorneys, accountants and other persons operating on its behalf shall not be liable, responsible, or accountable in damages or otherwise (including attorneys fees and expenses) to the Limited Partner or to the Partnership for any acts performed in good faith and within the scope of authority of the General Partner, or its Affiliates if any of the General Partner's duties have been contractually delegated to them, pursuant to this Agreement.

**Section 5.06. Indemnification of General Partner.**
(a) To the maximum extent permitted by law, the Partnership shall indemnify, defend, and hold harmless each General Partner and its Affiliates, and their officers, directors, agents, employees, representatives, attorneys, accountants, consultants and other persons operating on its behalf from and against any loss, liability, damage, cost, or expense (including reasonable attorney's fees) arising out of or alleged to arise out of any demands, claims, suits, actions, or proceedings against the General Partner, by reason of any act or omission performed by it (including its employees and agents) while acting in good faith on behalf of the Partnership and within the scope of the authority of the General Partner pursuant to this Agreement, and any amount expended in any settlement of any such claim of liability, loss, or damage; provided, however, that (i) the General Partner must have in good faith believed that such action was in the best interests of the Partnership, and such course of action or inaction must not have constituted breach of its fiduciary duty; and (ii) any such indemnification shall be recoverable from the assets of the Partnership, not from the assets of the Limited Partner, and no Partner shall be personally liable therefore. This indemnity shall be operative only in the context of third-party suits, and not in connection with demands, claims, suits, actions or proceedings initiated by any Partner or any Affiliate thereof against another Partner. In no event, however, shall a Limited Partner bring suit against the General Partner, or recover damages from the General Partner, in an amount that exceeds the amount invested by the Limited Partner in the Partnership.

(b) Notwithstanding anything contained in this Section, the General Partner shall not be indemnified or saved harmless from any liability, loss, damage, cost, or expense incurred by it in connection with: (i) any civil or criminal fines or penalties imposed by law; (ii) any claim or settlement involving the allegation that federal or state securities laws were violated by the General Partner or the Partnership, except as to a claim asserted by the Limited Partner; or (iii) any claim involving breach

of a fiduciary duty, unless (A) the General Partner is successful in defending such action on the merits, or (B) such claims have been dismissed in favor of the General Partner with prejudice on the merits by a court of competent jurisdiction, or (C) a court of competent jurisdiction approves a settlement and determines that the General Partner is entitled to costs.

(c) The General Partner, when entitled to indemnification pursuant to this Section, shall be entitled to receive, upon application therefore, reasonable advances to cover the costs of defending any proceedings against it but only if (i) the action relates to the performance of the duties or services by the General Partner on behalf of the Partnership; (ii) the action is commenced by a third party who is not a Partner or Affiliate thereof; and (iii) the General Partner covenants in advance to repay the advance of funds to the Partnership in accordance with this Section in the event it is determined that the General Partner is not entitled to indemnification hereunder. All rights of the General Partner to indemnification shall survive the dissolution of the Partnership and the death, retirement, incompetency, insolvency, bankruptcy, or withdrawal of the General Partner.

**Section 5.07. Dealing with Affiliates: Fees.**
The General Partner may, in the name and on behalf of the Partnership, enter into agreements or contracts for performance of services for the Partnership with an Affiliate of the General Partner, including without limitation services necessary to oversee construction of the Buildings and other improvements and for the leasing of the Penthouse Suites Hotel and the Mountain Learning Center Buildings, and the General Partner may obligate the Partnership to pay compensation for and on account of any such services; provided, however, such compensation shall be at costs to the Partnership not in excess of those disclosed in the Confidential Memorandum, but such limitation on costs shall not prevent the Resort Owner, if necessary, from advancing funds to complete the Project and being reimbursed with the grant of Resort Owner Interests. In addition, the General Partner shall pay the Resort Owner its development fees and pay whomever it hires to manage the Leases a fee equal to ten percent (10%) of the rent paid by the tenants, as further disclosed in the Confidential Memorandum.

## ARTICLE VI - Rights and Obligations of the Limited Partner

**Section 6.01. Management of the Partnership.**
To the full extent permitted by the Act and without being deemed a general partner, the Limited Partner shall participate in the management of the business of the Partnership by making suggestions or recommendations to the General Partner on issues of policy important to the Partnership, by participating in one or more of the activities set forth in 11 V.S.A. §3423(b), and as otherwise set forth in Section 5.02(b) and Section 9.02. The Limited Partner shall not have the power or authority, however, to bind the Partnership or to sign any agreement or document in the name of the Partnership.

**Section 6.02. Limitation on Liability of the Limited Partner.**
Notwithstanding any other provision of this Agreement, the liability of the Limited Partner shall be limited to its Capital Contributions at any given time as and when payable under the provisions of this Agreement. The Limited Partner shall not have any other liability to contribute money to or in respect of the liabilities, obligations, debts or contracts of the Partnership, nor shall the Limited Partner be personally liable for any liabilities, obligations, debts or contracts of the Partnership. A Limited Partner shall be liable to the Partnership only to make payment of its Capital Contribution as and when due and, after its Capital Contribution shall be fully paid, no Limited Partner shall, except as otherwise required by the Act, be required to make any further Capital Contributions or lend any funds to the Partnership.

**Section 6.03. Outside Activities.**
Nothing herein contained in this Agreement shall be construed to constitute the Limited Partner the agent of any other Partner hereof or to limit in any manner the Limited Partner in the carrying on of its own businesses or activities. The Limited Partner may engage in and possess any interest in other business ventures (including limited partnerships) of every kind, nature and description, independently or with others, whether existing as of the date hereof or hereafter coming into existence, including, without limitation, acting as general partner or limited partner of other partnerships which own, directly or through interests in other partnerships, Penthouse and conference center projects similar to, or in competition with, the Project. Neither the Partnership nor any of the Partners shall have any rights by virtue of this Agreement in or to any such other business ventures or to the income or profits derived therefrom and nothing shall be construed to render them partners in any such business ventures.

**Section 6.04. Inspection of the Project.**
The Limited Partner and/or its agent or designee shall have the right to inspect the Project upon reasonable notice to the General Partner and the General Partner shall provide all reasonable assistance to the Limited Partner in such effort.

**Section 6.05. Representations.**
The Limited Partners who are Qualified Investors each represent, warrant, and covenant to the Partnership and the General Partner as follows:

(a) He is an "accredited investor" (unless relying on Regulation S) within the meaning of the definition in Rule 501(a), promulgated under the Securities Act of 1933 (the "Securities Act");

(b) He is responsible for obtaining his own advice, including without limitation income tax advice, regarding the Investment, can bear the economic risk of his Investment, and has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the Investment in an Interest in the Partnership;

(c) He is acquiring his Interest in the Partnership for investment for his own account, and not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that he has no present intention to sell, grant any participation in, or otherwise distribute the same;

(d) None of the Interests in the Partnership have been registered under the Securities Act or any applicable state securities laws on the basis that the sale provided for in this Agreement and the issuance of the Interests hereunder are exempt from registration under the Securities Act and any applicable state securities laws;

(e) He has received and reviewed, and understands and is fully satisfied with, all of the information and documentation he considers necessary or appropriate when deciding whether to purchase an Interest in the Partnership, including but not limited to the Confidential Memorandum, all exhibits thereto and all financial information disclosed therein or under this Agreement; has had the opportunity to ask questions and receive answers from the General Partner and the Partnership regarding the terms and conditions of the purchase of an Interest in the Partnership and the business, properties, prospects, and financial condition of the Partnership; and has had the opportunity to review the books and records of the Partnership and to obtain additional information (to the extent the Partnership possessed such information or could acquire it without unreasonable effort or expense) necessary to verify the accuracy of any information furnished to it or to which it had access;

(f) Its Interest in the Partnership may not be sold, transferred, or otherwise disposed of without registration under the Securities Act and any applicable state securities laws or an exemption therefrom and if so sold, transferred or otherwise disposed of he agrees to pay all reasonable

attorneys fees and costs incurred by the Partnership or the General Partner in connection with said disposition, including without limitation a repurchase fee in the amount of ten percent (10%) of the Investment, and in the absence of an effective registration statement covering its Interest in the Partnership or an available exemption from registration under the Securities Act and any applicable state securities laws, its Interest must be held indefinitely;

(g) Any certificate or other document evidencing a partnership interest in the Partnership shall be endorsed with a legend substantially in the form set forth below:

**THE INTEREST IN THE PARTNERSHIP REPRESENTED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR UNDER THE VERMONT UNIFORM SECURITIES ACT (2002) OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED, OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SUCH ACTS, OR UNLESS THE PARTNERSHIP HAS RECEIVED AN OPINION OF COUNSEL OR OTHER EVIDENCE SATISFACTORY TO THE PARTNERSHIP AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED**; and

(h) No representation, warranty or statement by it in this Agreement or in any document, certificate or schedule furnished or to be furnished to the General Partner pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading.

**Section 6.06. Option to Purchase.**

The Limited Partners acknowledge and agree that the Resort Owner, as the owner of the Resort, shall in consideration of providing, where appropriate, a guarantee of the tenants' obligations under the Leases, have the first option to purchase the Penthouse Suites Hotel, either as a whole unit or in fractional interests to be determined by the General Partner in its sole discretion in connection with how the Penthouse Suites Hotel is marketed for sale, and such purchase price shall be at fair market value as determined by a certified appraiser. No commission will be due and payable on such exercise of the option, which must be exercised at any time prior to the individual allocation or distribution of fractional units to Limited Partners, but at no time shall the option be exercised prior to such time as all I-829 petitions filed under the EB-5 Program for the Qualified Investors have been decided by USCIS. The option must be closed on by the Resort Owner within sixty (60) days of serving notice on the General Partner of the Resort Owner's intent to exercise said option. Each party as seller and buyer shall bear its own legal fees and expenses in connection with said transaction.

## ARTICLE VII - Allocations of Profits and Losses

**Section 7.01. Maintenance of Capital Accounts.**
The Partnership shall maintain a Capital Account for each Partner. Each Capital Account shall be maintained in accordance with Treasury Regulation Section 1.704-1 (b)(2)(iv). To each Partner's Capital Account there shall be credited such Partner's Capital Contributions, and its distributive share of Net Profits and Gains and any item in the nature of income or gain allocated to such Partner pursuant to Section 7.02. From each Partner's Capital Account there shall be debited the amount of cash and the fair market value (as of the date of distribution) of any Partnership property (net of liabilities securing the distributed property that such Partner assumes or subject to which such Partner takes the distributed property) distributed to such Partner pursuant to any provision of this Agreement and the Partner's distributive share of Net Losses and Loss and any items in the nature of expenses or deductions that are allocated to the Partner pursuant to Section 7.02 and to the amounts charged under section 5.03(b) to such Partner. This Section is subject to the caveat that the Resort Owner, if it is allocated Resort Owner Interests, will not be allocated any income.

**Section 7.02. Profits and Losses.**

After giving effect to the special allocations set forth in Section 7.03, the Net Profits, Net Losses, Gain and Loss of the Partnership shall be allocated pursuant to each Limited Partner's Interest or, in the event of Secured Debt being assumed by the Partnership, in the same manner as their proportionate share of Available Cash Flow and net proceeds from a Capital Transaction, provided, however, that no Net Profits, Net Losses, Gain and Loss of the Partnership for any Fiscal Year shall be allocated to a Limited Partner to the extent such allocation would cause or increase an Adjusted Capital Account Deficit with respect to that Partner, and those Net Losses, Losses or Partnership deductions shall instead be allocated to the General Partner. Any intangible expenses including, but not limited to, depreciation or amortization are to be allocated in accordance with each Partner's Interest.

**Section 7.03. Special Allocations and Limitations.**

(a) Notwithstanding the provisions of Section 7.02, Partners shall be specially allocated items of Partnership Net Profits, Net Losses, Gain and Loss to comply with the Code and with all applicable Treasury Regulations regarding special allocations for partners of a partnership (the "Regulatory Allocations"). Such provisions include, but are not limited to, minimum gain chargeback requirements, changes in recourse and nonrecourse debts and liabilities, and elimination of Adjusted Capital Account Deficits. The Regulatory Allocations shall be taken into account in allocating other profits, losses and other items of income, gain, loss and deduction to the Partners so that, to the extent possible, the net amount of such allocations of profits and losses and other items shall be equal to the amount that would have been allocated to each Partner had the Regulatory Allocation not occurred. The Tax Matters Partner shall have the absolute discretion to apply the Regulatory Allocations in a manner consistent with this Agreement, and to make any and all determinations of special allocations thereunder.

(b) The respective interest of the Partners in the Net Profits, Net Losses, Gain, and Loss or items thereof shall remain as set forth above unless changed by amendment to this Agreement.

## ARTICLE VIII - Cash Distributions

**Section 8.01. Distributions of Available Cash Flow.**

Available Cash Flow shall be distributed by the General Partner to and among the Partners and for the purposes below, within thirty (30) days after the close of each calendar month, as follows:

(a) first, to the repayment or part thereof of any remaining unpaid loans made by the General Partner or its Affiliates or third party interests to the Partnership;

(b) second, to the payment of any debts owed to the Limited Partners; and

(c) the balance to the Partners according to their Interests.

Notwithstanding the foregoing, it will be up to the General Partner in its sole discretion and if in the best interest of the Partnership to make any distributions. Distributions can only be made monthly, or such extended period of time, as the General Partner, in its sole discretion, may deem appropriate from the accumulated balance of Available Cash Flow.

**Section 8.02. Distributions of Proceeds from Capital Transaction.**

Proceeds from a Capital Transaction (defined as the net proceeds, after all costs, expenses and payments to Affiliates and any third party interests, upon liquidation of the Partnership resulting from the sale of the Partnership Property as set forth in Article XII, or upon sale or other disposition of the Penthouse Suites Hotel, in the entirety or otherwise as set forth in Section 10.03), shall be distributed to and among the Partners in the following amounts and order of priority:

(a) first, to the payment of all matured debts and liabilities of the Partnership other than debts, liabilities and fees owed to Partners or their Affiliates;

(b) second, to the repayment of any remaining unpaid loans from the General Partner or its Affiliates to the Partnership;

(c) third, to the payment of any debts owed to the Limited Partner and their Affiliates;

(d) fourth, to the Partners to the extent of their Adjusted Capital Account Deficits; and

(e) last, to the Partners (including the Resort Owner if applicable) according to their Percentage Interests in the Partnership.

**Section 8.03 Deficit Capital Accounts at Liquidation**

The Limited Partners shall have no liability to the Partnership, to the General Partners or to the creditors of the Partnership on account of any deficit balance in their capital accounts upon liquidation of the Partnership, provided however that any Partner for whom any changes have been made to his capital account by reason of the obligations under section 3.03 and section 5.03(b) will immediately reimburse the Partnership upon written demand of the General Partner. This section 8.03 will survive the termination of the Partners' status as a Partner. A Partner must also pay any attorneys' or accountants' fees actually and reasonably incurred by the Partnership or a General Partner in collecting amounts under this provision from the Partner.

**Section 8.04 Limitation of Liability**

No Limited Partner shall have any personal liability whatsoever, whether to the Partnership, to any Partners or to the creditors of the Partnership, for the debts or obligations of the Partnership or any of its losses beyond his Capital Contribution, to be set forth opposite his name in exhibit A attached hereto; provided, however, that any Partner for whom any charges have been made to his Capital Account by reason of the obligations described in section 8.02, section 3.03 and or section 5.03(b), is required to reimburse the Partnership for the amount of any negative balance in his Capital Account, but such reimbursement shall not exceed the sum of such Partner's obligations under section 8.03 and section 8.04. This section 8.04 will survive the termination of a Partner's status as a Partner. A Partner must also pay any attorneys' or accountants' fees actually and reasonably incurred by the Partnership or a General Partner in collecting amounts under this provision from the Partner.

**Section 8.05 Death or Incapacity of Limited Partner**

The death, legal incapacity, dissolution, termination, merger, consolidation or bankruptcy (each a "Triggering Event") of one or more Limited Partners shall not cause dissolution of the Partnership, but the rights of such Limited Partner(s) to share in the profits and losses of the Partnership, to receive distributions from the Partnership and to assign an Interest in the Partnership shall, on the happening

of such a Triggering Event, devolve upon such Limited Partner's executor, administrator, guardian, conservator or other legal representative or successor as the case may be, subject to the terms and conditions of this Agreement, and the Partnership shall continue as a Limited Partnership. However, in any such Triggering Event such legal representative or successor or any assignee of such legal representative or successor shall be admitted to the Partnership as a Limited Partner only in accordance with and pursuant to all of the terms and conditions of this Agreement.

**Section 8.06 Recourse of Limited Partners**

Each Limited Partner shall look solely to the Project for all distributions with respect to the Partnership, his Capital Contribution thereto and profits and losses thereof, and shall have no recourse therefore upon dissolution of the Partnership or otherwise against the General Partner or any other Limited Partner, except to the extent of any required General Partner contributions to the Partnership required by Article III.

**Section 8.07 No Right to Property**

No Limited Partner shall have a right to demand or receive any distribution from the Partnership in any form other than cash, upon dissolution of the Partnership or otherwise, except as otherwise set forth in this Agreement.

## ARTICLE IX - Admission of Successor and Additional General Partners: Removal and Withdrawal of General Partner

**Section 9.01. Voluntary Withdrawal of General Partner/Admission of Successor or Additional General Partners.**

(a) The General Partner shall not have any right to retire or withdraw voluntarily from the Partnership or to sell, transfer, or assign all or any portion of its Interest, without the Consent of the Limited Partner, which consent shall not be unreasonably withheld, delayed or conditioned. In the event that the Consent of the Limited Partner has been obtained by the General Partner, the General Partner shall designate one or more persons to be its successor. In no event shall the Interests of the other Partners be affected thereby. The designated successor General Partner shall be admitted as such to the Partnership upon approval of the Limited Partner and upon satisfying the conditions of this Agreement. Any voluntary withdrawal by the General Partner from the Partnership or any sale, transfer, or assignment by the General Partner of its Interest shall be effective only upon the admission of the successor General Partner in accordance with this Agreement, at which time the predecessor General Partner shall no longer have any obligations or liability under this Agreement.

(b) A successor General Partner shall, by its execution of an amendment to this Agreement and as a condition precedent to being admitted as a successor General Partner and to receiving any Interest in the Partnership or the Partnership Property, agree to be bound by this Agreement to the same extent and on the same terms as the predecessor General Partner.

(c) Upon the execution of the amendment to this Agreement by the successor General Partner and the admission of a successor General Partner, an amendment to the Certificate shall be executed by the successor General Partner and filed in accordance with the Act.

**Section 9.02. Removal of General Partner/Admission of Additional General Partner Under Certain Circumstances.**

(a) Upon the occurrence of an Event of Default, as defined herein, the Limited Partner shall have the right to cause a Person to be admitted to the Partnership as an additional General Partner and to remove a defaulting General Partner or both. The Limited Partner shall have the right in the name of the General Partner to take all actions and do all things necessary or appropriate to implement and carry out the provisions of this Section, provided that the replacement or addition of a General Partner must be an Affiliate of the Initial General Partner, unless prohibited by state or federal law.

(b) The following shall each be an Event of Default:

(1) the General Partner has, in connection with the Partnership or the Project, performed an act or failed to perform any act constituting fraud, intentional misconduct, material breach of fiduciary duty, misappropriation or commingling of funds, or dishonesty;

(2) the General Partner has breached any material written representation, covenant or warranty under this Agreement that substantially impairs the performance or purpose of the Partnership; or

(3) an Event of Bankruptcy shall have occurred with respect to the General Partner;

(c) If the Limited Partner elects to

(1) admit a Person as an additional General Partner upon the occurrence of an Event of Default, such admission shall occur automatically and without further action by the General Partner upon the giving of notice thereof by the Limited Partner to the General Partner, and each of the Partners hereby agrees and consents in advance to the foregoing admission. Upon the occurrence of such admission, any delegation of authority given to the defaulting General Partner (whether expressly set forth in this Agreement or otherwise) shall be canceled and of no further force and effect, and instead the defaulting General Partner shall be deemed to have delegated, automatically and without the requirement of a writing or any other action other than as set forth above, all its powers and authority (including, without limitation, all right to deposit to, withdraw from and otherwise control all Partnership bank accounts) to the Person so designated by the Limited Partner in its capacity as an additional General Partner. Notwithstanding its admission to the Partnership, the additional General Partner may withdraw as a General Partner without the consent of any other Partner.

(2) remove the General Partner, then the Limited Partner shall have the right, without the consent of any of the General Partner, to designate a successor General Partner and elect to continue the business of the Partnership; such removal shall occur automatically and without further action by any Partner upon the giving of notice thereof by the Limited Partner to the General Partner. Upon such removal, (A) the removed General Partner shall have the obligation to sell its Partnership Interest to the General Partner or its designee for $10.00US; and (B) such removed General Partner shall thereafter cease to have any interest in the capital, profits, losses, distributions, and all other economic incidents of ownership of the Partnership.

(d) The Limited Partner shall not have the right to exercise any remedies pursuant to this Article as a result of any Event of Default if the failure or violation is curable and if the General Partner shall cure such failure or violation within 30 days after notice.

**Section 9.03. Event of Bankruptcy of a General Partner.**

(a) The General Partner shall cease to be the General Partner upon an Event of Bankruptcy with respect to the General Partner, or, with the Consent of the Limited Partner, upon the occurrence of the General Partner's insolvency. Upon such an Event of Bankruptcy, or, with the Consent of the

Limited Partner, such insolvency, the remaining or successor General Partner shall cause the Partnership to redeem the General Partner's Interest for $10.00US and the General Partner shall thereafter cease to have any interest in the capital, profits, losses, distributions, and all other economic incidents of ownership of the Partnership.

(b) If, at the time of an Event of Bankruptcy with respect to the General Partner, the General Partner is the sole General Partner, the Limited Partner shall have the right, in its sole discretion, to designate a successor General Partner and the Limited Partner may, within the maximum number of days permitted by the Act after the General Partner's ceasing to be a General Partner of the Partnership, elect to continue the business of the Partnership.

**Section 9.04. Continuation of the Business of the Partnership.**

(a) If, at the time of an Event of Default, the General Partner was not the sole General Partner, the remaining General Partner or General Partners may elect to continue the business of the Partnership and shall immediately: (i) give Notice to the Limited Partner of such Event of Default; and (ii) subject to the Consent of the Limited Partner, make any amendments to this Agreement and execute and, if required by the Act, file for recording any amendments or other documents or instruments necessary to reflect the termination of the Interest of the General Partner as and in order to comply with the requirements of the Act.

(b) A Person shall be admitted as a successor or additional General Partner with the Consent of the Limited Partner if an amendment to the Certificate evidencing the admission of such Person as a General Partner shall have been filed with the Secretary of State of the State. Each General Partner hereby agrees to execute promptly any such amendment to the Certificate, if required, in the event of its withdrawal or removal pursuant to the provisions of this Article. The Limited Partner shall have the right in the name of the General Partner to execute any such amendment in the event of the General Partner's withdrawal or removal. The election by the Limited Partner to remove any General Partner or admit any additional General Partner under Section 9.02 shall not limit or restrict the availability and use of any other remedy that the Limited Partner or any other Partner might have with respect to any General Partner in connection with its undertakings and responsibilities under this Agreement.

## ARTICLE X- Assignability of Interests of Limited Partner

**Section 10.01. Substitution and Assignment of a Limited Partner's Interest.**

(a) Other than as set forth herein, no Limited Partner shall have the right to assign, sell, transfer, convey, encumber or pledge its Interest. In no event shall any Interest of a Limited Partner, or any portion thereof, be sold, transferred or assigned to a minor or incompetent, and any such attempted sale, transfer or assignment shall be void and ineffectual and shall not bind the Partnership or the General Partner. This investment may be beneficial to investors who seek lawful permanent residence pursuant to the EB-5 Program under the IN Act, as more fully described in the Confidential Memorandum. Failure of a Limited Partner desiring lawful permanent residence to remain invested fully in the Limited Partnership may result in the denial of lawful permanent residence for such Limited Partner as an outcome of this investment. There are other requirements of the EB-5 Program which the interested investor must observe or risk denial of lawful permanent residence pursuant to the EB-5 Program, as further set forth in the Confidential Memorandum.

(b) No assignment of the Interest of a Limited Partner shall be made if, in the opinion of counsel to the Partnership, such assignment (i) may not be effected without registration under the Securities Act, (ii) would result in the violation of any applicable state securities laws, (iii) would result in a termination of the Partnership under Section 708 of the Code (unless consented to by the General

Partner), (iv) would result in the treatment of the Partnership as an association taxable as a corporation or as a "publicly-traded limited partnership" for tax purposes (unless consented to by the General Partner), or (v) would jeopardize the ability of any other Limited Partner to qualify under the EB-5 Program to become a lawful permanent resident of the United States. The Partnership shall not be required to recognize any such assignment until the instrument conveying such interest has been delivered to the General Partner for recordation on the books of the Partnership and the General Partner has consented to the assignment under the parameters set forth herein. Unless an assignee becomes a substitute Limited Partner in accordance with the provisions of subsection (c), he shall not be entitled to any of the rights granted to a Limited Partner hereunder, other than the right to receive all or part of the share of the Net Profits, Net Losses, cash distributions or returns of capital to which its assignor would otherwise be entitled.

(c) An assignee of the Interest of a Limited Partner, or any portion thereof, shall become a substitute Limited Partner entitled to all the rights of a Limited Partner if, and only if:

(i) the assignor (or, if the assignor is a defaulting Limited Partner, the General Partner pursuant to the power of attorney granted in Section 16.09) gives the assignee such right;

(ii) the assignee pays to the Partnership all costs and expenses howsoever incurred in connection with such substitution, including, specifically, without limitation, costs incurred in the review and processing of the assignment and in amending the Partnership's then current Certificate and/or Agreement of Limited Partnership, if required; and

(iii) the assignee executes and delivers such instruments, in form and substance satisfactory to the General Partner, as the General Partner in its sole discretion may deem necessary or desirable to effect such substitution and to confirm the agreement of the assignee to be bound by all the terms and provisions of this Agreement.

(d) The Partnership and the General Partner shall be entitled to treat the record owner of any Partnership interest as the absolute owner thereof in all respects, and shall incur no liability for distribution of cash or other property made in good faith to such owner until such time as a written assignment of such Interest has been received and accepted by the General Partner and recorded on the books of the Partnership. The General Partner may refuse to accept an assignment until the end of the next successive quarterly accounting period.

**Section 10.02. Withdrawal of Initial Limited Partner.**
Notwithstanding the provisions of Article X, the Interest of the Initial Limited Partner shall be terminated and of no further force or effect upon the first admission of a Limited Partner other than the Initial Limited Partner. The termination of the interest of the Initial Limited Partner shall be automatic and require no action on its part or on the part of any other Person, and the General Partner shall cause to be prepared appropriate amendments to Exhibit A of this Agreement and to the Certificate.

**Section 10.03. Sale or Other Disposition of Partnership Assets**

Notwithstanding anything herein to the contrary, if the Resort Owner has not exercised its option under Section 6.06, once all I-829 petitions filed under the EB-5 Program for all Qualified Investors who have invested into the Partnership have been adjudicated, the General Partner shall subdivide the Penthouse Suites Hotel into fractional units and grant each Limited Partner five (5) fractional units in exchange for and redemption of each Limited Partner's Interest in the Partnership. All such fractional units must be made available at all times when not occupied by owner to a rental pool operated by the Resort Owner, which rental rates, and terms and conditions thereof, will be set by the Resort Owner at its sole discretion and the Resort Owner will be entitled to its standard rental management fee. Each Limited Partner may sell his fractional units whenever he wishes and for a

price at his discretion, but such fractional units must be sold exclusively through Jay Peak Realty with commission based upon its standard commission for fractional unit sales. At the General Partner's option and at its sole discretion, however, it may research the possibilities and lawful options to convert each Limited Partner's interest in the Partnership assets into five (5) fractional units each on a case by case basis, subject to the terms set forth hereinabove, as each I-829 petition filed under the EB-5 Program is adjudicated without waiting for all Qualified Investors to have their I-829 petitions adjudicated, but strictly provided that such action does not contravene USCIS policy or law, is in compliance with USCIS requirements and guidelines current at that time, and further provided that such mechanism does not jeopardize the ability of any other Limited Partner to qualify under the EB-5 program. Any residual balance of fractional unit, or parts thereof remaining after all allocations to Limited Partners are executed shall be allocated and transferred at nil cost to General Partner. Each Limited Partner acknowledges and agrees by their receipt of this Agreement and investment into the Partnership that the possible conversion of their interest in the Partnership assets into fractional units does not constitute a guarantee of a return of their investment or of a redemption of their interest.

**Section 10.04. Termination of Leases.**

All Buildings shall be operated by the approved tenants for up to ten (10) years upon terms and conditions set forth in the individual Leases. All Leases shall automatically terminate upon the termination of the Partnership, withdrawal of all Limited Partners from the Partnership through redemption of their interests or otherwise, or upon the expiration of the ten (10) year term, whichever is sooner.

## ARTICLE XI - Management Compensation, Etc.

**Section 11.01. Management Compensation, Etc.**
Other than receiving its interest herein, being reimbursed for all of its expenses and costs incurred related directly or indirectly to the development of the Project (including but not limited to permitting fees, professional fees and third party consultant fees), and receiving reimbursement for expenses and other costs incurred directly or indirectly by the General Partner to fulfill its duties hereunder, the General Partner shall not be entitled to compensation for its services rendered pursuant to this Agreement, except that the General Partner's designated manager is entitled to be paid a property management fee of ten percent (10%). In addition, however, the General Partner shall delegate its duty to develop the Project, including but not limited to the construction and build out of the Project, to the Resort Owner or another Affiliate for a construction supervisor charge to be paid by the Partnership in an amount equal to fifteen percent (15%) of the overall cost to the Partnership of the Penthouse Suites Hotel. Further, the General Partner shall delegate its duty to market the Penthouse Suites Hotel to the Resort Owner or another Affiliate on the terms and for the fees as defined in Section 10.03 herein. Each Limited Partner has been given a copy of the Confidential Memorandum, including without limitation the financial pro formas attached thereto, in which the proposed fee structure to compensate the General Partner or its Affiliate(s), as identified in this section, is disclosed and agreed to without limitation by each Limited Partner.

## ARTICLE XII - Dissolution of Partnership

**Section 12.01. Dissolution.**
The Partnership shall be dissolved, and the business of the Partnership shall be terminated in accordance with the Act, upon the occurrence of any of the following events:

(a) the dissolution, liquidation, withdrawal, retirement, removal, death, insanity, disability and/or Event of Bankruptcy of a General Partner, under such circumstances where no other remaining General Partner desires to continue the Partnership; provided, however, that the Partnership shall not be dissolved as aforesaid if the Limited Partner shall, within the maximum number of days permitted by the Act, elect to continue the Partnership and the Partnership business, and shall

designate a successor General Partner;

(b) an election to dissolve the Partnership made in writing by all of the Partners in accordance with the Act;

(c) the sale or other disposition of all or substantially all of the Partnership Property, whether under Section 10.03 or otherwise;

(d) the expiration of the Term; or

(e) The occurrence of any other event causing the dissolution of a limited partnership under the laws of the State.

**Section 12.02. Distribution of Partnership Assets.**
Upon the dissolution of the Partnership, the Partnership business shall be wound up, all leases shall terminate and its assets liquidated; and the net proceeds of such liquidation shall be distributed to the Partners as set forth in Section 8.02.

**Section 12.03. Termination of the Partnership.**
The Partnership shall terminate when all Partnership Property shall have been disposed of (except for any liquid assets not so disposed of), and the net proceeds therefrom, as well as any other liquid assets of the Partnership, have been distributed to the Partners as provided in this Article and in accordance with the Act.

## ARTICLE XIII - Accounting and Reports

**Section 13.01. Bank Accounts.**
The General Partner shall deposit the funds of the Partnership in the name of the Partnership in such separate bank account or accounts, and with such bank or banks as shall be determined by and in the sole reasonable discretion of the General Partner.

**Section 13.02. Books of Account.**
The General Partner shall at the expense of the Partnership keep at the principal office of the Partnership true, correct, and complete books of account, maintained in accordance with generally accepted accounting principles, consistently applied, in which shall be entered fully and accurately each and every transaction of the Partnership. For federal income tax and financial reporting purposes, the Partnership shall use the accrual method of accounting and the fiscal year shall end December 31. Each Partner shall have access thereto to inspect and copy such books of account at all reasonable times upon reasonable advance written notice to the General Partner. The Partnership shall retain all books and records for the longest of the periods required by applicable laws and regulations.

**Section 13.03. Reports.**
The General Partner shall at Partnership expense cause to be prepared and delivered to the Limited Partner and, when required, shall cause the Partnership to file with relevant governmental agencies, each of the following:

(a) by March 15 of each calendar year, unless an extension has been requested, the Partnership's federal income tax return including Schedule K-1's to form 1065 and all other information from the Partnership necessary for the preparation of the Limited Partner's federal income tax return;

(b) within forty-five (45) days after being produced by Partnership accountants in each subsequent calendar year, for the prior fiscal year a financial statement and report prepared for the Partnership in accordance with generally accepted accounting principles recognized in the United States; and

(c) in addition, General Partner at its sole discretion may distribute interim financial reports.

**Section 13.04. Tax Elections and Adjustments.**
The General Partner is authorized to cause the Partnership to make, forego or revoke such elections or adjustments for Federal Income tax purposes as they deem necessary or advisable in their sole discretion, provided such elections or adjustments are consistent with federal income tax rules and principles, including but not limited to, in the event of a transfer of all or part of the Limited Partnership Interest of any Partner, an election pursuant to section 754 of the Code to adjust the basis of the assets of the Partnership or any similar provision enacted in lieu thereof. The Partners will, upon request, supply any information necessary to properly give effect to any election or adjustment.

## ARTICLE XIV - Meetings of the Partnership

**Section 14.01. Meetings of the Partnership.**
Meetings of the Partnership may be called for any matters upon which the Partners may vote as set forth in this Agreement. The calling of a meeting shall be made:

(a) by the General Partner, which shall give Notice to the Partners setting forth (i) a statement of the purposes of the meeting, and (ii) the date of the meeting (which shall be a date no fewer than 15 days and no more than 30 days after the date of the Notice); or

(b) by the Limited Partner (which for the limited purpose of this subsection shall require at least sixty-six percent (66.67%) of the Limited Partners agreeing to such call for a meeting), which shall give Notice to the Partners setting forth a statement of the purposes of the meeting. No more than 15 days after receipt of such Notice, the General Partner shall provide Notice of the meeting to the other Partners in accordance with subsection (a).

## ARTICLE XV - Amendments

**Section 15.01. Generally.**
In addition to amendments otherwise authorized in this Agreement, this Agreement may be amended in any respect from time to time by the General Partner without written approval or consent of Limited Partners including but not limited to the following:

(a) by the General Partner, without the Consent of the Limited Partner, to

(1) add to its duties or obligations or to surrender any right or power given to it by this Agreement;

(2) cure any ambiguity, correct or supplement any provision of this Agreement which may be inconsistent with any other provision of this Agreement or make any other provisions with respect to matters or questions arising under this Agreement which are not inconsistent with the provisions of this Agreement;

(3) reflect on Exhibit A the removal, addition or substitution of the General Partner or the Limited Partner;

(4) correct or modify any provision to comply with the Act or satisfy USCIS; or

(5) any other amendment in the General Partner's sole discretion, so long as the amendment does not allow the Limited Partner to take part in the control of the Partnership's

business in a manner that would reduce or eliminate the limited liability of the Limited Partner, or otherwise modify the limited liability of the Limited Partner, or increase the liability or obligations of the Limited Partner, or as to change the Capital Contributions required, or rights and interests in profits, losses and distributions of any Partner or dilute the Interest of the Limited Partner.

**Section 15.02. Signatures.**
The General Partner shall sign any amendment to this Agreement adopted in accordance with the terms of this Agreement.

## ARTICLE XVI - Miscellaneous Provisions

**Section 16.01. Notices. etc.**
All notices, requests, consents, and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered or mailed by first-class registered or certified mail, postage prepaid, to the respective parties hereto at their respective addresses set forth in Exhibit A or in each case at such other address as such party may have furnished to the Partnership in writing, (ii) delivered in hand to a party, (iii) on the business day next following delivery to a nationally recognized overnight courier, or (iv) when transmitted by facsimile with electronic confirmation of transmission receipt.

**Section 16.02. Survival of Representations.**
All representations, warranties, and indemnifications contained herein shall survive the dissolution and final liquidation of the Partnership.

**Section 16.03. Entire Agreement.**
This Agreement contains the entire understanding between and among the parties and supersedes any prior understandings and agreements between and among them respecting the subject matter of this Agreement.

**Section 16.04. Applicable Law.**
It is the intention of the parties hereto that all questions with respect to the construction, enforcement, and interpretation of this Agreement and the rights and liabilities of the parties hereto shall be determined in accordance with the laws of the State without regard to principles of conflicts of laws.

**Section 16.05. Severability.**
This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable statutes, laws, ordinances, rules, and regulations. If any provision of this Agreement or the application thereof to any Person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

**Section 16.06. Binding Effect.**
(a) Each Partner, including any additional General Partner,
successor General Partner, additional Limited Partner and substitute Limited Partner, shall be deemed to have adopted, and to have agreed to be bound by, all the provisions of this Agreement.

(b) When entered into by a Partner, this Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective spouses, heirs, executors and administrators, personal and legal representatives, successors and assigns.

**Section 16.07. Counterparts.**
This Agreement and any amendments hereto may be executed in several counterparts, each of

which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

**Section 16.08. No Implied Waiver.**
No failure on the part of any Partner to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. No term or provision of this Agreement shall be deemed waived and no breach excused unless such waiver or excuse shall be in writing and signed by the party claimed to have so waived or excused.

**Section 16.09. Power of Attorney.**
Each Limited Partner, including any additional or substituted Limited Partner, by the execution of this Agreement or any counterpart thereof, does hereby irrevocably constitute and appoint the General Partner's president William Stenger, with full power of substitution, acting alone or jointly, its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead, to make, execute, acknowledge, swear to, deliver, file and record such documents and instruments as may be necessary or appropriate to carry out the provisions of this Agreement, including, but not limited to: (i) such amendments to this Agreement and the Partnership's Certificate of Limited Partnership, as amended from time to time, as are necessary to effectuate the provisions of this Agreement, including without limitation to admit to the Partnership a substituted Limited Partner or a substituted General Partner, (ii) such documents and instruments as are necessary to cancel the Partnership's Certificate of Limited Partnership, (iii) an amended Certificate of Limited Partnership reflecting the terms of this Agreement, (iv) all certificates and other instruments deemed advisable by the General Partner to permit the Partnership to become or to continue as a limited partnership or partnership wherein the Limited Partner has limited liability in the jurisdiction where the Partnership may be doing business, (v) all fictitious or assumed name certificates required or permitted to be filed on behalf of the Partnership and (vi) all other instruments which may be required or permitted by law to be filed on behalf of the Partnership. The foregoing power of attorney is coupled with an interest, shall be irrevocable and shall survive the death, bankruptcy or incapacity of any Limited Partner and the assignment by any Limited Partner of its limited partnership interest.

**Section 16.10. Partition.**
The Partners hereby agree that no Partner, nor any successor-in-interest to any Partner, shall have the right while this Agreement remains in effect to have the property of the Partnership partitioned, or to file a complaint or institute any proceeding at law or in equity to have the property of the Partnership partitioned, and each Partner, on behalf of himself, his successors, representatives, heirs, and assigns, hereby waives any such right. It is the intention of the Partners that during the term of this Agreement, the rights of the Partners and their successors-in-interest, as among themselves, shall be governed by the terms of this Agreement, and that the right of any Partner or successor-in-interest to assign, transfer, sell or otherwise dispose of its interest in the Partnership's Property shall be subject to the limitations and restrictions of this Agreement.

**Section 16.11. Confidentiality.**
A prospective investor into the Partnership, by accepting receipt of this Agreement, agrees not to duplicate or to furnish copies of this Agreement or to divulge information garnered from this Agreement or its exhibits to persons other than such investor's investment and tax advisors, accountants and legal counsel, and such advisors, accountants and legal counsel together with the prospective investors and any other persons to which this Agreement or the Related Documents come into their possession are prohibited from duplicating or using this Agreement, the Related Documents and all exhibits thereto in any manner other than to determine whether the investor wants to invest into the Partnership. Prospective investors are not to construe the contents of this Agreement as legal, investment, immigration or tax advice, or any other advice

related to the efficacy of the investment to them. The General Partner has not engaged any legal or other advisors to represent prospective investors. Each prospective investor should consult their own advisors as to legal, tax and related matters concerning the efficacy of this investment and the appropriateness of this investment to them and any other matters concerning this investment. The expense of such consultations shall be paid separately by the investor.

**Section 16.12. Approval of Agreement.**
All Qualified Investors who invest in the Partnership and become a Limited Partner, by their receipt of this Agreement and investment into the Partnership hereby approve this Agreement, all Related Documents and all exhibits thereto, and approve without limitation the use of their investment proceeds, the investment itself, and all management and exit strategies, all as disclosed herein.

**Section 16.13. No Guarantees or Redemption Rights.**
Each Limited Partner acknowledges and agrees by their receipt of this Agreement and investment into the Partnership that no promises or guarantees of performance, investment results or returns, rights to redeem their Interests or removal of conditions under the EB-5 Program have been made to them by anyone, including but not limited to by the General Partner or any of its Affiliates, and their agents, representatives, officers, salesmen, managers, employees, attorneys, consultants and third party contractors, and they are not relying on anything from the General Partner or any of its Affiliates, and their agents, representatives, officers, salesmen, managers, employees, attorneys, consultants and third party contractors except this Agreement and the Related Documents in making their decision to invest.

**Section 16.14. Arbitration Clause.**
**Any and all disputes arising under or relating to the interpretation or application of this Agreement shall be subject to arbitration in Vermont under the then existing rules of the American Arbitration Association and pursuant to the Vermont Arbitration Act, codified at 12 V.S.A. section 5651, et seq. (the "VAA"), and if any conflict exists between said rules and VAA, the VAA shall control. Judgment upon the award rendered may be entered in any court of competent jurisdiction. The cost of such arbitration shall be borne equally by the parties. Nothing contained in this Section shall limit the right of the General Partner, either on behalf of the Partnership or on its own behalf, and Limited Partner from seeking or obtaining the assistance of the courts in enforcing their constitutional or civil rights.**

**ACKNOWLEDGMENT OF ARBITRATION.**

**The parties to this Agreement understand that this Agreement contains an agreement to arbitrate. After signing this Agreement, or the investment subscription documents as set forth in Section 3.02(b) herein, each Partner understands that it will not be able to bring a lawsuit concerning any dispute that may arise which is covered by the arbitration agreement, unless it involves a question of constitutional or civil rights. Instead, each Partner agrees to submit any such dispute to an impartial arbitrator.**

| | |
|---|---|
| **GENERAL PARTNER:** | **INITIAL LIMITED PARTNER:** |
| **JAY PEAK GP SERVICES INC.** | **JAY PEAK GP SERVICES, INC.** |
| BY:_____ | BY: _____ |
| William Stenger, President | William Stenger, President |
| and Duly Authorized Agent | and Duly Authorized Agent |

**Section 16.15. Reimbursement of Expenses and Costs.**
Notwithstanding anything herein to the contrary, the General Partner and its Affiliates will be reimbursed by the Partnership for all expenses and costs incurred by the General Partner or its Affiliates in exercising the duties and powers delegated to and granted the General Partner herein.

**Section 16.16. Translation of Agreement, Etc.**
Each prospective Partner, by their receipt of this Agreement, acknowledges that it is their responsibility to obtain and pay for the translation of this Agreement, Related Documents and exhibits thereto if they cannot read or understand English. No such translation may alter, modify or otherwise change the terms of this Agreement as set forth in English in any manner or way whatsoever.

**Section 16.17. Gender Clause.**
Common nouns and pronouns will be deemed to refer to the masculine, feminine, neuter, singular and plural, as the identity of the person or persons, firm or corporation may in the context require.

**DATED at Jay, Vermont as of the ___ day of _____, 20____.**

**GENERAL PARTNER:**
**JAY PEAK GP SERVICES INC.**

BY:_____
William Stenger, President
and Duly Authorized Agent

**INITIAL LIMITED PARTNER:**
**JAY PEAK GP SERVICES, INC.**

BY: _____
William Stenger, President
and Duly Authorized Agent

**Exhibit A**

| Name | Address | Initial Interest | Capital Contribution |
|---|---|---|---|
| *General Partner* | | | |
| Jay Peak GP Services Inc. | 4850 VT. Route 242<br>Jay, VT 05859-9621 | 0.01% | |
| *Limited Partner* | | | |
| Jay Peak GP Services Inc. | 4850 VT. Route 242<br>Jay, VT 05859-9621 | 99.99% | |

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JAY PEAK
VERMONT

# Section 4

# Subscription Documents

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Jay Peak Penthouse Suites L.P. Subscription Documents

## INSTRUCTIONS FOR COMPLETION

In connection with your subscription for an interest in Jay Peak Penthouse Suites L.P., enclosed herewith are the following documents which must be properly and fully completed, signed and returned as set forth herein:

**Exhibit A: Investor Escrow Agreement.**

**Exhibit B: Purchaser Investor Questionnaire Jay Peak Penthouse Suites L.P. - To be completed and signed by you.**

**Exhibit C: Subscription Agreement and Consent to Limited Partnership Agreement Jay Peak Penthouse Suites L.P.** Complete as indicated.

Please make your checks payable to (i) "Jay Peak Penthouse Suites L.P." in the amount of $500,000 and (ii) "Jay Peak Inc." in the amount of $50,000, (less any initial deposit paid)or make wire transfer(s) in said amounts (see below), being a total of $550,000 and equaling the subscription amount to participate in the Offering. Please return the aforementioned subscription documents and checks or confirmation of wire transfer to the Limited Partnership c/o :

RAPID USA VISAS, INC.
Attn: Douglas Hulme FCCA
12820 Tamiami Trail N
Naples
Florida 34110
USA

Tel USA 239.594.5400 email: rapidusa@gmail.com

**PAYMENT INSTRUCTIONS FOR WIRE TRANSFER:**

People's United Bank d/b/a Chittenden Bank
**2 Burlington Square**
**Burlington Vermont 05401**
**ABA Number: #011600062**
**Credit Account: #19100316**
ATTN: Institutional Trust
**Credit Account: Jay Peak Penthouse Suites L.P.**
**For benefit of: ..... (The Investor)**

# Investor Escrow Agreement

# JAY PEAK PENTHOUSE SUITES L.P.

THIS INVESTOR E SCROW AGREEMENT (the " Agreement"), is made by and between the undersigned (the "Investor") and

People's United Bank 2 Burlington Square Burlington, VT 05401,

a savings bank chartered under the laws of the United States of America (the "Escrow Agent"), as of the date the Escrow Agent signs the Agreement.

*Recitals*

A. Offering. Jay Peak Penthouse Suites L.P., a Vermont limited partnership (the "Limited Partnership"), is in the process of offering to sell limited partnership interests to investors (collectively, the "Investors" and individually, an "Investor"), pursuant to an Offering Memorandum being prepared (the "Offering Memorandum") and a Limited Partnership Agreement to be attached thereto as an exhibit (the "LP Agreement"), as a means to securing funds to construct up to fifty five (55) penthouse suites and other amenities at Jay Peak Resort in Jay, Vermont. The general partner of the Limited Partnership is Jay Peak GP Services, Inc. (the "General P artner"). The business o f the Limited Partnership and the use of Investor monies (the "Project") will be fully explained in the LP Agreement and Offering Memorandum. The required minimum amount o f investment funds to the Project per Investor is US$500,000 ( the "Investment"), plus an additional US$50,000 in administrative fees (the "Administrative Fees") payable to Jay Peak, Inc. (the "Company").

B. Purpose o f Agreement. The Escrow Agent has been retained by the Company to hold on deposit monies received from Investors, to reserve a place in the Project while conducting due diligence, in an account for the benefit of the Investors and the Limited Partnership.

*Terms and Provisions*

In consideration of the respective covenants and agreements hereinafter set forth, and other good and valuable consideration now paid by each party to the other (the sufficiency and receipt of which is hereby acknowledged), the parties hereto agree as follows:

1. Acknowledgment o f Escrow Agent and Ratification of its Duties. As of the date of this Agreement, the Escrow Agent acknowledges receipt from t he Investor o f US$10,000 to reserve a place in the Offering (the "Minimum Deposit"). Any monies deposited by the Investor with the Escrow Agent in excess of the Minimum Deposit and allocated towards the Investor's Investment or Administrative Fees, whether simultaneously hereof or subsequent to the dat e of this Agreement, are also subject to this Agreement, and all funds deposited with the Escrow Agent shall be defined

herein as the "Escrow Funds". The Escrow Agent agrees with the Investor to hold the Escrow Funds in an account (the "Escrow Account") and disburse the Escrow Funds as set forth herein.

2. Acknowledgements of Investor.

(a) The Investor acknowledges that the Minimum Deposit is tendered to reserve a place in the Offering and that all Escrow Funds shall be subject to this Agreement.

(b) The Investor represents that he or she is a bona fide, qualified investor seeking to invest into the Project, and that the Escrow Agent and the Limited Partnership are relying on this representation in accepting the Escrow Funds into Escrow and into the Project upon release of the Escrow Funds. The Investor also acknowledges that the Limited Partnership is a third party beneficiary of this Agreement.

3. Refund of Escrow Funds to Investor. At any time up to thirty (30) days after payment of the Minimum Deposit, or up to thirty (30) days after the Investor's receipt of the Offering, whichever is the last to occur, unless such period is extended in writing by the Limited Partnership with a copy of such extension sent to Escrow Agent (the "Due Diligence Period"), the Investor upon written notice received by Escrow Agent prior to the expiration of such Due Diligence Period, with a copy to the General Partner, shall be entitled to a full refund of the Escrow Funds.

4. Release of Escrow Funds to Limited Partnership.

(a) After the expiration of the Due Diligence Period, unless refunded pursuant to the notice set forth in section 3 above, the Minimum Deposit is strictly non-refundable and will automatically be released by the Escrow Agent to the Limited Partnership. Thereafter, the Investor shall have an additional forty-five (45) days to complete payment of his or her Investment and payment of Administrative Fees, if not already done, by depositing the balance owed into the Escrow Account.

(b) Notwithstanding the above, at such time that the Investor deposits the balance of the Investment and Administrative Fees into the Escrow Account and the Escrow Agent receives a copy of the Subscription Documents executed by Investor and accepted by the Limited Partnership, the Escrow Agent shall immediately release all Escrow Funds received by the Investor to the Limited Partnership, as to the Investment, and to the Company, as to the Administrative Fees, pursuant to the executed Subscription Documents.

5. Effect of Release of Escrow Funds to the Limited Partnership. The Investor confirms that upon release of the Escrow Funds to the Limited Partnership pursuant to the terms of section 4 above, the Escrow Funds shall be committed by the Investor to the Project and be available by the Project immediately and irrevocably upon such release; subject, however, to the refund provisions of the Offering Memorandum, including the LP Agreement.

6. Duties and Responsibilities of Escrow Agent.

(a) As Escrow Agent hereunder, Escrow Agent, acting in such capacity, shall have no duties or responsibilities except for those expressly set forth herein.

(b) The Limited Partnership and the Investor shall jointly and severally indemnify and hold harmless the Escrow Agent against any loss, damage or liability, including, without limitation,

attorney's fees which may be incurred by the Escrow Agent in connection with this Agreement, except any such loss, damage or liability incurred by reason of the negligence or misconduct of the Escrow Agent.

(c) The Escrow Agent, acting as such, shall not be liable to anyone by reason of an error in judgment, a mistake of law or fact, or for any act done or step taken or omitted, in good faith, and this provision shall survive the termination of this Agreement.

(d) At the time the Escrowed Funds are released by Escrow Agent in accordance with this Agreement, Escrow Agent shall be discharged from any obligation under this Agreement.

(e) The Escrow Agent may consult with independent legal counsel in the event of any dispute or questions as to the construction of any of the provisions hereof or its duties hereunder and it shall incur no liability and shall be fully protected in acting in accordance with the opinion and instructions of counsel. The Escrow Agent shall have the right to file legal proceedings, including interpleader, to determine the proper dispositions of assets hereunder, all costs thereof constituting an expense of administration of this Agreement.

7. Rights of Escrow Agent Upon Dispute.

(a) In the event of any disagreement between the Escrow Agent and the Investor or between them and any other person, resulting in adverse claims or demands being made in connection with the Escrow Funds, or in the event that the Escrow Agent, in good faith, shall be in doubt as to what action it should take hereunder, the Escrow Agent may, at its option, refuse to comply with any claims or demands on it or refuse to take any other action hereunder, so long as such disagreement continues or doubt exists, and in any such event, the Escrow Agent shall not be or become liable in any way or to any person for its failure or refusal to act, and the Escrow Agent shall be entitled to continue so to refrain from acting until (i) the rights of the Escrow Agent and the Investor shall have been fully and finally adjudicated by a court of competent jurisdiction, or (ii) all differences shall have been adjusted and all doubt resolved by agreement between the Escrow Agent and the Investor, and the Escrow Agent shall have been notified thereof in writing.

(b) In the event Escrow Agent becomes involved in litigation in connection with this Agreement, the Investor and Limited Partnership agree to jointly and severally indemnify and hold the Escrow Agent harmless from all losses, costs, damages, expenses, liabilities, judgments and reasonable attorney's fees suffered or incurred by Escrow Agent as a result thereof, except that this indemnity obligation shall not apply to any litigation in which relief is sought for the negligence or misconduct of the Escrow Agent.

8. Notices. All notices, instructions and other communications required or permitted to be given hereunder or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been duly given if delivered personally or telexed or mailed, postage prepaid, registered or certified mail, as follows:

(a) If to the Investor:

_____

_____

_____

(b) If to Escrow Agent:

People's United Bank
2 Burlington Square
Burlington, VT 05401 Attn: Institutional Trust

With a copy to:

Jay Peak GP Services, Inc.
4850 VT Route 242
Jay, Vermont 05859 Attn: William Stenger, President

Any notice delivered or telexed as aforesaid shall be deemed to have been received by the party or parties to whom it is sent on the date of its being so delivered or telexed. Any notice mailed as aforesaid shall be deemed to have been received by the party or parties hereto to whom it is so mailed five business days after the date of its being so mailed.

9. Generally. (a) This Agreement shall be governed by and construed and in accordance with the laws of the State of Vermont, United States of America.

(b) The section headings are for reference purposes and shall not affect the meaning or interpretation of this Agreement.

(c) This Agreement shall be binding upon, and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

(d) The terms and provisions of this Agreement may only be amended, modified, waived, superseded or canceled by written instrument executed by both of the parties hereto or, in the case of a waiver, by the party or parties waiving compliance. Notwithstanding the foregoing, no term which affects the Investor's rights or responsibilities may be amended, modified, superseded or canceled without the prior express written consent of the Investor.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the dates set forth below.

THE INVESTOR (Dated _____)

BY _____
(signature)

Print Name:_____

THE ESCROW AGENT
PEOPLE'S UNITED BANK (Dated _____)

BY_____
Name: _____
Duly Authorized Agent

**THE PARTIES TO THIS AGREEMENT ACKNOWLEDGE THAT JAY PEAK PENTHOUSE SUITES L.P. AND JAY PEAK, INC. HAVE CONSENTED TO THE TERMS HEREOF AND ARE THIRD PARTY BENEFICIARIES.**

**Exhibit B**

## Purchaser Investor Questionnaire

THE FOLLOWING INVESTOR QUESTIONNAIRE IS ESSENTIAL TO ENSURE THAT THIS OFFERING IS CONDUCTED IN FULL COMPLIANCE WITH REGULATION D OR REGULATION S OF THE SECURITIES ACT OF 1933, AS AMENDED. THE QUESTIONNAIRE WILL REMAIN ON FILE IN CONFIDENCE IN THE OFFICES OF JAY PEAK PENTHOUSE SUITES L.P. (THE "LIMITED PARTNERSHIP") FOR A PERIOD OF 4 YEARS.

YOUR COOPERATION IN THE FULL COMPLETION OF THE INVESTOR QUESTIONNAIRE IS GREATLY APPRECIATED.

JAY PEAK PENTHOUSE SUITES L.P.

_____

_____

_____

Name and Address of Prospective Investor

Gentlemen:

I understand that the limited partnership interest (the "Interest") offered for sale to me by Jay Peak Penthouse Suites L.P. (the "Limited Partnership") will not be registered under the Securities Act of 1933, as amended (the "Act") and applicable state securities laws (the "State Acts"). I also understand that in order to ensure that the offering and sale of the Interests (the "Offering") are exempt from registration under the Act and the State Acts, the Limited Partnership is required to have reasonable grounds to believe, and must actually believe, after making reasonable inquiry and prior to making any sale;

In order to induce the Limited Partnership to permit me to purchase an Interest, I hereby warrant and represent to the Limited Partnership as follows: Please select and checkmark A or B below as applicable to you.

☐ "A" - that purchaser is not resident in the United States at the time of the offer and that purchaser is purchasing for their own account and not for the benefit of a United States person, as that term is defined in Regulation S; or

☐ "B" - that the purchaser is resident and is living in the United States, in which event Regulation D under the Act shall apply.

NOTE: The information provided herein will be relied upon in connection with the determination as to whether you meet the standards imposed by Regulation D or Regulation S promulgated under the Act, since the Interests offered hereby have not been and will not be registered under the Act and are being sold in reliance upon the exemption provided by Regulation S or Regulation D as applicable to the Investor. All information supplied will be treated in confidence; except that this Questionnaire may be presented to such parties as deemed appropriate or necessary to establish that the sale of an Interest to you will not result in violation of the exemption from registration under the Act which is being relied upon in connection with the sale of the Interest.

**INSTRUCTIONS: Please answer each question fully and attach additional information, if necessary. If the answer to any question is "None" or "Not Applicable" please so state. Please sign and date the Questionnaire on the final page.**

**1.**

**Name:** _____

**Date of Birth:** _____ **(mm/dd/yyyy)**

**Firm Name:** _____

**Business Address:** _____

**Business Telephone Number:** _____

**Residence Address:** _____

**2.**

**(a)Education:**

_____

_____

_____

**Other specialized Education or Instruction:**

_____

_____

**(b)All Professional Memberships or Licenses:**

_____

_____

**3. Occupation**

**Present occupation (with date of commencement):**

_____

_____

Occupations during last five years (with dates):

_____

_____

4. My net worth or joint net worth with my spouse is at least $US _____ . My proposed investment will ☐ will not ☐ exceed ten percent of my net worth.

5. My income ☐ has ☐ has not exceeded $US200,000 in each of the two most recent years, and I ☐ have ☐ do not have a reasonable expectation of reaching the same income level in the current year.

   My joint income with my spouse ☐ has ☐ has not exceeded $US300,000 in each of the two most recent years, and I ☐ have ☐ do not have a reasonable expectation of reaching the same income level in the current year.

6. I do not have any other investments or contingent liabilities which I reasonably anticipate could cause the need for sudden cash requirements in excess of cash readily available to me.

   ☐ Yes ☐ No

7. I have checked my investment objectives where applicable:

   ☐ Income ☐ Appreciation ☐ Other

8. I can bear the risk of the proposed investment, including the loss of my entire investment, a lack of liquidity in the investment or an inability to sell the investment for an indefinite period of time.

   ☐ Yes ☐ No

9. I learned about this investment in the following manner (check each applicable line).

- ☐ Personal contact or acquaintance
- ☐ Investment adviser or counselor
- ☐ Prior investment or Association with the Limited Partnership
- ☐ Broker-dealer
- ☐ Affiliation with business or management
- ☐ Immigration Research
- ☐ Other (please state):

10. I have received a copy of the Offering Memorandum, dated July 8 2010, and all Exhibits thereto (the "Memorandum") setting forth information relating to the Limited Partnership and the terms and conditions of a purchase of an Interest, as well as any other information I deemed necessary or appropriate to evaluate the merits and risks of an investment in the Interest. I further acknowledge that I have had the opportunity to ask questions of, and to receive answers from, representatives of the Limited Partnership concerning the terms and conditions of the Offering and the information contained in the Offering Memorandum.

☐ Yes ☐ No

Name and position of person talked to (if applicable): _____

I acknowledge that the individual(s) to whom I have spoken did only clarify the information contained in the Memorandum and that I am continuing to rely solely upon the information, representations and disclosures contained in the Memorandum.

11. If I am an EB-5 Investor, with respect to my qualifications as an "alien entrepreneur" for purposes of the Regulations to the Immigration and Nationality Act, as amended, I represent and warrant that:

(a) I have attained the age of 18 years and have the legal capacity and competence to execute all necessary documents in connection with this Offering;

(b) I have complied and will continue to comply with all the requirements, terms and conditions prescribed by U.S Citizen and Immigration Services and the U.S. Department of State in connection with my forthcoming petition as an EB-5 fifth employment-based visa preference "alien entrepreneur" and subsequent applications for lawful permanent residence;

(c) If I have selected Option 'B", and Regulation D thereby applies, I confirm I have accumulated a net worth of not less than $US1,000,000; or an individual income in excess of $200,000 each of the two most recent years; or a joint income with my spouse in excess of $300,000 in each of the two most recent years and reasonably expect to reach the same income level in the current year;

(d) I am in good health and know of no health impairment which would likely result in exclusion under the Immigration and Nationality Act, as amended; and

(e) I have never been convicted of any criminal offense or engaged in any acts which constitute crimes of which I have not been convicted and I do not know of any facts which would result in my failure to meet the requirements of an "alien entrepreneur" or to be admitted to the United States as a lawful permanent resident.

12. I was not solicited by any general form of advertisement for this investment.

13. I am aware that there are limitations on my ability to sell the Interest and that the certificate evidencing the Interest will carry a restrictive legend.

14. I am purchasing the Interest for personal investment and without a view to redistribution.

15. I represent and warrant to the Limited Partnership and its general partner that the information contained in this Investor Questionnaire is true, complete and correct.

16. I agree to notify the Limited Partnership promptly of any change in the foregoing information which may occur prior to transfer of the Interest to me.

**Dated:** _____ **Investor Signature:** _____

# Exhibit C

## Subscription Agreement

Dated: ____/____/____ (dd/mm/yyyy)

Jay Peak Penthouse Suites L.P.
4850 Route 242
Jay, VT 05859

Subscription Agreement
For Purchase of a Limited Partnership Interest in
Jay Peak Penthouse Suites L.P.

Gentlemen:

The undersigned (or "I" or "me" or "my," as applicable), subject to the terms and conditions herein, hereby irrevocably subscribes for one limited partnership interest (the "Interest") in Jay Peak Penthouse Suites L.P., a Vermont limited partnership (the "Limited Partnership" or "Partnership"). The minimum[1] capital contribution (the "Capital Contribution") is Five Hundred Thousand Dollars (US$500,000) plus an administration fee of Fifty Thousand Dollars (US$50,000) for a total cost of Five Hundred Fifty Thousand Dollars (US$550,000) ("the Subscription Amount"). Payment in full for the partnership interest purchased must accompany this Subscription Agreement.

An "Interest" is defined in the Limited Partnership Agreement as the partner's right, title, and interest in the Partnership, including any and all assets, distributions, losses, profits and shares of the Partnership, whether cash or otherwise, and any other interests and economic incidents of ownership whatsoever of such partner in the Partnership.

The undersigned agrees that the Partnership may reject this Subscription Agreement in its sole and absolute discretion within fifteen (15) days of receipt of this Subscription Agreement, if the undersigned subscriber is not an accredited investor.

I have received and read the Offering Memorandum, dated July 8, 2010, including the Limited Partnership Agreement and Exhibits thereto (the "Memorandum"), covering the sale of the interests (the "Offering") and hereby acknowledge that I am not acting on the basis of any representations and warranties other than those

[1] The minimum Capital Contribution for purposes of this Limited Partnership for an investor seeking lawful permanent resident status under the EB-5 program under the Immigration and Nationality Act, as amended, is $500,000. For investors not seeking the benefits of such EB-5 program, the minimum Capital Contribution may be reduced at the sole discretion of the general partner.

contained in the Memorandum. I hereby acknowledge that all matters relating to the Memorandum have been explained to me to my satisfaction and approval, and that I understand the speculative nature and the risks involved in the proposed investment. I agree to be bound by all of the terms and conditions of the Offering made by the Memorandum, the exhibits thereto, and the Limited Partnership Agreement.

I realize that (i) an investment into the Partnership is of a speculative nature and may result in a loss of my entire investment; (ii) the Interests have not been registered under the Securities Act of 1933 or the laws of any state, (iii) Unless the purchaser is a resident and living in the United States, wherein Regulation D under the Act shall apply, the Interests may not be offered or sold in the United States, or to any natural person resident in the United States or to any entity formed in the United States or whose owners (directly or indirectly) are " U.S. persons" within the meaning of Regulation S issued by the Securities and Exchange Commission; (iv) the Interest is not transferable except in compliance with the restrictions on transferability indicated in the Memorandum and in the Limited Partnership Agreement and to be written on all certificates evidencing the Interest, as imposed by applicable federal and state securities laws or otherwise and, accordingly, an investment in the Partnership lacks liquidity; (v) this is not a "tax shelter" investment and the nature and tax consequences to me of an investment in the Partnership may depend upon my circumstances; and (vi) no federal or state agency has made any finding or determination as to the fairness of the Offering, or any recommendation or endorsement of the Interests.

I agree to be bound by all of the terms and provisions of the Memorandum and to perform any obligations therein imposed on a purchaser with respect to an Interest purchased as a result thereof, and I acknowledge that the Limited Partnership will be relying on the agreements and information as provided by me in determining my qualifications to invest in the Partnership.

If I am resident of, and living in the United States, I confirm I have accumulated a net worth of not less than $US1,000,000, or have an individual income of not less than US$200,000 per annum or a joint income with my spouse of not less than US$300,000 per annum.

I reaffirm the representations concerning me made in the Investor Questionnaire and the Acknowledgment of Receipt of Memorandum, all of which are hereby incorporated herein by reference. I further represent and warrant as follows:

(a) I have read and am familiar with the Memorandum and its Exhibits;

(b) I am;

☐ (i) A resident of, and living in the U.S. at the time of sale and therefore Regulation D of the Act shall apply; or

☐ (ii) Not resident in the United States at this time, nor will I be at the time of sale, and therefore Regulation S of the Act shall apply;

(c) The Interest for which I hereby subscribe will be acquired solely for my account and is not being purchased for subdivision or fractionalization thereof or for the benefit of a United States person (unless that person is resident and living in the U.S) as that term is defined in Regulation S; and I have no contract, undertaking, agreement or arrangement with any person to sell, transfer or pledge to such person, or to anyone else, the Interest which I hereby subscribe to purchase or any part thereof, and I have no present plan to enter any such contract, undertaking, agreement or arrangement;

(d) The Limited Partnership has made all documents pertaining to this investment available to me and, if I so requested, to my attorney and/or accountant;

(e) I have relied solely upon the Memorandum presented by the Limited Partnership, the Exhibits to the Memorandum, and such independent investigations as made by me in making a decision to purchase the Interest subscribed for herein;

(f) I am investing in my own name; and I was not solicited by any form of general solicitation or general advertising, including, but not limited to the following:

(i) any advertisement, article, notice of other communications published in any newspaper, magazine, or similar media or broadcast over television or radio in the United States; and

(ii) any seminar or meeting whose attendees had been invited by any general solicitation or general advertising in the United States;

(g) I acknowledge an understanding of the restrictions on transferability of the Interest and realize that no transfer may occur, excepting as permitted under Article 10 of the Limited Partnership Agreement, and in any event only after registration of the Interests under the Securities Act of 1933 or pursuant to an exemption from the securities laws and regulations; and

(h) I agree that the Interest may not be sold in the absence of registration unless such sale is exempt from registration as evidenced by a written opinion of counsel of the Limited Partnership, and further that I shall be responsible for compliance with all conditions on transfer imposed by any Commissioner of Securities of any state and for any expenses incurred by the Limited Partnership for legal or accounting services in connection with reviewing any proposed transfer or issuing opinions in connection therewith.

I recognize that the offer and sale of the Interest to me was based upon my representations and warranties contained above and I hereby agree to indemnify the Limited Partnership, its general partner, its affiliates, their officers and directors, and to hold each harmless from and against all liabilities, costs or expenses (including attorney's fees) arising by reason of or in connection with any misrepresentation or any breach of such warranties by me, or my failure to fulfill any of my covenants or agreements set forth herein, or arising as a result of the sale or distribution of the Interest by me in violation of the Securities Exchange Act of 1934, as amended, the Securities Act of 1933, as amended, or any other applicable law.

This subscription and the representations and warranties contained herein shall be binding upon my heirs, legal representatives, successors and assigns.

To facilitate the expeditious administration of the business operations of the Limited Partnership, I hereby designate and appoint William J. Stenger, or his designee, my agent and attorney-in-fact in my name, place and stead to do any act or thing and to make, execute, swear to and acknowledge, amend, file, record, deliver and publish (a) any certificate of limited partnership, or amended certificate of limited partnership required to be filed on behalf of the Limited Partnership under the laws of the State of Vermont, or required or permitted to be filed or recorded under the statutes relating to limited partnerships under the laws of any jurisdiction in which the Limited Partnership shall engage or seek to engage in business; (b) any fictitious or

assumed name certificate required or permitted to be filed by or on behalf of the Limited Partnership; and (c) any other instruments necessary to conduct the operations of the Limited Partnership. Provided, however, the said agent and attorney-in-fact may not take any action which under the Limited Partnership's Agreement of Limited Partnership requires or permits the holders of the Interests to vote. The existence of this power of attorney, which shall not be affected by my disability, shall not preclude execution of any such instrument by me individually on such matter. Any person dealing with the Limited Partnership shall conclusively presume and rely upon the fact that any such instrument executed by such agent and attorney-in-fact is authorized, regular and binding without further inquiry. I shall execute and deliver to the Limited Partnership within five days after receipt of a request therefore by the Limited Partnership such further designations, powers of attorney and other instruments as the Limited Partnership shall reasonably deem necessary.

Upon the Partnership's acceptance of this Subscription Agreement and related exhibits, and receipt of the undersigned's full Subscription Amount of $550,000 by the Limited Partnership, the Partnership shall notify the undersigned that it has accepted the subscription herein by delivering to the undersigned a fully signed copy of the Subscription Agreement and the undersigned shall be admitted as a Limited Partner of the Partnership, with a certificate evidencing the under signed's Interest in the Partnership issued in the undersigned's name to the undersigned within a reasonable period of time.

Partnership Interests are available on a first-come, first-serve basis. Those Investors who need additional time to complete their due diligence may make a refundable deposit of US$10,000 for up to a forty-five (45) days. As set forth in the Confidential Memorandum, after reserving an interest in the Limited Partnership by making an escrow deposit of $10,000 with Peoples United Trust Company, FSB subject to the terms of an Investor Escrow Agreement – Initial Deposit Only, each Limited Partner shall have thirty (30) days to conduct his due diligence, and an additional forty five (45) days thereafter to complete his investment into the Project by paying the rest of the Subscription Amount, which time periods may be extended or reduced by the general partner at its sole discretion.

<u>If applicable to my investment in the Partnership, with respect to my qualifications as an "alien entrepreneur" for purposes of the EB-5 program under the Immigration and Nationality Act, as amended (the "EB-5 Program"), I represent, acknowledge and warrant as follows:</u>

(a) I, the undersigned, have attained the age of 18 years and have the legal capacity and competence to execute all necessary documents in connection with this Offering and to take all actions required pursuant to those documents;

(b) I shall hire independent counsel for immigration processing and other legal matters. The undersigned shall be responsible for payment of my own legal fees and costs;

(c) Jay Peak Penthouse Suites L.P. and the general partner shall use their reasonable best efforts without charge to assist my counsel with the filing of my I-526 and I-829 petitions, and to verify required direct and indirect employment until the removal of my conditions to obtaining permanent residency;

(d) I understand that upon subscribing to this Offering and becoming a limited partner, it is at the sole responsibility and risk of the undersigned to file my I-526 petition. There is no refund of my Subscription Amount for failure to file my I-526 petition.

(e) I understand that in the event my I-526 petition is denied at any time, my rights are limited solely to the return of my $500,000 Capital Contribution (but not the $50,000 administration fee) within ninety (90) days of written request therefor to the general partner, unless said denial is based on fraud or material misrepresentation of the undersigned in which event no refund shall be due. The returned $500,000 Capital Contribution is separate from any previously paid or currently due Partnership distribution of profits;

(f) I understand that the regional center pilot program, created in support of the EB-5 Program and further described in the Memorandum (the "Pilot Program"), has lapsed in the past, only to be reauthorized retroactively so that no investor rights were prejudiced by a lapse in the program. The same scenario may occur should the current Pilot Program lapse, but this result cannot be assured. If the Pilot Program lapses, and my I-526 petition is filed with USCIS but is not yet adjudicated on or before the date of lapse, my $500,000 Capital Contribution shall remain invested in the Partnership provided:

1. the Pilot Program is reauthorized retroactively or is pending reauthorization within a twelve (12) month period following its lapse, and my I-526 Petition is in due course adjudicated; or
2. legislation is enacted or pending providing substantially similar immigration benefits to foreign investors like me as under the lapsed Pilot Program and the EB-5 Program within a twelve (12) month period following the Pilot Program's lapse, and my petition for substantially similar benefits is in due course adjudicated.

If neither of the events described under 1 and 2 above occur, or are pending as stated, at my option I may either remain invested in the Partnership, or request in writing a refund of my Capital Contribution of $500,000. Upon receipt of a request of refund to the General Partner, the Capital Contribution will be refunded by the Limited Partnership within a period of ninety (90) days from receipt of such request, and my Interest in the Limited Partnership shall automatically be terminated and I shall no longer have any of the rights and benefits of ownership of an Interest or any right to participate in any manner whatsoever in the affairs of the Partnership. I acknowledge that my rights in this regard are limited solely to the return of my Capital Contribution of $500,000.

(g) If I do not have a social security number (SSN) or an individual tax identification number (ITIN) at the time of the investment, I must apply for and provide one in a timely manner after the investment and prior to any distributions to me as described in the Partnership Agreement.

Consent to Limited Partnership Agreement

The undersigned hereby consents (the "Consent") to the terms and conditions of the Limited Partnership Agreement (the "Agreement") of Jay Peak Penthouse Suites L.P. (the "Partnership") in connection with the undersigned's subscription for a limited partnership interest in the Partnership (an "Interest") for an aggregate cost of $US550,000, comprised of the Capital Contribution of US$500,000 plus an administration fee of US$50,000 for a total cost of US$550,000, and agrees that this Consent shall constitute the equivalent of signing the Agreement.

The undersigned also confirms and attests that I have received and reviewed, and understand and am fully satisfied with, all of the information and documentation I consider necessary or appropriate in deciding whether to purchase an Interest in the Partnership, including but not limited to the Memorandum dated July 8, 2010 including all exhibits thereto and all financial information disclosed therein or under the Agreement; have had the opportunity to ask questions and receive answers from the General Partner (as defined in the Agreement) and the Partnership regarding the terms and conditions of the purchase of an Interest in the Partnership, and regarding the business, properties, prospects, and financial

condition of the Partnership; and have had the opportunity to review the books and records of the Partnership and to obtain additional information (to the extent the Partnership possessed such information or could acquire it without unreasonable effort or expense) necessary to verify the accuracy of any information furnished to me or to which I have had access,

The undersigned acknowledges the receipt of a true and correct copy of the Memorandum including the Limited Partnership Agreement and agrees to be bound by its terms. My Capital Contribution shall be used to further the business purposes of the Partnership as set forth in the Limited Partnership Agreement.

**I have the right to withdraw from this subscription within 72 hours after executing this Subscription Agreement.**

Individual Investor

Name _____

Signature _____ Date _____

Address _____

_____

Country of Residence _____

Place of Birth _____

ACCEPTANCE

On this ____ day of _____, 20___, Jay Peak Penthouse Suites L.P. (the "Limited Partnership") hereby accepts the subscription of _____ for one Interest, on the terms set forth herein.

Jay Peak Penthouse Suites L.P.

BY _____
Duly Authorized Agent

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JAY PEAK
VERMONT

# Section 5

# Exhibits

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## SECTION 5

### Schedule of Exhibits

| | |
|---|---|
| **EXHIBIT A** | TRANSCRIPT: SPEECH GOVERNOR JIM DOUGLAS STATE OF VERMONT |
| **EXHIBIT B** | REGIONAL CENTER DESIGNATION: JUNE 26, 1997 |
| **EXHIBIT C** | REGIONAL CENTER: REAFFIRMATION OF DESIGNATION MAR 19, 2007 |
| **EXHIBIT D** | MEMORANDUM OF UNDERSTANDING: JUNE 29, 2009. BEWTEEN STATE OF VERMONT AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT AND JAY PEAK PENTHOUSE SUITES L.P. |
| **EXHIBIT E** | PENTHOUSE PROJECT: LETTER KEVIN DORN: STATE OF VERMONT |
| **EXHIBIT F** | LETTERS FROM SENATOR PATRICK LEAHY TO JAY PEAK RESORT |
| **EXHIBIT G** | LETTER FROM GOVERNOR JAMES DOUGLAS TO JAY PEAK RESORT |
| **EXHIBIT H** | LETTER FROM TOWN OF JAY, VERMONT: POPULATION STATISTICS 2009 |
| **EXHIBIT I** | 2009 TAX BILL FOR TOWN OF JAY |
| **EXHIBIT J** | CERTIFICATE OF LIMITED PARTNERSHIP |
| **EXHIBIT K** | CERTIFICATE OF INCORPORATION: ARTICLES OF INCORPORATION GENERAL PARTNER JAY PEAK GP SERVICES, INC. |
| **EXHIBIT L** | IRS: LETTER OF ASSIGNMENT OF EIN: JAY PEAK PENTHOUSE SUITES L.P. |
| **EXHIBIT M** | ECONOMIC MODEL DATA: PROJECT METHODOLOGY RIMS II MATRIX |
| **EXHIBIT N** | PROPOSED PROPERTY MANAGEMENT AGREEMENT |
| **EXHIBIT O** | DRAFT FORM OF COMMERCIAL LEASE – PENTHOUSE HOTEL |
| **EXHIBIT P** | DRAFT FORM OF COMMERCIAL LEASE – MOUNTAIN LEARNING CENTER |
| **EXHIBIT Q** | ACQUISITION AND RIGHTS AGREEMENT, PROPOSED GRANT OF EASEMENT AND MAINTENANCE AGREEMENT |
| **EXHIBIT R** | MEDIA |
| **EXHIBIT S** | HOTEL SUITE CONCEPTUALS AND PROPOSED FACILITIES |
| **EXHIBIT T** | CIS I-526 PETITION |

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VERMONT

Agency of Commerce & Community Development
State of Vermont

# Jim Douglas, Governor State of Vermont

## View this speech online at:

www.eb5greencard.com/jimdouglas.php

Transcript:

Hello, I am Jim Douglas; the Governor of the State of Vermont located in northern New England, one of Americas most scenic and historic regions.

I am very pleased to say a few words about Vermont's Regional Center EB-5 projects and in particular Jay Peak Resorts program which has been especially active since 2004 when the U. S. Citizenship and Immigration Service made the programs more functional nationally.

Since then Jay Peak Resort in partnership with the State of Vermont Agency of Commerce has successfully implemented its first job creating EB-5 project.

In this first phase the resort is welcoming 35 investors to the United States who will have contributed 17.5 million dollars to the Vermont economy and created jobs for more than 350 Vermonters. With phase I such a success additional phases are now being launched that will further expand Jay Peak into a true 4 season resort.

Jay Peak has been one of Vermont's most successful resorts for over 50 years, led by Bill Stenger one of Vermont's most respected business leaders and the leader in the Vermont ski industry for over 20 years the Jay Peak EB-5 project became Vermont's first Regional Center Pilot Program, its most successful to date.

I hope you'll visit the resort and see for yourself what Jay Peak has to offer.



EXHIBIT A

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LIAISON 2101

RESPONSE DUE 7/14

NRN

CODE # 7120

U.S. Department of Justice
Immigration and Naturalization Service

HQ 70/8.5-C

425 I Street NW
Washington, DC 20536

JUN 26 1997

RECEIVED
GOVERNOR'S OFFICE
JUN 30 '97
MONTPELIER, VT 05609

Howard Dean, MD
Governor
Office of the Governor
State of Vermont
Montpelier, Vermont 05609

RE: Application for Designation as a Regional Center for the State of Vermont, Agency of Commerce and Community Development

Dear Mr. Dean:

Pursuant to Section 610 of the Appropriations Act of 1993, the State of Vermont, Agency of Commerce and Community Development (ACCD) has been designated as a regional center to participate in the Immigrant Investor Pilot Program. As of this date, aliens seeking immigrant visas through the Immigrant Investor Pilot Program may file individual petitions with the Immigration and Naturalization Service (Service) for new commercial enterprises located within the State of Vermont.

Alien entrepreneurs who file petitions for commercial enterprises located within the State of Vermont must fulfill all of the requirements set forth in 8 CFR 204.6, except that the petition need not show that the new commercial enterprise hired ten new employees as a result of the alien entrepreneur's investment. The petition may contain evidence that the investment indirectly created or will create full-time positions for not fewer than ten persons, using economically or statistically valid methodologies as described in 8 CFR 204.6(j)(4)(iii), through revenues generated from increased exports resulting from the Pilot Program.

The designation by the Service of the State of Vermont as a regional center does not reflect any determination by the Service on the merits of individual petitions filed by alien entrepreneurs under the Investor Pilot Program. All petitions for alien entrepreneurs who invest within the regional center will be adjudicated by the Service on a case-by-case basis and each petition must be fully documented. The individual petitions must be submitted to the Vermont Service Center.

If you have any questions concerning Vermont ACCD's designation under the Immigrant Investor Pilot Program, please contact Katherine Lorr at (202)514-5014.

Sincerely,

Michael L. Aytes
Assistant Commissioner

EXHIBIT - B

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U.S. Department of Homeland Security
20 Massachusetts Avenue, NW
Washington, DC 20529

U.S. Citizenship and Immigration Services

HQOPRD 70/62.8

MAR 1 9 2007

Kevin L. Dorn
Secretary of the Vermont Agency of Commerce and Community Development
National Life Building
Montpelier, VT 05620-0501

John W. Kessler
General Counsel
Vermont Agency of Commerce and Community Development
National Life Building, Drawer 20
Montpelier, VT 05620-0501

Re: Vermont Agency of Commerce and Community Development (VACCD) Regional Center Amendment

Pursuant to Section 610 of the Appropriations Act of 1993, on June 26, 1997, the Vermont Agency of Commerce and Community Development (VACCD) was initially approved and designated by the former Immigration and Naturalization Service (INS) as a regional center to participate in the Immigrant Investor Pilot Program for the purpose of attracting immigrant investor capital into the State of Vermont.

In a letter from U.S. Citizenship and Immigration Services (USCIS) dated July 14, 2006, the VACCD Regional Center was asked to provide an update on the activities and present status of its regional center since its designation by the former INS in 1997. In a August 23, 2006 response to USCIS, it was explained that Vermont's regional center program had not successfully solicited EB-5 immigrant investor capital primarily because of problems which occurred in the EB-5 program overall at the time of the Vermont designation with respect to the legacy INS' suspension of the program to address practices by various agent/attorneys and immigrant investors to apparently circumvent the capital and job creation requirements intended both in the statute and the regulations governing the program. The August 23rd response further stated the state's firm intent to resurrect and restart its regional center, and that it desired to amend its regional center designation to recognize that job creation need not be based on export sales (as provided by the 2000 and 2002 amendments to the statute) and to accommodate a broader focus by the regional center on multiple business sectors of the state such as dairy farming, specialty foods processing, environmental research and its technical applications, incubator businesses, manufacturing in all sectors, as well as its initial focus on Hospitality Lodging, Restaurants, Retail and Commercial Resort activities.



EXHIBIT C

Towards this end, in a subsequent letter dated November 16, 2006, the Governor of Vermont:

1. Designated the Secretary of the VACCD to serve as the principal representative of the VACCD in its capacity as a regional center;
2. Designated the General Counsel of the VACCD to function as the principal administrator of the VACCD Regional Center; and
3. Authorized that Jay Peak Hotel Suites L.P., which had been identified as a possible major commercial enterprise at the time of Vermont's 1997 regional center application, now assist in the management, administration and overall compliance of the immigrant investor initiative for the Jay Peak Luxury Suites Hotel commercial resort improvement project.

On January 31, 2007 VACCD requested approval to amend its regional center designation as follows:

1. That USCIS review and approve, for purposes of the restarted operation of the VACCD Regional Center, the executed Memorandum of Understanding between the State of Vermont Agency of Commerce and Community Development and Jay Peak Hotel Suites, L.P. by which Jay Peak Hotel Suites, L.P. will carry out its development project and is authorized:

    a. To create an EB-5 Alien Entrepreneur investment project within the VACCD Regional Center focused on the development and operation of a resort hotel suite project.
    b. Managing and operating this hotel suite investment enterprise; and
    c. To identify and recruit viable foreign investors for the hotel suite investment enterprise.

2. To augment the original VACCD Regional Center's economic impact and job creation analysis and model, replacing it with a December 1, 2006 Job Impact Analysis for the Jay Peak Resort Expansion based on the Regional Dynamics Economic Analysis Model, commonly referred to as REDYN.

3. To replace the Jay Peak Resort initial business plan which had been a supplement to the VACCD Regional Center's initial request as reflected in its initial June 1997 designation by the former INS, with a business plan that is current, more detailed and focused on a Jay Peak Resort Hotel Suites Project to include:

    a. A luxury hotel comprised of 57 exclusive suites;
    b. 23,000 square feet of commercial space on two floors which will contain a wide range of commercial and recreational activities as follows: ski rental facilities; children's nursery school facilities; supermarket and delicatessen; hair and beauty salon; a full service restaurant; a bar and lounge; a coffee shop and snack bar; a fast food carry-out facility; and retail units for stores and shops to lease out to vendors.

Based on its review and analysis of the January 31, 2007, request to amend the previous VACCD Regional Center designation, USCIS approves this amendment to the designation, business plan and job creation analysis and multipliers for the VACCD Regional Center reflecting the above 3 changes. In accepting the amendment, USCIS has updated its records of the VACCD Regional Center approval and designation, business plan, and job creation methodology to encompass these amendments.

As such, aliens seeking immigrant visas through the Immigrant Investor Pilot Program may file individual petitions with USCIS for the Jay Peak Resort project which is located in a rural area within the VACCD Regional Center geographic area comprised of the entire State of Vermont. Therefore, the minimum capital investment threshold for any individual immigrant investment into the Jay Peak Hotel Suite Project through the VACCD Regional Center shall be not less than $500,000.

Alien entrepreneurs who file petitions for investments located in the VACCD regional center must fulfill all of the requirements set forth in 8 CFR 204.6, except that the petition need not show that the new commercial enterprises created ten new jobs indirectly as a result of the alien entrepreneur's investment. This determination has been established by way of the USCIS' acceptance within the approved amendment of the VACCD Regional Center's new Job Impact Analysis for the Jay Peak Resort Project utilizing the Regional Dynamics Economic Analysis Model, commonly referred to as REDYN.

However, where preservation or creation of "direct jobs" is claimed in support of an immigrant investor's individual I-526 petition affiliated with the VACCD Regional Center, then:

- To be credited for preserving/maintaining pre-existing direct jobs for "qualified employees" within the VACCD Regional Center for a "troubled business" as defined by the regulations at Part 204.6(e), the individual I-526 petition must be supported by probative evidence of the number of full time (35 hours per week) qualified employees for the 1 to 2 years prior to filing the petition whose positions shall be preserved/maintained throughout the alien's period of conditional residency. Such evidence should include copies of quarterly state employment tax reports, Forms W-2, Forms I-9, and any other pertinent employment records sufficient to demonstrate the number of "direct" qualifying pre-existing full time jobs in the enterprise preserved/maintained, and any other pertinent employment records sufficient to demonstrate the number of employees before the investment.

- To be credited with projected creation of new "direct" jobs for "qualifying employees" upon filing the I-526 petition, then the petition must be supported by a comprehensive detailed Jay Peak Luxury Hotel Suite Project business plan and supporting financial, marketing and related data and analysis providing a reasonable basis for projecting creation of the new direct jobs.

Each individual petition, to demonstrate that it is associated with the VACCD Regional Center, in conjunction with addressing all the requirements for an individual alien entrepreneur

petition, shall also contain as supporting evidence relating to this regional center designation, the following:

1. A copy of this letter of the amended approval and designation.

2. A copy of the approved regional center narrative proposal and business plan, and the approved amendments.

3. A copy of the approved job creation methodology required in 8 CFR 204.6(j)(4)(iii), as contained in the amended regional center economic analysis which has been approved by USCIS, which reflects that investment by an individual alien investor of at least $500,000 into the Jay Peak Resort luxury hotel project will generate full-time employment positions, either directly or indirectly, for not fewer than ten U.S. workers.

4. A signed legally executed copy of the limited partnership agreement between the Jay Peak Hotel Suites L.P. and the alien investor.

The reaffirmation by the USCIS of the designation of the VACCD as a regional center does not reflect any determination on the merits of individual petitions filed by alien entrepreneurs under the Investor Pilot Program. All petitions for alien entrepreneurs who invest within the regional center will be adjudicated by the USCIS on a case-by-case basis and each petition must be fully documented. The individual petitions must be submitted to the Texas Service Center.

If you have any questions concerning the SDIBI/DEDR approval and designation under the Immigrant Investor Pilot Program, please contact Maurice Berez, Chief Adjudications Officer, Foreign Trader, Investor and Regional Center Program, at (202) 272-8413.

Sincerely,

John M. Allen
Acting Chief
Service Center Operations

CC: Edward J. Carroll
CARROLL & SCRIBNER, P.C.
84 Pine Street, Suite 300
PO Box 932
Burlington, VT 05402-0932

MEMORANDUM OF UNDERSTANDING

BETWEEN

STATE OF VERMONT
AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT

AND

JAY PEAK HOTEL SUITES L.P.

AND

JAY PEAK HOTEL SUITES PHASE II L.P.

AND

JAY PEAK PENTHOUSE SUITES L.P.

This Memorandum of Understanding ("Agreement") is made and entered into, by and between:

State of Vermont Agency of Commerce and Community Development, and its successors and assigns ("ACCD"), and

Jay Peak Hotel Suites, L.P., a limited partnership organized under the laws of the State of Vermont, and its respective successors and assigns ("Jay Peak"), and

Jay Peak Hotel Suites Phase II, L.P., a limited partnership organized under the laws of the State of Vermont, and its respective successors and assigns ("Jay Peak") and

Jay Peak Penthouse Suites L.P. a limited partnership organized under the laws of the State of Vermont, and its successors and assigns ("JAY PEAK" or PENTHOUSE PROJECT).

WHEREAS

ACCD, a governmental unit of the State of Vermont, is charged with enhancing the Vermont business climate, marketing Vermont to businesses and investors, facilitating, promoting and creating commercial and business opportunities within Vermont to contribute to the economic viability of and benefit the growth of the state; and,

ACCD is an approved and designated Regional Center recognized by the U.S. Department of Homeland Security ("DHS"), U.S. Citizenship and Immigration Services ("CIS") in accordance with the Immigrant Investor Pilot Program pursuant to section 203(b) (5) of the Immigration and Nationality Act, as amended, the Department of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act of 1993, Pub. L. No. 102-395, section 610, as



EXHIBIT - D

amended, and all applicable regulations promulgated thereunder, (collectively the "Pilot Program law"); and,

Initial designation as a Regional Center was made in a letter dated June 26, 1997, to Howard Dean, M.D., Governor of the State of Vermont from legacy U.S. Immigration and Naturalization Service (INS), informing him of the ACCD's appointment as a Regional Center, and,

On March 19, 2007, CIS reaffirmed ACCD as a regional center and in that redesignation noted that the Secretary of the ACCD is its principal representative and the General Counsel of the ACCD is the principal administrator of the ACCD Regional Center. In the same redesignation, CIS updated its records of the ACCD Regional Center approval and designation, business plan and job creation methodology.

On April 29, 2008, CIS, through its Foreign Trader, Investor & Regional Center Program, informed the General Counsel of ACCD that no additional amendment to the ACCD Regional Center Designation is required for the purposes of securing EB-5 related capital investments in Phase II of the Jay Peak project provided that three points are accommodated, including that any updated or revised Memorandum of Understanding relative to the Jay Peak enterprise shall encompass the entire Jay Peak project, as such Jay Peak Penthouse Suites L.P. is hereby made a party to this updated Memorandum of Understanding.

Jay Peak is organized for the purpose of creating related, intertwined and successive EB-5, Alien Entrepreneur investment projects within the Agency's Regional Center and managing and operating these investment projects in conformance with 8 U.S.C.§ 1153 (b)(5)(A) - (D); INA § 203 (b)(5)(A) - (D) of the Immigration & Nationality Act (the "Act") and the Pilot Program law; and,

Jay Peak has contracted with Carroll & Scribner, P.C., Attorneys-at-Law, for legal counsel regarding compliance with U.S. immigration and nationality law as it relates to EB-5, Alien Entrepreneur investment projects and to Regional Center Pilot Programs, and for the purpose of advising upon immigration matters in connection with such a projects; and,

ACCD desires to obtain assistance in the oversight and management of the related, intertwined and successive Jay Peak EB-5 Alien Entrepreneur investment projects within ACCD's Regional Center and to assure these projects' compliance with U.S. immigration law and regulations concerning investments within a regional center in the EB-5 visa preference category and, thereby, to have greater assurance of its compliance with regional center requirements; and,

ACCD and Jay Peak desire to continue an arrangement whereby Jay Peak with the on-going benefit of legal counsel will, together with the periodic concurrence of the ACCD's designated Regional Center monitoring official, will assist with the oversight, administration, management

and overall compliance of the Jay Peak project with legal and regulatory requirements, and Jay Peak will formally report in writing not less than every three (3) months upon the activities of the project to ACCD and respond to any ongoing ACCD inquiries about the project and assist ACCD to comply with its obligations as a USCIS approved and designated regional center with respect to this project

**NOW, THEREFORE, in consideration of the mutual agreements, and representations set forth herein, the parties agree as follows:**

1. All of the provisions of the prior Memorandum of Understandings executed by ACCD on November 18, 2006 and by Jay Peak Hotel Suites L.P. on December 21, 2006, and on July 28, 2008 by Jay Peak Hotel Suites Phase II L.P., are hereby incorporated by reference, subject only to modifications in such provisions by the terms and conditions of this Memorandum of Understanding by and between the foregoing parties, with the consent of Jay Peak Penthouse Suites L.P. an additional party to this Agreement.

2. Jay Peak will provide support to ACCD, regarding Jay Peak Hotel Suites LP. (the original Jay Peak EB-5 project; a/k/a Phase I), Jay Peak Hotel Suites Phase II L.P. (a/k/a Phase II) and Jay Peak Penthouse Suites L.P. (a/k/a Penthouse Project) including, but not limited to providing investment-related and supporting documentation to prospective investors, supplying economic analysis and modeling reports on direct and indirect job creation, defining investment opportunities within the Jay Peak project, and assisting ACCD to comply with relevant regulatory or administrative requirements in support of individual petitions filed with CIS by immigrant investors affiliated with the Phase I, Phase II and Penthouse Jay Peak projects, such as providing area maps, valid unemployment data, general Economic data and demographics concerning the geographic area covered by the Jay Peak projects.

3. Jay Peak will further support ACCD's compliance with regional center requirements by providing on a quarterly basis progress reports on its activities, overseas meetings and other relevant efforts within and outside the United States to promote investment in the Jay Peak project through the EB-5 Alien Entrepreneur Regional Center Pilot Program. Quarterly reports will set forth for the preceding quarter and year to-date the number of investors, the status of alien investor capital (in escrow, transfers from escrow to the limited partnership) and activity of the Phase I, Phase II and Penthouse limited partnerships in furtherance of the project. The reports will also contain information distinguishing Investor Petitions "in preparation", "filed with CIS," "approved by CIS," "denied by CIS," or "filed with the CIS office of Administrative Appeals."

4. Jay Peak will support the purpose and goals of ACCD's Regional Center by encouraging investment and employment creation within the Regional Center through marketing at emigration fairs and conferences with individual investors inside and outside the United States; maintaining a website to promote and describe the project; preparing a desirable business plan to encourage individual investments in the project within the Regional Center; establishing escrow accounts when appropriate to assist orderly investment in the project; facilitating, on a fee basis, the preparation and submission of the I-526, Alien Entrepreneur petition and petitions for other immigration benefits to CIS or the Department of State for individual investment; providing the primary entity and related entities to carry out the activities of the Phase I, Phase II and Penthouse projects; structuring the enterprises so that they create requisite employment prior to the investors seeking removal of conditions; seeing to the timely completion and opening of the projects; providing operating expertise and personnel to operate the projects efficiently; and, if requested by individual investors, making referrals to advisors who may assist with issues arising from relocation by the investor and the investor's spouse and children to the United States.

5. Jay Peak agrees to promote investment in its projects and to perform its obligation under this Agreement honestly, consistently and fairly in furtherance of its efforts to assist ACCD with the oversight and management of the Regional Center in connection with the Jay Peak Phase I, Phase II and Penthouse projects.

6. Jay Peak will act in an independent capacity and not as officers or employees of ACCD or the State of Vermont. Jay Peak shall indemnify, defend, and hold harmless ACCD, the State of Vermont and its officers and employees from liability and any claims, suits, judgments, and damages arising as a result of Jay Peak's acts and/or omissions performed under this Agreement.

7. ACCD will promptly request that USCIS acknowledge ACCD's designation of John Kessler, General Counsel for the Agency of Commerce and Community Development and James Candido for the Agency of Commerce and Community Development as the principal administrators of the Regional Center.

8. ACCD will promptly request that USCIS acknowledge ACCD's designation of Jay Peak to assist in the management, administration and overall compliance of the Alien Entrepreneur project organized by Jay Peak within ACCD's Regional Center with U.S.

immigration laws and regulations controlling the investment process and participation in a regional center, and to report upon the activities of the project to ACCD and respond to ACCD inquiries about the project and assist ACCD to comply with its obligations as a regional center with respect to this project;

9. This Agreement shall be governed by the laws of the State of Vermont.

10. This Agreement may be modified by written consent of the parties. This Agreement may not be cancelled except upon a material breach of its terms or a material misrepresentation by a party which remains uncured for more than fourteen (14) days after receipt of a Notice of Intent to Cancel that provides specific information justifying the cancellation.

11. ACCD will notify USCIS in writing within thirty (30) days of any change in the designation of the principal representative of ACCD or the principal administrator to ACCD or any significant change in or the termination of this Agreement with Jay Peak.

12. In the event of cancellation of this Agreement, ACCD will provide USCIS a clear explanation as to how services and responsibilities of Jay Peak hereunder will be performed, and by whom, without interruption to the functioning of the Regional Center in connection with the Jay Peak project or any affected alien investor in the Jay Peak project.

13. Notices given hereunder shall be in writing and delivered by courier or by U.S. mail to:

For ACCD:
The ACCD Secretary or ACCD General Counsel
National Life Building, Drawer 20
Montpelier, VT 05620-0501

For JAY PEAK PENTHOUSE SUITES L.P.:
William Stenger, President, Jay Peak GP Services, Inc.
General Partner of Jay Peak Penthouse Suites, L.P.
4850 VT Route 242
VT 05859

The parties have executed this Agreement in duplicate originals as of the date of their signatures affixed below.

**State of Vermont Agency of Commerce and Community Development**

Dated: 6/29/2010

Kevin L. Dorn, Secretary

**JAY PEAK PENTHOUSE SUITES L.P.**

Dated: 7/13/2010

William Stenger: Duly Authorized Agent of Jay Peak GP Services, Inc. General Partner

VERMONT

EXHIBIT - E

State of Vermont
Agency of Commerce and Community Development
National Life Building, Drawer 20
Montpelier, VT 05620-0501
www.dca.state.vt.us

[phone] 802-828-3211
[fax] 802-828-3383

July 14, 2010

Bill Stenger
President and CEO
Jay Peak Resort
4850 VT Route 242
Jay, VT 05859-9261

Dear Mr. Stenger:

I am pleased that the Jay Peak Hotel Phases I and II have been such great successes and that you are moving ahead on the Jay Peak Penthouse Project that includes over 50 penthouse hotel units, business center and mountain learning center. The EB-5 Alien Entrepreneur Program is an excellent vehicle for this project and I'm glad foreign investors continue to view Jay Peak as a great investment opportunity.

The State of Vermont was designated a Regional Center by the U.S. Immigration and Naturalization Service in 1997. As you know, Jay Peak's proposed expansion was included in the State's application to illustrate the type of project that would benefit from accessing new capital through the EB-5 Program. Because Jay Peak is in a targeted employment – a rural area outside the Burlington SMSA – investment in the expansion project made through Vermont's Regional Center Immigrant Investor Pilot Program will enjoy certain added advantages. For example:

1. Investors need only commit $500,000 U.S. instead of $1 million;
2. Investors are under a relaxed job creation requirement, as they are permitted to count jobs created directly *as well as indirectly*; and
3. Investors may be added at any time and need not be involved at the projects inception.

The Agency of Commerce and Community Development looks forward to seeing the Jay Peak project continue to have success and I look forward to welcoming the investors to Vermont when the opportunity arises.

If the Agency can be of any additional assistance, please do not hesitate to contact me – we are eager to support your efforts.

Sincerely,

Kevin L. Dorn
Secretary

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PATRICK LEAHY
VERMONT

COMMITTEES:
AGRICULTURE, NUTRITION, AND FORESTRY
APPROPRIATIONS
JUDICIARY

# United States Senate

WASHINGTON, DC 20510-4502

October 15, 2009

Mr. Bill Stenger
President & CEO
Jay Peak Resort
Rt. 242
Jay, VT 05859

Dear Bill,

As the snow prepares to pile up on top of Jay Peak, I wanted to congratulate you on the tremendous growth you have shepherded at Jay Peak and throughout Northern Vermont.

I recently heard that members of my staff visited with you at the mountain to see the fruition of years' worth of planning and advocacy you have done on behalf of Jay Peak and the EB-5 Visa Program. I am pleased to hear that Phase I of your project is nearing completion – with a new hotel, a new golf clubhouse and a skating arena well on their way to delivering great memories for visitors from far and near as early as this December. Your vision, and the vision of your investors, has helped put several hundreds of people to work in a region devastated by a global recession. Just as importantly, these developments will put people to work in the long term drawing new tourism traffic to the Northeast Kingdom of Vermont and establishing a truly four season destination resort.

I have been pleased to work with you to make this effort a success – reauthorizing the EB-5 Regional Center Program, finding federal grants for the water and wastewater system upgrades necessary to grow employment in the Troy/Jay area, and traveling with you to Ireland on last year's trade mission. These efforts would have been impossible if not for your demonstrated successes putting people to work building and maintaining your vision for Jay Peak.

I remain committed to helping you grow Northeastern Vermont's economy. Should you need anything, please feel free to call me at anytime. Keep up the good work.

Sincerely,

Patrick Leahy

PATRICK LEAHY
United States Senator

VERMONT OFFICES: COURT HOUSE PLAZA, 103 MAIN STREET, BURLINGTON 802.863-2525
FEDERAL BUILDING, ROOM 338, MONTPELIER 802.223-0553
OR DIAL TOLL FREE 1-800-642-3193
SENATOR_LEAHY@LEAHY.SENATE.GOV
PRINTED ON RECYCLED PAPER



EXHIBIT - F

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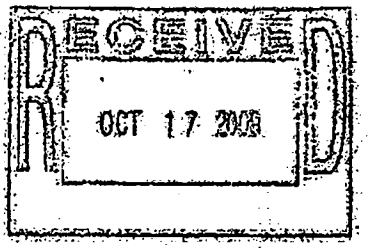
JAMES H. DOUGLAS
Governor




State of Vermont
OFFICE OF THE GOVERNOR

October 5, 2009

Mr. Bill Stenger
President & CEO
Jay Peak Resort
4850 VT Route 242
Jay, VT 05859

Dear Bill,

I was very pleased to see how far along the Jay Peak Hotel I project is and acknowledge what a significant positive impact your EB-5 projects have had on your part of the State. When the groundbreaking for the Phase II facilities took place in late summer it was evident just how many contractors and suppliers were benefiting from the investments being made there on Hotel I.

The tour we had of the Hotel I was, indeed, impressive, especially with regard to the number of new employees that facility will accommodate when it opens in December. Jay Peak becoming a year-round facility is an enormous benefit to rural Northern Vermont. I look forward to being with you for the ribbon cutting this December.

I also look forward to traveling to the Far East to promote Vermont and your future EB-5 projects at and around Jay Peak.

Sincerely,

James H. Douglas
Governor

JHD/dc

109 STATE STREET • THE PAVILION • MONTPELIER, VT 05609-0101 • WWW.VERMONT.GOV
TELEPHONE: 802.828.3333 • FAX: 802.828.3339 • TDD: 802.828.3345



EXHIBIT - G

INTENTIONALLY LEFT BLANK

1036 VT RTE 242
Jay, VT 05859
(802) 988-2996

June 10, 2010

To Whom It May Concern:

The Town of Jay's 2000 census count was 426 people with 302 registered voters in the Town. The census is conducting a new count which has not yet been supplied to our Town. I would expect to receive something in 2011. Since the 2000 census I see the population being stable even may be more, it definitely has not decreased.

Sincerely,

Tara Morse

Tara Morse
Town Clerk/Treasurer

EXHIBIT - H

INTENTIONALLY LEFT BLANK

PAYABLE TO:

MAIL TO:

# TOWN OF JAY

1036 VT ROUTE 242
JAY, VT 05859-9694
Tara Morse, Treasurer
802-988-2996

## TAX BILL

This is the only bill you will receive. Please forward to new owner if property is sold.

| PARCEL ID | BILL DATE | TAX YEAR |
|---|---|---|
| 148268.01-1 | 06/10/2010 | 2009 |

Taxes unpaid after the due date are delinquent. Maximum interest as allowable by law will be charged in addition to collectors fee of $. Postmarks are not accepted as timely payment. U.S. Funds.

Description: HOTEL,TRAM,LAND OTHER BLDGS,GOLF COURSE;
Location: 4850 ACCESS RD TH 43

SPAN # 327-102-10560 BCL CODE: 102
TOTAL PARCEL ACRES 2,653.13

OWNER JAY PEAK INC
4850 VT ROUTE 242
JAY VT 05859

FOR INCOME TAX PURPOSES

| ASSESSED VALUE | | | NON RESIDENTIAL |
|---|---|---|---|
| REAL | 25,420,000 | | 25,420,000 |
| SPECIAL EXEMPTION | | | - 6,927,500 |
| TOTAL TAXABLE VALUE | 25,420,000 | | 18,492,500 |
| GRAND LIST VALUES | 254,200.00 | | 184,925.00 |

For more information about how education tax rates are determined, go online to: www.state.vt.us/tax/pvrmdtxrates.shtml

| TAX RATE NAME | TAX RATE | x GRAND LIST = | TAXES |
|---|---|---|---|
| TOWN TAX | 0.2802 | x254,200.00= | 71226.84 |
| Local Agreement | 0.0003 | x254,200.00= | 76.26 |
| NON RESIDENTIAL EDUCATION | 1.0853 | x184,925.00= | 201438.80 |

| | | | |
|---|---|---|---|
| PAYMENT | 10/09/2009 | TOTAL TAX | 272741.90 |
| DUE | 272741.90 | STATE PAYMENTS | |
| | | NET TAX DUE | 272741.90 |

DETACH THE STUB BELOW AND RETURN WITH YOUR PAYMENT

TOWN OF JAY

| PAYMENT DUE | TAX YEAR |
|---|---|
| 10/09/2009 | 2009 |
| OWNER NAME | |
| JAY PEAK INC | |
| PARCEL ID | |
| 148268.01-1 | |
| AMOUNT DUE | 272741.90 |
| AMOUNT PAID | |

PLEASE VISIT OUR WEBSITE AT www.jayvt.com



EXHIBIT - I

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# CERTIFICATE OF LIMITED PARTNERSHIP

Name of Limited Partnership: JAY PEAK PENTHOUSE SUITES L.P.

Address of Office: 4850 VT Route 242, Jay, Vermont 05859-9621

The latest date upon which the limited partnership is to dissolve: December 31, 2058.

The name and the business address of each GENERAL PARTNER:

JAY PEAK GP SERVICES, INC.
4850 VT Route 242, Jay, Vermont 05859-9621

The name and place of residence of the initial LIMITED PARTNER:

JAY PEAK GP SERVICES, INC.
4850 VT Route 242, Jay, Vermont 05859-9621

Amount of cash, description, and agreed value of other property contributed by each limited partner: $10.00 or more dollars.

Restrictions on transferability of interests of Limited Partners are set forth in the Limited Partnership Agreement, on file with the General Partner. The interest of the initial Limited Partner shall be terminated upon the admission of the next Limited Partner, per the terms of the Limited Partnership Agreement.

Process Agent's Name and address (must be a resident of VT, or other registered entity in this state):

William Stenger
4850 VT Route 242
Jay, Vermont 05859-9621

Signature(s)/date: GENERAL PARTNER:
JAY PEAK GP SERVICES, INC.

By: _____ May 13/2010
William Stenger, President
4850 VT Route 242
Jay, Vermont 05859-9621

Date



EXHIBIT - J

INTENTIONALLY LEFT BLANK

STATE OF VERMONT

OFFICE OF SECRETARY OF STATE

The Office of Secretary of State hereby grants a

Certificate of Incorporation

to

**JAY PEAK GP SERVICES, INC.**

a Vermont domestic corporation, effective May 17, 2010

May 18, 2010

Given under my hand and the seal
of the State of Vermont, at
Montpelier, the State Capital

Deborah Markowitz
Secretary of State



EXHIBIT K-1

**ARTICLES OF INCORPORATION** (Vermont profit T.11A)

Vermont Secretary of State, 26 Terrace Street, Montpelier, VT 05609-1104
Telephone: 802-828-2386; Fax: 828-2853

Corporate Name: Jay Peak GP Services, Inc.

Corp type: General (T. 11A)

State a brief Purpose here: Real estate management and development, and anything legally permitted of corporations in State of Vermont.

Registered agent's name: William Stenger

Registered agent's address: 4580 VT Route 242, Jay, Vermont 05859-9621

Principal office address: 4580 VT Route 242, Jay, Vermont 05859-9621

Fiscal operating year end (month): December

Number of shares the corporation is authorized to issue: 1000

Classes of shares (common/preferred/etc.) and number of shares authorized to issue, in each: Common / 1000

One or more classes of shares that together have unlimited voting rights: Common

One or more classes of shares (which may be the same class with voting rights) that together are entitled to receive the net assets of the corporation upon dissolution: Common

DIRECTORS' names and addresses: William Stenger, 4580 VT Route 242, Jay, Vermont 05859-9621

One or more natural persons of majority age (18) may act as incorporator.

Incorporator's printed name: Mark H. Scribner

Incorporator's signature and address: _____

Mark H. Scribner
Carroll & Scribner, P.C.
84 Pine Street, Suite 300
Burlington, Vermont 05401

Fee is $75.00. Print and file in duplicate. If a delayed effective date is not specified, it is effective the date it is approved.

E-mail address or phone number where you can be reached: mscribner@cslaw.us (802) 862-2855



EXHIBIT K-2

# VERMONT SECRETARY OF STATE

*Deborah L. Markowitz*

ARCHIVES | CORPORATIONS | ELECTIONS | OTHER PROGRAMS | PROFESSIONAL REGULATIONS | SECRETARY'S DESK

**Limited Partnership Information**

| | |
|---|---|
| Name | JAY PEAK PENTHOUSE SUITES L.P. |
| Status | ACTIVE |
| Date Formed | 05/24/2010 |
| File Number | 0000854 |
| Type | Domestic |
| State | VT |
| Office Address | 4850 VT ROUTE 242 |
| City State Zip | JAY VT 05859-9621 |
| Registered Agent | WILLIAM STENGER |
| Address | 4850 VT ROUTE 242 |
| City State Zip | JAY VT 05859-9621 |
| Dissolve Date | 12/31/2058 |
| Partner(s) Listed | , INC. JAY PEAK GP SERVICES |
| Partner(s) Listed | |
| Partner(s) Listed | |
| Partner(s) Listed | |
| Partner(s) Listed | |
| Record Last Updated | 05/26/2010 |

Information Contact

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EXHIBIT - L-1

IRS.gov

EIN Assistant

Your Progress: 1. Identify 2. Authenticate 3. Addresses 4. Details 5. EIN Confirmation

Congratulations! The EIN has been successfully assigned.

EIN Assigned: 27-2691985

Legal Name: JAY PEAK PENTHOUSE SUITES L.P.

The confirmation letter will be mailed to the applicant. This letter will be the applicant's official IRS notice and will contain important information regarding the EIN. Allow up to 4 weeks for the letter to arrive by mail.

We strongly recommend you print this page for your records.

Click "Continue" to get additional information about using the new EIN. Continue >>

Help Topics

? Can the EIN be used before the confirmation letter is received?



EXHIBIT - L-2

EXHIBIT - M

Economic Development
RESEARCH GROUP

# Job Generating Impacts from Jay Peak Penthouse Suites Project,

## A project within the Jay Peak Resort Master Expansion Plan

*Prepared for:*

JAY PEAK
VERMONT

Jay Peak Resort
Jay, Vermont

*Prepared by:*

**Economic Development Research Group, Inc.**
2 Oliver Street, 9th Floor, Boston, MA 02109

*In association with:*

**Rapid USA Visas**
Naples, FL

**July 28, 2010**

# EXECUTIVE SUMMARY

*Overview:* The purpose of this assessment was to measure the job generating effects (in *full-time equivalents*, FTE's) from a proposed expansion of Jay Peak ski Resort in Northwestern Vermont. Specifically, the expansion proposal relates to the "Penthouse Suites" project and additional facilities to continue the transition of Jay Peak Resort into a year-round destination. Funding for the proposed expansion to be in the form of $32.5 million from foreign investors through the USCIS EB-5 Visa Program, and additional investment of $5 million from Jay Peak Resort.

*Methodology:* Four basic steps were used to develop this assessment:

1. Analyze the Business Plan data – for incremental annual *operations* (visitor activity and spending) in each of the first two years, as well as for the initial 12-month Development Phase *Capital Expenditure*
2. Conduct multiplier analysis - relevant aspects of the business plan for each phase are applied to a *geographically appropriate* set of RIMS II multiplier data (vintage 2007)
3. Identify *total FTE job impacts* for each of the first two years of operation on the 4-county northwest Vermont study region, and
4. Identify *non-direct*[1] FTE job impacts for the 12-month construction phase for the relevant study region (state of Vermont).

*Key Findings:* Summarized in Exhibit ES-1 are the job impacts related to a one-year capital expenditure into the Project, and from Year 2 onwards the recurrent, annual additional visitor activities associated with the new facilities.

**Exhibit ES-1 – Job Generation effects of Jay Peak Proposed Expansion**

| Phase ==> | Operations | | Development Phase |
|---|---|---|---|
| Study Region => | 4-county NW VT* | | *State of Vermont* |
| | Year 1 | Year 2 | Year 1 |
| Visitor spending (mil.$2010) | $ 29.373 | $ 31.803 | |
| Construction Budget (mil. 2010$)** | | | $ 32.312 |
| *direct Jobs (FTE)* | 121 | 128 | not applicable |
| *non-direct Jobs (FTE)* | 486 | 530 | 217 |
| [illegible] | [illegible] | [illegible] | [illegible] |

* includes *Orleans, Lamoille, Franklin, and Chittenden counties*

** excludes contingency, land contribution, and working capital

[1] Non-direct is defined as the set of impacts that result from "indirect" and "induced" transactions in the study region initiated by the project activity.

# 1 METHODOLOGY & ASSUMPTIONS

## Introduction

Jay Peak Resort retained Economic Development Research Group, Inc. (EDR Group) of Boston, Massachusetts to develop the (jobs) impact analysis of its proposed expansion for a 55-suite *Penthouse Hotel*, a *Mountain Learning Center* (complete with biking and touring trails, and a clay (skeet) shooting center) and a *Mountain Café*. Key staff of EDR Group have earned a national reputation for conducting economic impact analyses using various economic impact analysis data sets and models (REMI and IMPLAN models, RIMS data) with over 56 staff years of experience among its three lead staff. *(For more about EDR Group refer to the end of the report).*

## Methodology

The following sections describe the *multiplier approach* used, and adjustments to the multiplier results necessary to conform to the EB-5 investment program criteria.

### Jobs Multiplier Analysis using RIMS II Data

Both USCIS and the chief economist of the Department of Homeland Security have from time to time acknowledged familiarity and suitability of RIMS II methodology , as such this analysis was duly developed using the RIMS II data subscription provided through the U.S. Bureau of Economic Analysis. The 2007 regional (Type II) multiplier datasets (with underlying 2002 U.S. benchmark accounts) were obtained from BEA and provided to EDR Group for two study regions: a 4-county Northwest Vermont territory, comprised of Orleans, Lamoille, Franklin and Chittenden counties, was used for the evaluation of visitor-spending impacts (indicative of annual operations, for years 1 and 2), and the state-level dataset deemed the plausible market for obtaining construction-services and materials, was used for evaluating the construction interval impacts.

For both phases, we applied the *final demand employment multipliers* once the following conditions were met: all spending data in the business plan were

*deflated* to 2007 dollar basis[2], aspects of visitor spending (retail purchases on resort) were allocated into producer costs for the various industries[3] (from manufacturing, to transport, to wholesale and/or retail channels) that handle some stage of the product to be consumed, and the industry exists in the study region, aspects of the construction budget (for furniture/fixtures or investment goods) were similarly allocated into producer costs for the various industries (from manufacturing, to transport, to wholesale and/or retail channels if Jay Peak wasn't dealing directly with the manufacturers for purchases) that handle some stage of the product to be consumed, and the industry exists in the study region. As recommended by RIMS II technical support staff, EDR group did cross-reference the state-level VT IMPLAN data set (for 2007) to gauge the presence and scale of specific industries from which construction phase purchases could be procured in-state. Only those industry aspects of the distribution cost allocation that have an adequate presence in Vermont were applied against its final demand employment multiplier.

## Adjusting to Full-time Equivalents (FTE's)

The RIMS II final demand employment multipliers yield a *total job impact* result, that is combined full-time and part-time jobs. In order to re-cast this as a FTE value, we (i). Subtract the estimate of direct FTE's (taken from the business plan), and (ii) adjust the remaining portion of the RIMS II result by the U.S. 2007 value of *full-time-to-part-time* workers in ALL Private Industries, a value of 0.913.[4] The sum of the annual direct FTE job value *and* the annual non-direct FTE job value equals the annual total Job Impact in FTE's.

## Isolating the Non-direct Job Impacts for the Development Phase

Pursuant to a USCIS memorandum dated December 11, 2009, USCIS has interpreted that the full time employment requirement must exclude jobs that are intermittent, seasonal or transient in nature. Therefore the development phase analysis requires one additional step which involves segmenting the *total job impact* (for each industry involved in some aspect of the development phase) into a *direct* component and a *non-direct* component. Once this is accomplished, we then re-cast the *non-direct* job impacts into the desired FTE basis as described in the prior section. RIMS II data includes direct effect employment data by industry, which describes the ratio of total jobs impacted across all industries in the study region *per one direct job in an industry of interest*. For example, the

[2] Data from BLS-CPI program, *Northeast All urban consumers series*, May 2007 to May 2010, resulting in a deflator of 0.942.
[3] Using the U.S. distribution cost tables available with RIMS II data subscription
[4] U.S. BEA-National Income Product Accounts, Table 6.4D

*Construction* industry has a direct employment effect of 1.68, which means that if a total job impact resulted of say 100 jobs, dividing by 1.68 would yield approximately 59 direct Construction jobs that require another 41 jobs (that's 100- 59) from across the study region's industries.

Economic Development RESEARCH GROUP



# Lisa Petraglia

**(Director of Economic Research) - Regional Economic Modeling & Analysis**

Lisa Petraglia is Director of Economic Research at Economic Development Research Group (EDR Group).

Ms. Petraglia has over 17 years of experience working in economic modeling and policy analysis, focusing specifically on economic impact evaluation. She has previously worked at the Northeast Sustainable Energy Association and at Regional Economic Models, Inc., where she led the firm's policy consulting unit and business development efforts. Preceding that role, Ms. Petraglia conducted econometric research and helped constructing regional economic models. She has given numerous speeches on economic impact modeling before organizations around the country, including the Council for Urban Economic Development, National Association of State Development Agencies and the National Association of Management and Technical Assistance Centers.

Ms. Petraglia has policy analysis expertise/experience regarding the measuring of economic impacts of a wide variety of facilities and services, including stadiums, casinos, natural resources, transportation investments, technology programs, military bases and base conversions. She has also analyzed the impacts of public policy, covering environmental, telecom, energy, tax and housing policies. Ms. Petraglia holds a M.S. in Applied Economics from the University of Massachusetts, Amherst. She has published articles in the Journal of Business Forecasting, Environment & Planning A and the Journal of Agricultural Cooperation.

Representative of her experience are the following projects:

- Energy Efficiency and Renewable Energy Programs – economic impact of renewable energy (biomass, wind and solar) technologies, as well as energy efficiency programs in Massachusetts, Wisconsin, Texas and Wyoming, and energy deregulation policies in Wyoming, New York and Vermont.
- Economic Impacts of a Pipelines and Off-shore Drilling Activity – evaluation of the economic impacts of natural gas pipeline expansion in Michigan, Wisconsin and Minnesota. Also study of economic impacts of the existing off-shore drilling operations in Louisiana.
- Economic Impact of Air Quality Policies - economic impact of Regional Greenhouse Gas Initiative for seven states, as well as national utility regulation policies for private clients.
- Economic Contribution of a Casino and Gaming Enterprises – accounting of job creation, income implications and broader economic impacts for proposed and existing gaming facilities in Michigan, Minnesota and South Dakota.
- Economic Impacts of Stadiums and Convention Centers – evaluation of proposed and existing stadium and convention center facilities in Florida and Pennsylvania.
- Economic Impacts of Military Base Expansion and Redevelopment – analysis of conversion of the Quonset Point naval port facilities in RI, and analysis of expansion of Fort Drum army base in NY.
- Economic Impacts of Telecomm Deregulation – an analysis of the impacts of industry rate savings on different customer classes in southern states and productivity implications for the industry.
- Economic Impacts of Timber Policy - analysis of clear cutting policy impacts on jobs in the timber industry, consolidation in timber processing and changes in pulp cost due to imports to the Maine paper industry. Economic Impacts of a Commuter Tax Structure – an examination of center city vs. suburb population changes and labor costs faced by city firms.

Email: lpetraglia@edrgroup.com
Phone: 617 338 6775 x204


© 1997-2009 Economic Development Research Group, Inc; 2 Oliver St., Boston, MA 02109 USA; info@edrgroup.com;
Telephone: 1-617-338-6775. Staff Only/Intranet Site design: Netxpress Design

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On This Page:
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RIMS II Methodology
Accuracy of RIMS II
Advantages of RIMS II
Applications of RIMS II
Contact RIMS II:
(202) 606-5343
rims@bea.gov
Contacts:
Contact a subject matter expert by phone or by email.
Sign up for e-mail notifications.
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# Brief Description

## Regional Multipliers from the Regional Input-Output Modeling System (RIMS II): A Brief Description

### Overview

Effective planning for public- and private-sector projects and programs at the State and local levels requires a systematic analysis of the economic impacts of these projects and programs on affected regions. In turn, systematic analysis of economic impacts must account for the interindustry relationships within regions because these relationships largely determine how regional economies are likely to respond to project and program changes. Thus, regional input-output (I-O) multipliers, which account for interindustry relationships within regions, are useful tools for conducting regional economic impact analysis.

In the 1970s, the Bureau of Economic Analysis (BEA) developed a method for estimating regional I-O multipliers known as RIMS (Regional Industrial Multiplier System), which was based on the work of Garnick and Drake.[1] In the 1980s, BEA completed an enhancement of RIMS, known as RIMS II (Regional Input-Output Modeling System), and published a handbook for RIMS II users.[2] 1992, BEA published a second edition of the handbook in which the multipliers were based on more recent data and improved methodology. In 1997, BEA published a third edition of the handbook (PDF • 677 KB) that provides more detail on the use of the multipliers and the data sources and methods for estimating them.

RIMS II is based on an accounting framework called an I-O table. For each industry, an I-O table shows the industrial distribution of inputs purchased and outputs sold. A typical I-O table in RIMS II is derived mainly from two data sources: BEA's national I-O table (PDF • 824 KB), which shows the input and output structure of nearly 500 U.S. industries, and BEA's regional economic accounts, which are used to adjust the national I-O table to show a region's industrial structure and trading patterns.[3]

Using RIMS II for impact analysis has several advantages. RIMS II multipliers can be estimated for any region composed of one or more counties and for any industry, or group of industries, in the national I-O table. The accessibility of the main data sources for RIMS II keeps the cost of estimating regional multipliers relatively low. Empirical tests show that estimates based on relatively expensive surveys and RIMS II-based estimates are similar in magnitude.[4]

BEA's RIMS multipliers can be a cost-effective way for analysts to estimate the economic impacts of changes in a regional economy. However, it is important to keep in mind that, like all economic impact models, RIMS provides approximate order-of-magnitude estimates of impacts. RIMS multipliers are best suited for estimating the impacts of small changes on a regional economy. For some applications, users may want to supplement RIMS estimates with information they gather from the region undergoing the potential change. Examples of case studies where it is appropriate to use RIMS multipliers appear in the RIMS II User Handbook. (PDF • 677 KB)

To effectively use the multipliers for impact analysis, users must provide geographically and industrially detailed information on the initial changes in output, earnings, or employment that are associated with the project or program under study. The multipliers can then be used to estimate the total impact of the

project or program on regional output, earnings, and employment.

RIMS II is widely used in both the public and private sector. In the public sector, for example, the Department of Defense uses RIMS II to estimate the regional impacts of military base closings. State transportation departments use RIMS II to estimate the regional impacts of airport construction and expansion. In the private-sector, analysts and consultants use RIMS II to estimate the regional impacts of a variety of projects, such as the development of shopping malls and sports stadiums.

## RIMS II Methodology

RIMS II uses BEA's benchmark and annual I-O tables for the nation. Since a particular region may not contain all the industries found at the national level, some direct input requirements cannot be supplied by that region's industries. Input requirements that are not produced in a study region are identified using BEA's regional economic accounts.

The RIMS II method for estimating regional I-O multipliers can be viewed as a three-step process. In the first step, the producer portion of the national I-O table is made region-specific by using six-digit NAICS location quotients (LQs). The LQs estimate the extent to which input requirements are supplied by firms within the region. RIMS II uses LQs based on two types of data: BEA's personal income data (by place of residence) are used to calculate LQs in the service industries; and BEA's wage-and-salary data (by place of work) are used to calculate LQs in the nonservice industries.

In the second step, the household row and the household column from the national I-O table are made region-specific. The household row coefficients, which are derived from the value-added row of the national I-O table, are adjusted to reflect regional earnings leakages resulting from individuals working in the region but residing outside the region. The household column coefficients, which are based on the personal consumption expenditure column of the national I-O table, are adjusted to account for regional consumption leakages stemming from personal taxes and savings.

In the last step, the Leontief inversion approach is used to estimate multipliers. This inversion approach produces output, earnings, and employment multipliers, which can be used to trace the impacts of changes in final demand on directly and indirectly affected industries.

## Accuracy of RIMS II

Empirical evidence suggests that RIMS II commonly yields multipliers that are not substantially different in magnitude from those generated by regional I-O models based on relatively expensive surveys. For example, a comparison of 224 industry-specific multipliers from survey-based tables for Texas, Washington, and West Virginia indicates that the RIMS II average multipliers overestimate the average multipliers from the survey-based tables by approximately 5 percent. For the majority of individual industry-specific multipliers within these states, the difference between RIMS II and survey-based multipliers is less than 10 percent. In addition, RIMS II and survey multipliers show statistically similar distributions of affected industries.[4]

## Advantages of RIMS II

There are numerous advantages to using RIMS II. First, the accessibility of the main data sources makes it possible to estimate regional multipliers without conducting relatively expensive surveys. Second, the level of industrial detail used in RIMS II helps avoid aggregation errors, which often occur when industries are combined. Third, RIMS II multipliers can be compared across areas because they are based on a consistent set of estimating procedures nationwide. Fourth, RIMS II multipliers are updated to reflect the most recent local-area wage-and-salary and personal income data.

## Applications of RIMS II

RIMS II multipliers can be used in a wide variety of regional impact studies. For example, the U.S. Nuclear Regulatory Commission has used RIMS II multipliers in environmental impact statements required for licensing nuclear electricity-generating facilities. The U.S. Department of Housing and Urban Development has used RIMS II multipliers to estimate the impacts of various types of urban redevelopment expenditures. RIMS II multipliers have also been used to estimate the regional economic and industrial impacts of: opening or closing military bases, tourist expenditures, new energy facilities, energy conservation, offshore drilling, opening or closing manufacturing plants, shopping malls, new sports stadiums, and new airport or port facilities.

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## Footnotes

1. See Daniel H. Garnick, "Differential Regional Multiplier Models," Journal of Regional Science 10 (February 1970): 35-47; and Ronald L. Drake, "A Short-Cut to Estimates of Regional Input-Output Multipliers," International Regional Science Review 1 (Fall 1976): 1-17.
2. See U.S. Department of Commerce, Bureau of Economic Analysis, Regional Input-Output Modeling System (RIMS II): Estimation, Evaluation, and Application of a Disaggregated Regional Impact Model (Washington, DC: U.S. Government Printing Office, 1981). Available from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161; order no. PB-82-168-865; price $26.
3. See U.S. Department of Commerce, Bureau of Economic Analysis, The Detailed Input-Output Structure of the U.S. Economy, Volume II (Washington, DC: U.S. Government Printing Office, November 1994); and U.S. Department of Commerce, Bureau of Economic Analysis, State Personal Income, 1929-93 (Washington, DC: U.S. Government Printing Office, June 1995).
4. See U.S. Department of Commerce, Regional Input-Output Modeling System (RIMS II), chapter 5. Also see Sharon M. Brucker, Steven E. Hastings, and William R. Latham III, "The Variation of Estimated Impacts from Five Regional Input-Output Models," International Regional Science Review 13 (1990): 119-39.

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# RIMS II Multipliers (2002/2007)

## Table 2.5 Total Multipliers for Output, Earnings, Employment, and Value Added by Industry Aggregation
## North West Vermont benchmark (Type II)

| INDUSTRY | Multiplier | | | | | |
|---|---|---|---|---|---|---|
| | Final Demand | | | | Direct Effect | |
| | Output/1/ (dollars) | Earnings/2/ (dollars) | Employment/3/ (jobs) | Value-added/4/ (dollars) | Earnings/5/ (dollars) | Employment/6/ (jobs) |
| 1. Crop and animal production | 1.8149 | 0.3068 | 11.7351 | 0.7469 | 2.2408 | 1.9003 |
| 2. Forestry, fishing, and related activities | 1.7011 | 0.4129 | 17.7424 | 0.8048 | 1.7341 | 1.5626 |
| 3. Oil and gas extraction | 1.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| 4. Mining, except oil and gas | 1.5911 | 0.3608 | 9.1357 | 0.8745 | 1.7810 | 2.0872 |
| 5. Support activities for mining | 1.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| 6. Utilities* | 1.3863 | 0.3009 | 5.5082 | 0.8314 | 1.5526 | 2.8723 |
| 7. Construction | 1.7847 | 0.5370 | 17.5569 | 0.8605 | 1.6629 | 1.6752 |
| 8. Wood product manufacturing | 1.8543 | 0.3852 | 13.1213 | 0.7331 | 2.1856 | 2.3143 |
| 9. Nonmetallic mineral product manufacturing | 1.6797 | 0.4192 | 11.4375 | 0.8311 | 1.7533 | 1.9574 |
| 10. Primary metal manufacturing | 1.6918 | 0.2783 | 6.3408 | 0.6529 | 2.3358 | 3.3891 |
| 11. Fabricated metal product manufacturing | 1.5514 | 0.3831 | 9.8739 | 0.7476 | 1.6278 | 1.8837 |
| 12. Machinery manufacturing | 1.6333 | 0.4376 | 10.5090 | 0.7537 | 1.6392 | 2.0111 |
| 13. Computer and electronic product manufacturing | 1.4785 | 0.3053 | 6.4152 | 0.6388 | 1.7395 | 2.6463 |
| 14. Electrical equipment and appliance manufacturing | 1.6113 | 0.3370 | 8.2075 | 0.7618 | 1.7867 | 2.1810 |
| 15. Motor vehicle, body, trailer, and parts manufacturing | 1.4363 | 0.2809 | 6.7970 | 0.5045 | 1.6856 | 2.0712 |
| 16. Other transportation equipment manufacturing | 1.5519 | 0.3754 | 8.1091 | 0.6950 | 1.6650 | 2.3922 |
| 17. Furniture and related product manufacturing | 1.6528 | 0.4143 | 13.4381 | 0.7775 | 1.6836 | 1.7083 |
| 18. Miscellaneous manufacturing | 1.6382 | 0.4054 | 10.2655 | 0.8664 | 1.7292 | 2.0775 |
| 19. Food, beverage, and tobacco product manufacturing | 1.6781 | 0.3044 | 8.4689 | 0.6929 | 2.5336 | 2.7325 |
| 20. Textile and textile product mills | 1.5774 | 0.3086 | 9.2669 | 0.6308 | 1.8426 | 1.8759 |
| 21. Apparel, leather, and allied product manufacturing | 1.5760 | 0.3888 | 15.4868 | 0.7369 | 1.6722 | 1.4889 |
| 22. Paper manufacturing | 1.5720 | 0.2975 | 7.2687 | 0.6825 | 1.9241 | 2.5694 |
| 23. Printing and related support activities | 1.6534 | 0.4671 | 13.0227 | 0.8558 | 1.6093 | 1.7971 |
| 24. Petroleum and coal products manufacturing | 1.4710 | 0.3082 | 5.6336 | 0.3788 | 1.6880 | 3.0157 |
| 25. Chemical manufacturing | 1.4397 | 0.2373 | 6.1597 | 0.5764 | 1.8400 | 2.1517 |
| 26. Plastics and rubber products manufacturing | 1.4884 | 0.2792 | 7.5866 | 0.6560 | 1.7721 | 1.9877 |
| 27. Wholesale trade | 1.5670 | 0.4502 | 11.5269 | 1.0228 | 1.5407 | 1.8314 |
| 28. Retail trade | 1.6293 | 0.4871 | 19.9710 | 1.0406 | 1.5249 | 1.3942 |
| 29. Air transportation | 1.7119 | 0.5342 | 16.8682 | 0.8740 | 1.5980 | 1.7155 |
| 30. Rail transportation | 1.6374 | 0.3482 | 8.3909 | 0.8836 | 2.1030 | 3.2583 |
| 31. Water transportation | 1.6478 | 0.3239 | 8.7286 | 0.6973 | 2.4612 | 3.0373 |
| 32. Truck transportation | 1.7617 | 0.5072 | 14.3984 | 0.9209 | 1.7977 | 2.0417 |
| 33. Transit and ground passenger transportation* | 1.7291 | 0.4923 | 21.3682 | 0.7597 | 1.7192 | 1.4469 |
| 34. Pipeline transportation | 1.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| 35. Other transportation and support activities* | 1.7350 | 0.6260 | 17.1421 | 1.0939 | 1.5001 | 1.7108 |
| 36. Warehousing and storage | 1.7352 | 0.5927 | 19.3417 | 1.0896 | 1.5168 | 1.5411 |
| 37. Publishing industries, except internet | 1.6987 | 0.4638 | 14.0873 | 0.8817 | 1.7402 | 1.8427 |
| 38. Motion picture and sound recording industries | 1.6041 | 0.3713 | 19.1754 | 0.9554 | 1.7810 | 1.4529 |
| 39. Broadcasting, except internet | 1.7416 | 0.5871 | 13.4317 | 0.6769 | 1.5764 | 2.0448 |
| 40. Telecommunications | 1.6273 | 0.3142 | 7.7395 | 0.9293 | 2.0185 | 2.7284 |
| 41. Internet and other information services | 1.6592 | 0.4640 | 14.4837 | 1.0261 | 1.6359 | 1.7369 |

(Continued)

Region Definition: Chittenden, VT; Franklin, VT; Lamoille, VT; Orleans, VT

*Includes Government enterprises.

1. Each entry in column 1 represents the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.
2. Each entry in column 2 represents the total dollar change in earnings of households employed by all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.
3. Each entry in column 3 represents the total change in number of jobs that occurs in all industries for each additional 1 million dollars of output delivered to final demand by the industry corresponding to the entry. Because the employment multipliers are based on 2007 data, the output delivered to final demand should be in 2007 dollars.
4. Each entry in column 4 represents the total dollar change in value added that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.
5. Each entry in column 5 represents the total dollar change in earnings of households employed by all industries for each additional dollar of earnings paid directly to households employed by the industry corresponding to the entry.
6. Each entry in column 6 represents the total change in number of jobs in all industries for each additional job in the industry corresponding to the entry.

NOTE.–Multipliers are based on the 2002 Benchmark Input-Output Study of the Nation and 2007 regional data. Industry List 8 identifies the industries corresponding to the entries.

SOURCE.–Regional Input-Output Modeling System (RIMS II), Regional Product Division, Bureau of Economic Analysis.

## RIMS II Multipliers (2002/2007)
## Table 2.5 Total Multipliers for Output, Earnings, Employment, and Value Added by Industry Aggregation
## North West Vermont benchmark (Type II)

| INDUSTRY | Multiplier | | | | | |
|---|---|---|---|---|---|---|
| | Final Demand | | | | Direct Effect | |
| | Output/1/ (dollars) | Earnings/2/ (dollars) | Employment/3/ (jobs) | Value-added/4/ (dollars) | Earnings/5/ (dollars) | Employment/6/ (jobs) |
| 42. Federal Reserve banks, credit intermediation and related services | 1.6908 | 0.3959 | 9.8071 | 1.0306 | 1.7293 | 2.1885 |
| 43. Securities, commodity contracts, investments | 1.8627 | 0.6847 | 16.0348 | 1.0931 | 1.5436 | 1.9348 |
| 44. Insurance carriers and related activities | 1.8768 | 0.5144 | 12.3358 | 1.0582 | 1.8777 | 2.4074 |
| 45. Funds, trusts, and other financial vehicles | 2.0192 | 0.4595 | 16.5253 | 0.7976 | 3.5629 | 2.0555 |
| 46. Real estate | 1.3007 | 0.1202 | 6.0788 | 0.9277 | 2.7946 | 1.7215 |
| 47. Rental and leasing services and lessors of intangible assets | 1.5508 | 0.3587 | 13.4338 | 1.0309 | 1.7110 | 1.5847 |
| 48. Professional, scientific, and technical services | 1.7462 | 0.6405 | 17.0340 | 1.1287 | 1.4701 | 1.7217 |
| 49. Management of companies and enterprises | 1.8244 | 0.6414 | 15.6029 | 1.1251 | 1.5647 | 1.9524 |
| 50. Administrative and support services | 1.6885 | 0.5635 | 29.5895 | 1.0918 | 1.4996 | 1.2843 |
| 51. Waste management and remediation services | 1.6334 | 0.4001 | 10.6957 | 0.9381 | 1.7507 | 2.1240 |
| 52. Educational services | 1.8115 | 0.6006 | 23.8161 | 1.0656 | 1.5179 | 1.4198 |
| 53. Ambulatory health care services | 1.8025 | 0.7106 | 18.4120 | 1.1370 | 1.4500 | 1.6949 |
| 54. Hospitals | 1.7297 | 0.5848 | 15.0222 | 1.0148 | 1.4780 | 1.7662 |
| 55. Nursing and residential care facilities | 1.7165 | 0.6331 | 23.5747 | 1.1031 | 1.4200 | 1.3888 |
| 56. Social assistance | 1.7390 | 0.5690 | 33.2995 | 1.0313 | 1.5206 | 1.2534 |
| 57. Performing arts, spectator sports, museums, zoos, and parks | 1.7258 | 0.4772 | 22.7305 | 1.0446 | 1.7227 | 1.4658 |
| 58. Amusements, gambling, and recreation | 1.6665 | 0.4784 | 25.2624 | 1.0374 | 1.5686 | 1.3044 |
| 59. Accommodation | 1.6115 | 0.4437 | 18.1121 | 1.0134 | 1.6088 | 1.4665 |
| 60. Food services and drinking places | 1.6754 | 0.4729 | 26.6182 | 0.9192 | 1.5765 | 1.2776 |
| 61. Other services* | 1.7020 | 0.4770 | 19.9880 | 0.9379 | 1.6643 | 1.4669 |
| 62. Households | 0.9958 | 0.2660 | 9.5629 | 0.6143 | 0.0000 | 0.0000 |

Region Definition: Chittenden, VT; Franklin, VT; Lamoille, VT; Orleans, VT

*Includes Government enterprises.

1. Each entry in column 1 represents the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.
2. Each entry in column 2 represents the total dollar change in earnings of households employed by all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.
3. Each entry in column 3 represents the total change in number of jobs that occurs in all industries for each additional 1 million dollars of output delivered to final demand by the industry corresponding to the entry. Because the employment multipliers are based on 2007 data, the output delivered to final demand should be in 2007 dollars.
4. Each entry in column 4 represents the total dollar change in value added that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.
5. Each entry in column 5 represents the total dollar change in earnings of households employed by all industries for each additional dollar of earnings paid directly to households employed by the industry corresponding to the entry.
6. Each entry in column 6 represents the total change in number of jobs in all industries for each additional job in the industry corresponding to the entry.

NOTE.–Multipliers are based on the 2002 Benchmark Input-Output Data for the Nation and 2007 regional data. Industry List B identifies the industries corresponding to the entries.

SOURCE.–Regional Input-Output Modeling System (RIMS II), Regional Product Division, Bureau of Economic Analysis.

# RIMS II Multipliers (2002/2007)

## Table 2.5 Total Multipliers for Output, Earnings, Employment, and Value Added by Industry Aggregation vermont (Type II)

| INDUSTRY | Multiplier | | | | | |
|---|---|---|---|---|---|---|
| | Final Demand | | | | Direct Effect | |
| | Output/1/ (dollars) | Earnings/2/ (dollars) | Employment/3/ (jobs) | Value-added/4/ (dollars) | Earnings/5/ (dollars) | Employment/6/ (jobs) |
| 1. Crop and animal production | 1.8593 | 0.3310 | 12.7445 | 0.7690 | 2.3081 | 1.9695 |
| 2. Forestry, fishing, and related activities | 1.8811 | 0.4843 | 20.8855 | 0.8920 | 1.8839 | 1.8871 |
| 3. Oil and gas extraction | 1.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| 4. Mining, except oil and gas | 1.8349 | 0.3939 | 10.0032 | 0.8925 | 1.7685 | 2.0586 |
| 5. Support activities for mining | 1.7959 | 0.4954 | 10.0928 | 0.9145 | 1.9120 | 3.5837 |
| 6. Utilities* | 1.3975 | 0.2953 | 5.5739 | 0.8283 | 1.5978 | 3.0484 |
| 7. Construction | 1.9149 | 0.6181 | 20.2315 | 1.0223 | 1.6844 | 1.6963 |
| 8. Wood product manufacturing | 2.0791 | 0.4568 | 15.7889 | 0.9409 | 2.4918 | 2.6770 |
| 9. Nonmetallic mineral product manufacturing | 1.7538 | 0.4835 | 12.7249 | 0.8853 | 1.7770 | 1.9959 |
| 10. Primary metal manufacturing | 1.7212 | 0.3515 | 7.8365 | 0.6776 | 2.0759 | 2.9854 |
| 11. Fabricated metal product manufacturing | 1.8487 | 0.4348 | 11.2884 | 0.7953 | 1.6784 | 1.9688 |
| 12. Machinery manufacturing | 1.7155 | 0.4678 | 11.3307 | 0.7890 | 1.7099 | 2.1167 |
| 13. Computer and electronic product manufacturing | 1.5549 | 0.3482 | 7.3718 | 0.6745 | 1.7649 | 2.6977 |
| 14. Electrical equipment and appliance manufacturing | 1.6286 | 0.3389 | 9.3447 | 0.7658 | 1.6888 | 2.3112 |
| 15. Motor vehicle, body, trailer, and parts manufacturing | 1.6523 | 0.3556 | 8.8067 | 0.6047 | 1.9170 | 2.3967 |
| 16. Other transportation equipment manufacturing | 1.7351 | 0.4094 | 9.8185 | 0.7632 | 1.9150 | 2.7436 |
| 17. Furniture and related product manufacturing | 1.6998 | 0.4032 | 13.0723 | 0.7919 | 1.8237 | 1.8398 |
| 18. Miscellaneous manufacturing | 1.7017 | 0.4393 | 11.1989 | 0.8939 | 1.7613 | 2.1302 |
| 19. Food, beverage, and tobacco product manufacturing | 1.8882 | 0.3179 | 9.8764 | 0.6991 | 2.5586 | 2.7816 |
| 20. Textile and textile product mills | 1.5953 | 0.3239 | 9.8326 | 0.6362 | 1.8824 | 1.9160 |
| 21. Apparel, leather, and allied product manufacturing | 1.6602 | 0.3909 | 15.3727 | 0.7599 | 1.7992 | 1.5817 |
| 22. Paper manufacturing | 1.6683 | 0.2783 | 7.4989 | 0.7195 | 2.4940 | 3.6558 |
| 23. Printing and related support activities | 1.7536 | 0.4770 | 13.3738 | 0.8939 | 1.6892 | 1.9071 |
| 24. Petroleum and coal products manufacturing | 1.5311 | 0.3453 | 6.4374 | 0.4050 | 1.6831 | 3.0833 |
| 25. Chemical manufacturing | 1.4693 | 0.2483 | 6.5288 | 0.5937 | 1.9426 | 2.2922 |
| 26. Plastics and rubber products manufacturing | 1.5888 | 0.3488 | 9.5709 | 0.7121 | 1.7957 | 2.0339 |
| 27. Wholesale trade | 1.5840 | 0.4512 | 11.8346 | 1.0263 | 1.5754 | 1.8863 |
| 28. Retail trade | 1.6712 | 0.5065 | 20.8833 | 1.0583 | 1.5558 | 1.4168 |
| 29. Air transportation | 1.6919 | 0.5343 | 18.9874 | 0.8532 | 1.5775 | 1.7034 |
| 30. Rail transportation | 1.6380 | 0.3687 | 9.8856 | 0.8544 | 2.0194 | 3.1228 |
| 31. Water transportation | 1.6445 | 0.3424 | 9.2231 | 0.6867 | 2.2624 | 2.7908 |
| 32. Truck transportation | 1.7878 | 0.4987 | 14.2072 | 0.9235 | 1.8828 | 2.1460 |
| 33. Transit and ground passenger transportation* | 1.8461 | 0.5322 | 22.7140 | 0.8081 | 1.8108 | 1.4894 |
| 34. Pipeline transportation | 1.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| 35. Other transportation and support activities* | 1.7402 | 0.6480 | 17.7969 | 1.0875 | 1.4802 | 1.6929 |
| 36. Warehousing and storage | 1.6941 | 0.5033 | 16.6949 | 1.0350 | 1.5993 | 1.6252 |
| 37. Publishing industries, except Internet | 1.7497 | 0.4638 | 14.0872 | 0.9999 | 1.8459 | 1.9518 |
| 38. Motion picture and sound recording industries | 1.6035 | 0.3867 | 18.9885 | 0.9507 | 1.7593 | 1.4394 |
| 39. Broadcasting, except Internet | 1.7301 | 0.5763 | 13.6957 | 0.8878 | 1.5838 | 2.0339 |
| 40. Telecommunications | 1.5994 | 0.3220 | 7.9985 | 0.9033 | 1.9685 | 2.6777 |
| 41. Internet and other information services | 1.6300 | 0.4397 | 13.7794 | 1.0022 | 1.6679 | 1.7780 |

(Continued)

Region Definition: Vermont

*Includes Government enterprises.

1. Each entry in column 1 represents the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.
2. Each entry in column 2 represents the total dollar change in earnings of households employed by all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.
3. Each entry in column 3 represents the total change in number of jobs that occurs in all industries for each additional 1 million dollars of output delivered to final demand by the industry corresponding to the entry. Because the employment multipliers are based on 2007 data, the output delivered to final demand should be in 2007 dollars.
4. Each entry in column 4 represents the total dollar change in value added that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.
5. Each entry in column 5 represents the total dollar change in earnings of households employed by all industries for each additional dollar of earnings paid directly to households employed by the industry corresponding to the entry.
6. Each entry in column 6 represents the total change in number of jobs in all industries for each additional job in the industry corresponding to the entry.

NOTE.–Multipliers are based on the 2002 Benchmark Input-Output Accounts of the Nation and 2007 regional data. Industry List B identifies the industries corresponding to the entries.

SOURCE.–Regional Input-Output Modeling System (RIMS II), Regional Product Division, Bureau of Economic Analysis.

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# RIMS II Multipliers (2002/2007)
## Table 2.5 Total Multipliers for Output, Earnings, Employment, and Value Added by Industry Aggregation vermont (Type II)

| INDUSTRY | Multiplier | | | | | |
|---|---|---|---|---|---|---|
| | Final Demand | | | | Direct Effect | |
| | Output/1/ (dollars) | Earnings/2/ (dollars) | Employment/3/ (jobs) | Value-added/4/ (dollars) | Earnings/5/ (dollars) | Employment/6/ (jobs) |
| 42. Federal Reserve banks, credit intermediation and related services | 1.5745 | 0.3972 | 9.9320 | 1.0176 | 1.7068 | 2.1801 |
| 43. Securities, commodity contracts, investments | 1.8746 | 0.7377 | 17.3008 | 1.0948 | 1.5049 | 1.8889 |
| 44. Insurance carriers and related activities | 1.8857 | 0.5527 | 13.1103 | 1.0582 | 1.8464 | 2.3419 |
| 45. Funds, trusts, and other financial vehicles | 1.8194 | 0.4115 | 16.0218 | 0.6773 | 2.8871 | 1.8033 |
| 46. Real estate | 1.3224 | 0.1297 | 6.3920 | 0.9363 | 3.0176 | 1.8118 |
| 47. Rental and leasing services and lessors of intangible assets | 1.5639 | 0.3638 | 13.5724 | 1.0325 | 1.7415 | 1.6064 |
| 48. Professional, scientific, and technical services | 1.7842 | 0.6716 | 17.9315 | 1.1447 | 1.4854 | 1.7464 |
| 49. Management of companies and enterprises | 1.8200 | 0.6446 | 15.7835 | 1.1159 | 1.5701 | 1.9720 |
| 50. Administrative and support services | 1.7471 | 0.6139 | 32.1704 | 1.1204 | 1.5115 | 1.2915 |
| 51. Waste management and remediation services | 1.6826 | 0.4344 | 11.6306 | 0.9599 | 1.7721 | 2.1530 |
| 52. Educational services | 1.8180 | 0.6064 | 24.0618 | 1.0624 | 1.5405 | 1.4419 |
| 53. Ambulatory health care services | 1.8363 | 0.7310 | 18.0360 | 1.1501 | 1.4739 | 1.7315 |
| 54. Hospitals | 1.7549 | 0.5896 | 15.2247 | 1.0208 | 1.5134 | 1.8191 |
| 55. Nursing and residential care facilities | 1.7685 | 0.6673 | 24.7866 | 1.1264 | 1.4450 | 1.4099 |
| 56. Social assistance | 1.7877 | 0.6112 | 35.6945 | 1.0525 | 1.5307 | 1.2591 |
| 57. Performing arts, spectator sports, museums, zoos, and parks | 1.7002 | 0.5140 | 24.8145 | 1.0260 | 1.6323 | 1.4076 |
| 58. Amusements, gambling, and recreation | 1.7157 | 0.5184 | 27.2881 | 1.0591 | 1.5823 | 1.3118 |
| 59. Accommodation | 1.6607 | 0.4718 | 19.2359 | 1.0367 | 1.6425 | 1.4953 |
| 60. Food services and drinking places | 1.7353 | 0.4882 | 27.7354 | 0.9432 | 1.6186 | 1.2972 |
| 61. Other services* | 1.7924 | 0.5282 | 22.0266 | 0.9801 | 1.7017 | 1.4925 |
| 62. Households | 1.0379 | 0.2820 | 10.1094 | 0.6304 | 0.0000 | 0.0000 |

Region Definition: Vermont

*Includes Government enterprises.

1. Each entry in column 1 represents the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.
2. Each entry in column 2 represents the total dollar change in earnings of households employed by all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.
3. Each entry in column 3 represents the total change in number of jobs that occurs in all industries for each additional 1 million dollars of output delivered to final demand by the industry corresponding to the entry. Because the employment multipliers are based on 2007 data, the output delivered to final demand should be in 2007 dollars.
4. Each entry in column 4 represents the total dollar change in value added that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.
5. Each entry in column 5 represents the total dollar change in earnings of households employed by all industries for each additional dollar of earnings paid directly to households employed by the industry corresponding to the entry.
6. Each entry in column 6 represents the total change in number of jobs in all industries for each additional job in the industry corresponding to the entry.

NOTE.–Multipliers are based on the 2002 Benchmark Input-Output Table for the Nation and 2007 regional data. Industry List B identifies the industries corresponding to the entries.

SOURCE.–Regional Input-Output Modeling System (RIMS II), Regional Product Division, Bureau of Economic Analysis.

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# MANAGEMENT AGREEMENT

## JAY PEAK PENTHOUSE SUITES

THIS AGREEMENT is entered into by and

BETWEEN: JAY PEAK GP SERVICES, INC., a corporation duly organized and existing under the laws of the State of Vermont, the principal office of which is at 4850 VT Route 242, Jay, Vermont 05859-9621 (the "General Partner");

AND: SQ PROPERTY MANAGEMENT LLC, a limited liability company duly organized and existing under the laws of the State of Vermont, the principal office of which is at 4850 VT Route 242, Jay, Vermont 05859-9621 (the "Manager").

RECITALS:

WHEREAS, General Partner is the general partner in a Vermont limited partnership known as "Jay Peak Penthouse Suites L.P." (the "Owner"), pursuant to a limited partnership agreement dated as of _____, 2010 (the "Partnership Agreement"); and

WHEREAS, Owner has acquired the applicable development and declarant rights ("Development Rights") from Jay Peak Hotel Suites Phase II L.P., a Vermont Limited Partnership (the "Phase II Partnership"), to construct, fit up, furnish, own and lease out an additional floor (the "Unit") that will include a penthouse suites hotel, to be located on the top floor of a building (the "Building") being constructed by the Phase II Partnership at the Jay Peak Resort in Jay, Vermont (the "Resort"); and

WHEREAS, the Building will be dedicated to condominium ownership pursuant to a Declaration of Condominium to be executed by the Phase II Partnership as declarant, and by Owner as the assignee of the Development Rights; and

WHEREAS, Owner will lease the Unit to a third party, in which the hotel to be known as "Jay Peak Penthouse Suites Hotel" will be operated (such hotel, excluding the appurtenant interests in the Common Elements, referred to herein as the "Hotel"); and

WHEREAS, in the Partnership Agreement the General Partner is delegated the duty to manage the leasing of the Unit housing the Hotel (the "Lease"), either directly or through a designee, which designee may include any affiliates of the General Partner; and

WHEREAS, General Partner desires to retain Manager to manage the Lease; and,



EXHIBIT - N

**WHEREAS,** Manager is willing to accept such employment on the terms and conditions set forth in this Agreement;

**NOW, THEREFORE,** in consideration of the mutual premises and the covenants herein contained, the parties agree each with the other as follows:

1. Designation of Manager. On behalf of Owner, General Partner hereby appoints and designates Manager as General Partner's sole and exclusive agent to approve tenants and rent the Unit as a Hotel pursuant to the terms of a lease to be negotiated between Owner and tenant, and to function as Owner's representative in all dealings with the tenant(s) and the obligations of the parties under said lease(s).

2. Manager's Authority. On behalf of General Partner and in accordance with the desires and directives of the General Partner, Manager shall use its best efforts in its management of the Unit and Lease to maximize rental income to Owner pursuant to a business plan provided to Manager and comply with this Agreement, all to the full extent reasonable and prudent in consideration of the location of the Hotel and the facilities in and at the Hotel and the surrounding area in the Resort, and consistent with sound business practices.

In furtherance of the exercise of this authority, Manager, pursuant to directives from General Partner, shall perform any and all acts which are necessary or desirable to lease the Unit, interact and negotiate lease issues with tenant(s). In this connection, Manager shall, among other duties:

(a) Negotiate one or more leases with tenants of the Unit;

(b) Hire, train, supervise and pay all personnel required to staff Manager. The terms, conditions and policies of employment of such personnel shall be determined by Manager. Such policies of employment shall include, without limitation, hiring and firing of employees, wages, profit sharing, benefit plans and insurance plans;

(c) Collect rentals, common area charges and any other payments due under the Lease, and insure that the tenant(s) adhere to all Lease terms;

(d) Coordinate with the efforts of the Jay Peak Penthouse Suites Owners Association, Inc. ("COA") to maintain all Condominium common elements consistent with the expected standards of the Hotel;

(e) Collect such data, including but not limited to all employee records as may be permitted by law, and all monthly and annual visitor and revenue summaries of the tenant(s)' business operations, from the tenant(s) as may be required to support and validate job creation in connection with the Owner's requirements under the so-called EB-5 program under 8 U.S.C.§ 1153 (B)(5)(A) - (D); INA § 203 (B)(5)(A) - (D) of the Immigration & Nationality Act, and other matters, all as further set forth in the Partnership Agreement; and

(f) Comply with the laws and regulations of any governmental agency having jurisdiction over the Hotel or the Unit, as any of the foregoing may be amended from time to time.

3. Manager's Fee. Manager shall pay itself from the gross revenue generated from the Lease, in the amount of ten percent (10%) (the "Manager Fee").

4. Owner's Income. Manager shall distribute to Owner the net income from the Lease after payment of the Manager Fee, and office expenses.

5. Account; Books of Account; Budgets; Financial Reports.

(a) Gross rental income derived from the Lease will be the property of Owner but in the exclusive possession and control of Manager, subject to the provisions of this Agreement. Such funds shall be maintained exclusively for Owner in a bank determined annually by General Partner on behalf of Owner. Manager shall not commingle its funds with those of Owner. According to the provisions of this Agreement, Manager shall disburse funds from this account to pay the Manager Fee and on behalf of Owner and shall allocate revenue and expenses as required hereunder. No funds shall be withdrawn unless by someone authorized to do so by Manager.

(b) Manager shall establish a Lease ledger account for Owner, which account shall be maintained by Manager in accordance with the terms of this Agreement, regarding which Manager shall make entries for deposits in, deductions from, and distributions of, such account in accordance with the terms of this Agreement.

(c) Manager shall periodically prepare such reports, budgets or other financial data reasonably requested by General Partner to meet General Partner's obligations under Article XIII of the Partnership Agreement.

(d) Upon five (5) days written notice to Manager, General Partner shall have the right at any time during ordinary business hours to examine, at the place where they regularly are kept, such books of Manager related to the Lease and of any person, firm or corporation acting for, and performing the duties, functions and discretions of, Manager hereunder.

Unless the General Partner on Owner's behalf disputes computation or other information within forty-five (45) days after Manager mails statements or reports, the accuracy of such reports and financial statement shall be deemed to have been accepted by General Partner on Owner's behalf.

6. Taxes. Manager shall not be liable to Owner (a) for any tax assessed and levied by any governmental body; (b) for either federal or state income or corporate excise taxes attributable to income earned by, or paid to, Owner under this Agreement; (c) for Owner's ad valorem personal and real property taxes; (d) for any assessment of

any kind assessed or levied by a governmental body; or (e) for any assessments by the COA against Owner or the Hotel.

7. Insurance. To the extent not already provided by the COA, Manager shall obtain and maintain such additional types of insurance in such amounts and upon such terms as Manager shall determine to be prudent under the circumstances having due regard for the liability of Owner and, at a minimum, comparable to that carried on other comparable properties. Owner shall be named as an additional insured on all such insurance policies. Except as stated above, Manager shall not be required to provide or maintain fire or casualty insurance of any kind with respect to the Unit or the Common Elements and the furnishings and personal property in such Unit and Common Elements, this being a responsibility of the COA or the Owner.

8. Management Term. The agency created hereby shall commence immediately upon execution hereof and shall continue indefinitely until termination. General Partner may terminate this Agreement at any time for Manager's fraud, gross negligence, willful misconduct or a material breach of this Agreement. Such termination shall be effective at the end of ten (10) days after written notice of such decision to Manager.

In addition to the foregoing methods of termination of this Agreement, it may be terminated as follows:

(a) At any time by the mutual consent of the parties hereto.

(b) Upon the dissolution of Owner. In such circumstances, subject to the order of a court of appropriate jurisdiction, Manager will continue to manage the Lease, pursuant to the provisions of this Agreement, on behalf of the Owner.

(c) Upon the appointment of a receiver, trustee or liquidating agent for, or the assignment for the benefit of creditors of, all or substantially all of Manager's assets, or the bankruptcy or dissolution of Manager.

(d) Upon termination of the Lease.

If this Agreement is terminated, then Manager shall provide to General Partner on Owner's behalf a final financial statement, shall make the payment of balances in Owner's Hotel Account to Owner or as Owner shall otherwise direct, and shall yield up the Hotel in good condition and repair, excepting only reasonable wear and tear and damage by fire or other casualty.

9. Assignment. This Agreement may not be assigned unless by the consent of the parties.

10. Arbitration. Any dispute between General Partner and the Manager, which has not been resolved by mediation, must be submitted to arbitration. Such submission shall be made by a disputant providing notice of arbitration to other disputants within ten (10) days after receipt of notice of the failure of mediation; or, in the matter of termination of the Manager, within ten (10) days of notice called for in Section 8.

Within ten (10) days of the giving of notice of arbitration, Manager shall choose one arbiter, the General Partner shall choose one arbiter and those arbiters shall choose a third arbiter within a second period of ten (10) days. The arbiters shall apply the then current, appropriate rules of the American Arbitration Association ("AAA") and the laws of the State of Vermont, if they are not inconsistent with the rules of the AAA, and shall take testimony offered by the parties. When all evidence has been presented, the arbiters shall by majority vote resolve the issues upon application of testimony they believe is relevant and reliable. As well, they may make awards, including a determination of liability for attorneys' fees, arbitration costs, and compensation to arbiters. Their decision shall bind the parties and may be entered as a judgment under the Arbitration Act of the State of Vermont.

Manager may begin within thirty (30) days to cure diligently the basis of any arbitration decision against it. Such diligence shall include, if appropriate, the termination of subcontractors or assignees. Failing appropriate diligent actions by Manager, the General Partner may decide to terminate this Agreement.

11. Right to Compete and Contract. Manager and General Partner, and in the event that Manager or General Partner assigns its rights and duties hereunder pursuant to Section 9, such assignee, their partners, stockholders, officers, directors and affiliated companies, or any of them:

(a) May build, own, lease or manage other motels, motor inns, hotels, concierge businesses, suites, condominiums, restaurants or resorts and such establishments may compete with the Hotel for convention, tourist or commercial business. None of the foregoing entities shall be disqualified from so competing with the Hotel.

(b) Shall not be disqualified from contracting with the Hotel as vendor, purchaser, contractor, supplier, purveyor of goods or services, or otherwise, including food and beverage services; provided that the charges to Hotel under such contracts shall be competitive in light of the prevailing rates for such services and goods as may be involved. All such material affiliated relationships and services shall be disclosed in reasonable detail.

12. General Partner's Acknowledgements and Election. By the execution hereof, General Partner recognizes that (i) Manager is not a partner or joint venturer with General Partner but is the agent and independent contractor of General Partner; and (ii) the relationship between Manager and General Partner does not create a corporation in law or

in fact. General Partner on behalf of Owner further acknowledges that the Lease of the Unit is a speculative venture with no guaranty, in fact or by implication, that Owner shall receive any, or any specific, sum of money in any given period of time on account of its entry into this operation.

General Partner further acknowledges and agrees that if, contrary to the intent of this Agreement, the relationship hereby created be deemed a general partnership, the scope thereof shall be solely the leasing of the Unit and that all powers and authority of General Partner to act within the scope of the partnership are vested by General Partner in Manager exclusively.

Owner expressly retains both legal title and beneficial ownership of the Unit and its appurtenant interests in the Common Elements and their contents, and Owner is not contributing such property, or any thereof, or the use thereof, to any imagined or assumed entity. If, contrary to the intent of this Agreement, the agency relationship of Manager with Owner is deemed a partnership for federal income tax purposes, then Owner shall be deemed only to have contributed the use of the Unit and its appurtenant interests in the Common Elements and their contents to such partnership and not to have contributed the Unit itself or its appurtenant interest in the Common Elements or their contents or any title thereto or interest therein to such assumed partnership and Manager shall be deemed the tax management partner of any such assumed partnership. Legal and accounting fees reasonably incurred by the Manager and other such expenses incurred by Manager acting as tax managing partner shall be reimbursed by Owner. Manager shall vigorously deny partnership status for general law or tax purposes and may litigate to obtain refunds from the Internal Revenue Service imposed by it on account of the failure to file a partnership return.

General Partner acknowledges that Manager has not given legal or tax advice.

13. Notices. Notices hereunder to General Partner or Manager shall be delivered personally, or deposited in the United States Mail, certified mail, return receipt requested, postage fully paid, addressed to General Partner or Manager, as the case may be, at the address first set forth above (or such more recent address of which the party addressed shall have given written notice to the other party), and shall be deemed to be given when delivered personally, or when the notice has been delivered as evidenced by the return receipt.

14. Attorneys' Fees. In litigation or arbitration arising out of this Agreement, the parties shall be responsible for their own costs and attorneys' fees incurred in such litigation, both at trial and upon appeal, if any, unless the arbitration award specifically awards such fees and costs to the prevailing party.

15. Applicable Law. This Agreement shall be construed under, and shall be governed by, the laws of the State of Vermont.

16. Entire Agreement. This Agreement, together with any other writings signed by the parties expressly stated to be supplemental hereto and together with any instruments to be executed and delivered under this Agreement, constitutes the entire agreement between the parties with respect to the agency created hereunder and supersedes all prior understandings and writings, and may be changed only by a writing signed by the parties hereto.

17. Severability. The invalidity in whole or in part of any term, covenant or provision hereof shall not affect the validity of the remainder hereof. Any portion of this Agreement determined to be invalid or unenforceable shall, to the extent possible, be reformed to accomplish its intended effect.

18. Miscellaneous. The terms "General Partner" or "Manager" wherever herein used shall include the person, or persons, named and its or their successors and permitted assignees. Where the context so admits or requires, use of the singular includes the plural, and vice versa, and use of any gender includes any or all other genders.

**19. Acknowledgement of Arbitration. Manager and General Partner understand that this Agreement contains an agreement to arbitrate; and, unless a question of constitutional or civil rights law is involved, Manager and General Partner understand that they will not be able to litigate any dispute covered by the arbitration provisions of this Agreement. Instead, Manager and General Partner agree to submit such disputes to impartial arbitration.**

DATED: _____

General Partner:
JAY PEAK GP SERVICES, INC.

By: _____
William Stenger, President and
Duly Authorized Agent

Manager:
SQ PROPERTY MANAGEMENT LLC

By: _____
William Stenger, Member and
Duly Authorized Agent

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EXHIBIT - O

# COMMERCIAL LEASE

THIS COMMERCIAL LEASE (the "Lease") is made this ____ day of _____, 201__, between JAY PEAK PENTHOUSE SUITES L.P., a Vermont limited partnership with its principal place of business at 4850 VT Route 242, Jay, Vermont 05859-9621 (hereinafter referred to as the "Landlord"), and _____, a _____ with its principal place of business at _____ (hereinafter referred to as the "Tenant").

1. **Demise, Description of Premises.** Landlord does hereby demise, let, rent, and lease unto the Tenant, and the Tenant hereby hires and rents from the Landlord, certain premises located at the Jay Peak Resort in Jay, Vermont 05859 (the "Resort"), being the top floor and a segment of the floor immediately below within the Jay Peak Hotel Suites Phase II building (the "Premises") located at the Resort, fully improved, pursuant to plans attached hereto, for the Tenant's proposed use of the Premises as further set forth in Section 4 below.

2. **Term of Lease.** The Premises are hereby leased to Tenant, subject to all of the terms and conditions contained in this Lease, for a term of ten (10) years commencing _____, 20__ and ending _____, 20__, unless sooner terminated as hereinafter provided or should Landlord's partners all withdraw from the limited partnership pursuant to various options and mechanisms set forth in the Landlord's partnership agreement (the "Term").

3. **Rent.**

   (a) Tenant agrees to pay to Landlord rent in the amount of $_____ per month during the Term.

   (b) In addition, Tenant agrees to pay Landlord percentage rent based on Tenant's income during the Term, calculated according to the following formula: _____.

4. **Use of the Property.**

   (a) The Premises will be used solely for the purpose of the operation of a full service suites hotel and concierge services and all related amenities and activities as incorporated into the Premises (the "Hotel"), all to be operated for the benefit of all members and guests of the Resort, and all to be operated compatible with the standards of a first class hotel and with the other Resort accommodations and services. No other, different, or additional use of the Premises shall be permitted except with the prior written consent of the Landlord. At no time will the Premises be used for illegal or immoral purposes. If the Tenant's use of the Premises necessitates application for zoning or planning approval or compliance with other municipal or state regulations at any time during the Term, Tenant will prosecute and bear the costs of such applications necessary to obtain compliance and approval.

   (b) The Tenant is obligated hereunder to oversee any third parties' operation of the Premises

or any business function therein.

5. **Insurance, Utilities, and Taxes.** The Tenant shall be responsible for and pay all charges for heat, gas, hot water, electricity, light and power, and other service or services furnished to the demised Premises. Tenant shall be responsible for insuring the Premises against fire and other casualty losses. Tenant shall be responsible for and pay all real estate taxes regarding the Premises.

6. **Alterations.**

(a) Except as hereinafter expressly provided, the Tenant shall not make or permit to be made any alterations, additions, changes, or improvements in or to the Premises or any part thereof without first obtaining the written consent of the Landlord.

(b) Before requesting the Landlord's consent, the Tenant shall submit to the Landlord a copy of the detailed plans and specifications of such proposed alterations, changes, additions or improvements, together with reasonable evidence of the approval of such alterations, additions, changes, or improvements by any and all municipal, state, federal, or other governmental or other authorities, offices, and departments now existing or hereafter created having jurisdiction in the Premises.

(c) The Landlord and Landlord's agents and employees shall have the right to enter upon the Premises in a reasonable manner and at all reasonable times during the course of any such alterations, additions, changes, or improvements for the purpose of inspection and determining whether such work conforms to the approved plans and specifications and the terms of this Lease.

(d) Throughout the Term, the Tenant, at its own cost and expense, will cause any and all mechanics' liens and perfection of the same which may be filed against the Premises to be paid and satisfied of record within thirty (30) days after the Landlord sends to the Tenant written notice by registered mail of the filing of any notice thereof against the Premises or the Landlord, for or purporting to be for labor or materials alleged to be furnished or to be charged by or for the Tenant at the Premises, or will bond such mechanics' liens and use reasonable efforts to have such liens discharged by an order of a court of competent jurisdiction within such thirty (30) day period.

(e) The Tenant also covenants and agrees that any alterations, improvements, or other work once begun will be prosecuted with reasonable diligence to completion and, subject to the provisions of Section 6(d) above, be paid for by Tenant, free and clear of liens or encumbrances against the Premises or the Landlord, and will be performed in all respects in accordance with governing law.

7. **Tenant to Comply With Laws, Etc.** The Tenant, at its own cost and expense, will promptly execute and comply with any and all requirements arising at any time affecting the Premises imposed by any present or future law, statute, or governmental authority now existing or hereafter created, foreseen or unforeseen, and with any and all present and future statutes, laws,

ordinances, acts, rules, regulations, orders, and requirements of every kind and nature applicable to the Premises or any part thereof and all requirements incidental to or the result of any use or occupation thereof. The Tenant shall further so comply with each and every rule, order, and requirement of any national, state, municipal, legislative, executive, judicial, or other governmental body, commissioner, or officer or of any bureau or department thereof, whether now existing or hereafter created, having jurisdiction over the Premises or any part thereof or exercising any power relative thereto or to the owners, tenants, or occupants thereof. Tenant, however, will not be responsible for any conditions of the Premises or any hazardous substance, as defined by federal and state laws and regulations, that are located at, on, or in the Premises that existed at the commencement of the Term or are not caused by, or in the case of hazardous substances, not placed on or in the Premises by the Tenant.

8. **No Waiver.** The failure of the Landlord to insist in any one or more instances upon the strict performance of any of the terms, covenants, conditions, and agreements of this Lease, or to exercise any option herein conferred, shall not be considered as waiving or relinquishing for the future any such terms, covenants, conditions, agreements, or options, but the same shall continue and shall remain in full force and effect.

9. **Landlord's Right of Access.** Landlord and Landlord's agents and employees shall have the right to enter the Premises in a reasonable manner and at all reasonable times to examine the same and to show them to prospective investors, guests, purchasers, mortgagees or lessees. Without limiting the foregoing, Tenant acknowledges by its signature below that Landlord has designated SQ Property Management LLC as its management agent (the "Agent") to manage the Lease and said Agent will have such access to the Premises as is necessary to insure that Tenant is meeting its obligations under the Lease.

10. **Mortgages.** This Lease is specifically made subject to and subordinate to any mortgage now existing or placed upon the Premises by Landlord, and Tenant shall execute any documentation required by any mortgagee to reflect such subordination. Notwithstanding the previous sentence, the terms of this Lease shall continue in full force and effect so long as Tenant is in compliance therewith, and any mortgagee or subsequent owner of the Premises shall be bound by the terms of this Lease and not disturb Tenant's occupancy of the Premises provided Tenant attorns to said mortgagee or subsequent owner.

11. **Condition of Premises.** The Tenant has been afforded full opportunity to examine and inspect the Premises and hereby acknowledges and agrees that Tenant is leasing the improvements on the Premises in an "as is" condition, and the Landlord has made no promises or representations that the improvements on the Premises shall be renovated, repaired, or improved in any manner after the execution of this Lease.

12. **Care of Premises.** Tenant, at its sole cost and expense, shall be fully responsible for all necessary maintenance to all heating, plumbing, electrical, and other systems and equipment located in or upon the Premises. Tenant, at Tenant's sole cost and expense, shall be fully responsible for all necessary repairs to and, if necessary, replacement of all heating, plumbing, electrical, and other systems and equipment located in or upon the Premises.

13. **Assignment, Subletting.** The Tenant may not assign this Lease or sublet the Premises without the prior written consent of Landlord.

14. **Casualty Loss.** If, at any time during the Term, a Substantial Portion of the Premises (as defined below) shall be damaged or destroyed by fire or other occurrence (including any occurrence for which insurance coverage was not obtained or obtainable) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, Landlord, at Landlord's option and no later than one hundred twenty (120) days from such fire or other occurrence, may terminate this Lease. If, at any time during the Term, a Substantial Portion of the Premises are damaged or destroyed by fire or other occurrence (including any occurrence for which insurance coverage was not obtained or obtainable) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, Tenant may, no later than one hundred twenty (120) days from such fire or other occurrence, at its option, terminate this Lease. In the event of any such termination, Tenant shall be released from all of its obligations under this Lease, and the parties shall proceed as provided in Section 20. In the event less than a Substantial Portion of the Premises are damaged or destroyed, this Lease shall continue in full force and effect, except that rent shall be abated on a prorata basis based upon the number of square feet being rendered unusable to Tenant. The term "Substantial Portion of the Premises" means a portion of the premises that, if subject to damage, destruction, or a Taking by Condemnation (defined in Section 15 below), would render the remainder of the Premises substantially unusable by the Tenant for the purposes set forth in Section 4 above.

15. **Condemnation or Eminent Domain.** If, at any time during the Term, title to a Substantial Portion of the Premises shall be taken by exercise of the right of condemnation or eminent domain or by agreement between Landlord and those authorized to exercise such right (all such proceedings being collectively referred to as a "Taking in Condemnation"), this Lease shall terminate and expire on the date of such taking and the rent shall be apportioned and paid up through the date of the award. That portion of the award attributable solely to the Landlord shall belong solely to Landlord. That portion of the award attributable solely to the Tenant shall belong solely to Tenant. In the event of any such termination, Tenant shall be released from all of its obligations under this Lease, and the parties shall proceed as provided in Section 21. If title to less than a Substantial Portion of the Premises is taken in condemnation, so that the business of the Tenant may continue without material diminution, this Lease shall continue in full force and effect. In the event of such partial condemnation, rent shall be abated on a prorata basis based upon the number of square feet being rendered unusable to Tenant. Any award from the partial condemnation attributable solely to the Landlord shall belong solely to Landlord and any award for partial condemnation attributable solely to the Tenant shall belong solely to Tenant.

16. **Personal Property.** Tenant shall be solely responsible for all personal property placed upon the Premises during the Term and renewals hereto, if any, which responsibility shall include by way of illustration and not by way of limitation, payment of all taxes and fees assessed against the personal property and insurance for all personal property. Further, at the expiration or earlier termination of this Lease, the Tenant shall remove all such personal property from the Premises exercising due care not to damage the Premises by such removal. The Tenant shall repair any and all damage done to the Premises by the removal of such personal property.

17. **Default.** If any one or more of the following events ("Events of Default") shall happen:

(a) If default shall be made in the due and punctual payment of rent payable under this Lease, or any part thereof, when and as the same shall become due and payable, and such default shall continue for a period of fifteen (15) days after the Tenant receives written notice from Landlord that such rent has not been paid; or

(b) If default shall be made by Tenant in the performance or compliance with any of the agreements, terms, covenants, or conditions in the Lease, other than as referred to above, for a period of thirty (30) days after Tenant receives notice from Landlord specifying the items in default, or in the case of a default or contingency that cannot with reasonable due diligence be cured within such thirty (30) day period, if Tenant fails to commence within such thirty (30) day period the steps necessary to cure the same and thereafter to prosecute the curing of such default with reasonable due diligence (it being understood that the time of Tenant within which to cure shall be extended for such period as may be necessary to complete the same with all reasonable due diligence); or

(c) If Tenant shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or if there shall be appointed a receiver or trustee of all or substantially all of the property of the Tenant, or if Tenant shall make any assignment for the benefit of Tenant's creditors, or if the Tenant shall vacate the Premises, and any such condition shall continue for a period of thirty (30) days after notice from Landlord specifying the matter involved;

then, and in any such event, Landlord at any time thereafter may give written notice to Tenant specifying such event or events of default and stating that this Lease and the term hereby demised shall expire and terminate on the date specified in such notice, and upon the date so specified, all rights of Tenant under this Lease shall expire and terminate. Thereafter, the Landlord shall use Landlord's best efforts to relet the Premises. Upon any termination of this Lease as above-stated, the Tenant shall immediately vacate the Premises and surrender the same to the Landlord as set forth in Section 20.

18. **Landlord's Covenants.** The Landlord warrants that Landlord has good title to and the right to lease the Premises in manner provided for in this Lease and that Landlord will suffer and permit the Tenant (so long as the Tenant shall materially keep all the covenants on its part, as herein contained) to occupy, possess, and enjoy the Premises during the Term, without hindrance or molestation from Landlord or any person claiming by, from, or under Landlord.

19. **Quiet Enjoyment.** Landlord covenants that the Tenant, on paying all rent required to be paid by Tenant, and materially performing the other covenants and undertakings by the Tenant to be performed, shall and may peaceably have and enjoy the Premises for the Term in accordance with the terms of this Lease.

20. **Removal and Surrender.** The Tenant will, at the expiration or earlier termination of this Lease, peaceably surrender the Premises and all improvements thereon, and Tenant will execute

all documents necessary to place marketable title to all improvements in Landlord's name or Landlord's nominee's name, subject only to (a) the mortgages existing at the time of commencement of this Lease, (b) any changes or additions to which Landlord consented pursuant to Section 6, and (c) any easements, rights of way, conditions, or other encumbrances existing at the commencement of this Lease.

21. **Waste or Nuisance.** Tenant shall not commit or suffer to be committed any waste upon the Premises or any act that constitutes a public or private nuisance.

22. **Holding Over.** Any holding over after the expiration of the Term and one month thereafter shall be construed to be a tenancy from month to month at the rent prevailing immediately prior to such holding over (prorated on a daily basis) and shall otherwise be on the terms and conditions herein specified, so far as applicable.

23. **Successors and Assigns.** All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the respective successors and assigns of the parties, subject to Section 13 above.

24. **Entire Agreement, Applicable Law.** This Lease contains the entire agreement of the parties with respect to the Premises, and no representations, inducements, promises, or agreements not embodied in this Lease shall be of any force or effect, unless the same are in writing and signed by or on behalf of the party to be charged. The captions of particular Sections are inserted as a matter of convenience only and in no way affect or define the scope or intent of this Lease. This Lease shall be governed by and interpreted in accordance with the laws of the State of Vermont, without regard to conflict of law principles.

25. **Partial Invalidity.** If any term, covenant, or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant, or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant, or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

26. **Waiver of Rule of Construction.** The parties waive the benefit of any rule that this Lease is to be construed strictly against one party or the other by virtue of the circumstances of the drafting of this Lease.

27. **Notices.** All notices, requests, and other communications hereunder shall be in writing and delivered and mailed:

(a) If to Landlord, to Jay Peak Penthouse Suites L.P., c/o SQ Property Management LLC, 4850 VT Route 242, Jay, Vermont 05859-9621 or at such other address as may be furnished to Tenant by Landlord in writing.

(b) If to Tenant, to _____, 4850 VT Route 242, Jay, Vermont 05859-9621, or at such other address as may be furnished to the Landlord by Tenant in

writing.

28. **Memorandum of Lease.** The parties agree to prepare and record in the Land Records of the Town of Jay, Vermont a memorandum of this Lease sufficient to satisfy statutory requirements.

29. **Obligation of Tenant to Produce Business Records of Tenant.** Tenant acknowledges by its signature below that Landlord, in connection with requirements imposed on it by the so-called EB-5 program under 8 U.S.C.§ 1153 (B)(5)(A) - (D); INA § 203 (B)(5)(A) - (D) of the Immigration & Nationality Act, may be required to produce evidence of employment and economic activity to substantiate its limited partners' investment and job creation in connection with the construction and operation of the Premises. As such, Tenant hereby agrees to cooperate with Landlord and its Agent in any request made to evidence Tenant's employment and economic activity, including without limitation production for inspection and copying of Tenant's employees' I-9 forms. Additional business records that Tenant agrees to share with Landlord upon request will include without limitation monthly and annual visitor and revenue summaries of the Tenant's business operations. Tenant agrees to provide such information within seven (7) business days of receiving a request from Landlord.

30. Projected Business Activity of Hotel. Tenant and Landlord shall cooperate in preparing a business plan which sets forth rental rates, projected income of the Hotel and projected percentage rents due hereunder, and Tenant agrees to operate the Hotel in accordance with said business plan.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Lease on the date first written above.

IN THE PRESENCE OF:

LANDLORD
JAY PEAK PENTHOUSE SUITES L.P.
BY: Jay Peak GP Services, Inc., its General Partner

_____
Witness

_____
William Stenger, Its President
and duly authorized agent

**TENANT:**

_____
Witness

BY: _____
_____ its duly authorized agent

State of Vermont

the Landlord. At no time will the Premises be used for illegal or immoral purposes. If the Tenant's use of the Premises necessitates application for zoning or planning approval or compliance with other municipal or state regulations at any time during the Term, Tenant will prosecute and bear the costs of such applications necessary to obtain compliance and approval. Notwithstanding the foregoing, Landlord will be responsible for insuring that the Resort Owner install and provide the necessary infrastructure to accommodate and support Tenant's proposed use of the Premises, as further set forth in the Lease.

(b) The Tenant is obligated hereunder to oversee any third parties' operation of the Premises or any business function therein.

5. **Insurance, Utilities, and Taxes.** The Tenant shall be responsible for and pay all charges for heat, gas, hot water, electricity, light and power, and other service or services furnished to the demised Premises. Tenant shall be responsible for insuring the Premises against fire and other casualty losses. Tenant shall be responsible for and pay all real estate taxes regarding the Premises.

6. **Alterations.**

(a) Except as hereinafter expressly provided, the Tenant shall not make or permit to be made any alterations, additions, changes, or improvements in or to the Premises or any part thereof without first obtaining the written consent of the Landlord.

(b) Before requesting the Landlord's consent, the Tenant shall submit to the Landlord a copy of the detailed plans and specifications of such proposed alterations, changes, additions or improvements, together with reasonable evidence of the approval of such alterations, additions, changes, or improvements by any and all municipal, state, federal, or other governmental or other authorities, offices, and departments now existing or hereafter created having jurisdiction in the Premises.

(c) The Landlord and Landlord's agents and employees shall have the right to enter upon the Premises in a reasonable manner and at all reasonable times during the course of any such alterations, additions, changes, or improvements for the purpose of inspection and determining whether such work conforms to the approved plans and specifications and the terms of this Sublease.

(d) Throughout the Term, the Tenant, at its own cost and expense, will cause any and all mechanics' liens and perfection of the same which may be filed against the Premises to be paid and satisfied of record within thirty (30) days after the Landlord sends to the Tenant written notice by registered mail of the filing of any notice thereof against the Premises or the Landlord, for or purporting to be for labor or materials alleged to be furnished or to be charged by or for the Tenant at the Premises, or will bond such mechanics' liens and use reasonable efforts to have such liens discharged by an order of a court of competent jurisdiction within such thirty (30) day period.

(e) The Tenant also covenants and agrees that any alterations, improvements, or other work once begun will be prosecuted with reasonable diligence to completion and, subject to the provisions of Section 6(d) above, be paid for by Tenant, free and clear of liens or encumbrances against the Premises or the Landlord, and will be performed in all respects in accordance with governing law.

7. **Tenant to Comply With Laws, Etc.** The Tenant, at its own cost and expense, will promptly execute and comply with any and all requirements arising at any time affecting the Premises imposed by any present or future law, statute, or governmental authority now existing or hereafter created, foreseen or unforeseen, and with any and all present and future statutes, laws, ordinances, acts, rules, regulations, orders, and requirements of every kind and nature applicable to the Premises or any part thereof and all requirements incidental to or the result of any use or occupation thereof. The Tenant shall further so comply with each and every rule, order, and requirement of any national, state, municipal, legislative, executive, judicial, or other governmental body, commissioner, or officer or of any bureau or department thereof, whether now existing or hereafter created, having jurisdiction over the Premises or any part thereof or exercising any power relative thereto or to the owners, tenants, or occupants thereof. Tenant, however, will not be responsible for any conditions of the Premises or any hazardous substance, as defined by federal and state laws and regulations, that are located at, on, or in the Premises that existed at the commencement of the Term or are not caused by, or in the case of hazardous substances, not placed on or in the Premises by the Tenant.

8. **No Waiver.** The failure of the Landlord to insist in any one or more instances upon the strict performance of any of the terms, covenants, conditions, and agreements of this Sublease, or to exercise any option herein conferred, shall not be considered as waiving or relinquishing for the future any such terms, covenants, conditions, agreements, or options, but the same shall continue and shall remain in full force and effect.

9. **Landlord's Right of Access.** Landlord and Landlord's agents and employees shall have the right to enter the Premises in a reasonable manner and at all reasonable times to examine the same and to show them to prospective investors, guests, purchasers, mortgagees or lessees. Without limiting the foregoing, Tenant acknowledges by its signature below that Landlord has designated SQ Property Management LLC as its management agent (the "Agent") to manage the Sublease and said Agent will have such access to the Premises as is necessary to insure that Tenant is meeting its obligations under the Sublease.

10. **Mortgages.** This Sublease is specifically made subject to and subordinate to any mortgage now existing or placed upon the Premises by Landlord or the Resort Owner, and Tenant shall execute any documentation required by any mortgagee to reflect such subordination. Notwithstanding the previous sentence, the terms of this Sublease shall continue in full force and effect so long as Tenant is in compliance therewith, and any mortgagee or subsequent owner of the Premises shall be bound by the terms of this Sublease and not disturb Tenant's occupancy of the Premises provided Tenant attorns to said mortgagee or subsequent owner.

11. **Condition of Premises.** The Tenant has been afforded full opportunity to examine and inspect the Premises and hereby acknowledges and agrees that Tenant is leasing the improvements on

the Premises in an "as is" condition, and the Landlord has made no promises or representations that the improvements on the Premises shall be renovated, repaired, or improved in any manner after the execution of this Sublease.

12. **Care of Premises.** Tenant, at its sole cost and expense, shall be fully responsible for all necessary maintenance to all heating, plumbing, electrical, and other systems and equipment located in or upon the Premises. Tenant, at Tenant's sole cost and expense, shall be fully responsible for all necessary repairs to and, if necessary, replacement of all heating, plumbing, electrical, and other systems and equipment located in or upon the Premises.

13. **Assignment, Subletting.** The Tenant may not assign this Sublease or sublet the Premises without the prior written consent of Landlord.

14. **Casualty Loss.** If, at any time during the Term, a Substantial Portion of the Premises (as defined below) shall be damaged or destroyed by fire or other occurrence (including any occurrence for which insurance coverage was not obtained or obtainable) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, Landlord, at Landlord's option and no later than one hundred twenty (120) days from such fire or other occurrence, may terminate this Sublease. If, at any time during the Term, a Substantial Portion of the Premises are damaged or destroyed by fire or other occurrence (including any occurrence for which insurance coverage was not obtained or obtainable) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, Tenant may, no later than one hundred twenty (120) days from such fire or other occurrence, at its option, terminate this Sublease. In the event of any such termination, Tenant shall be released from all of its obligations under this Sublease, and the parties shall proceed as provided in Section 20. In the event less than a Substantial Portion of the Premises are damaged or destroyed, this Sublease shall continue in full force and effect, except that rent shall be abated on a prorata basis based upon the number of square feet being rendered unusable to Tenant. The term "Substantial Portion of the Premises" means a portion of the premises that, if subject to damage, destruction, or a Taking by Condemnation (defined in Section 15 below), would render the remainder of the Premises substantially unusable by the Tenant for the purposes set forth in Section 4 above.

15. **Condemnation or Eminent Domain.** If, at any time during the Term, title to a Substantial Portion of the Premises shall be taken by exercise of the right of condemnation or eminent domain or by agreement between Landlord and those authorized to exercise such right (all such proceedings being collectively referred to as a "Taking in Condemnation"), this Sublease shall terminate and expire on the date of such taking and the rent shall be apportioned and paid up through the date of the award. That portion of the award attributable solely to the Landlord shall belong solely to Landlord. That portion of the award attributable solely to the Tenant shall belong solely to Tenant. In the event of any such termination, Tenant shall be released from all of its obligations under this Sublease, and the parties shall proceed as provided in Section 21. If title to less than a Substantial Portion of the Premises is taken in condemnation, so that the business of the Tenant may continue without material diminution, this Sublease shall continue in full force and effect. In the event of such partial condemnation, rent shall be abated on a prorata basis based upon the number of square feet being rendered unusable to Tenant. Any award from the partial condemnation attributable solely to the Landlord shall belong solely to Landlord and

any award for partial condemnation attributable solely to the Tenant shall belong solely to Tenant.

16. **Personal Property.** Tenant shall be solely responsible for all personal property placed upon the Premises during the Term and renewals hereto, if any, which responsibility shall include by way of illustration and not by way of limitation, payment of all taxes and fees assessed against the personal property and insurance for all personal property. Further, at the expiration or earlier termination of this Sublease, the Tenant shall remove all such personal property from the Premises exercising due care not to damage the Premises by such removal. The Tenant shall repair any and all damage done to the Premises by the removal of such personal property.

17. **Default.** If any one or more of the following events ("Events of Default") shall happen:

(a) If default shall be made in the due and punctual payment of rent payable under this Sublease, or any part thereof, when and as the same shall become due and payable, and such default shall continue for a period of fifteen (15) days after the Tenant receives written notice from Landlord that such rent has not been paid; or

(b) If default shall be made by Tenant in the performance or compliance with any of the agreements, terms, covenants, or conditions in the Sublease, other than as referred to above, for a period of thirty (30) days after Tenant receives notice from Landlord specifying the items in default, or in the case of a default or contingency that cannot with reasonable due diligence be cured within such thirty (30) day period, if Tenant fails to commence within such thirty (30) day period the steps necessary to cure the same and thereafter to prosecute the curing of such default with reasonable due diligence (it being understood that the time of Tenant within which to cure shall be extended for such period as may be necessary to complete the same with all reasonable due diligence); or

(c) If Tenant shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or if there shall be appointed a receiver or trustee of all or substantially all of the property of the Tenant, or if Tenant shall make any assignment for the benefit of Tenant's creditors, or if the Tenant shall vacate the Premises, and any such condition shall continue for a period of thirty (30) days after notice from Landlord specifying the matter involved;

then, and in any such event, Landlord at any time thereafter may give written notice to Tenant specifying such event or events of default and stating that this Sublease and the term hereby demised shall expire and terminate on the date specified in such notice, and upon the date so specified, all rights of Tenant under this Sublease shall expire and terminate. Thereafter, the Landlord shall use Landlord's best efforts to relet the Premises. Upon any termination of this Sublease as above-stated, the Tenant shall immediately vacate the Premises and surrender the same to the Landlord as set forth in Section 20.

18. **Landlord's Covenants.** The Landlord warrants that Landlord has good title to and the right to lease the Premises in manner provided for in this Sublease and that Landlord will suffer and permit the Tenant (so long as the Tenant shall materially keep all the covenants on its part, as

herein contained) to occupy, possess, and enjoy the Premises during the Term, without hindrance or molestation from Landlord or any person claiming by, from, or under Landlord.

19. **Quiet Enjoyment.** Landlord covenants that the Tenant, on paying all rent required to be paid by Tenant, and materially performing the other covenants and undertakings by the Tenant to be performed, shall and may peaceably have and enjoy the Premises for the Term in accordance with the terms of this Sublease.

20. **Removal and Surrender.** The Tenant will, at the expiration or earlier termination of this Sublease, peaceably surrender the Premises and all improvements thereon, and Tenant will execute all documents necessary to place marketable title to all improvements in Landlord's name or Landlord's nominee's name, subject only to (a) the mortgages existing at the time of commencement of this Sublease, (b) any changes or additions to which Landlord consented pursuant to Section 6, and (c) any easements, rights of way, conditions, or other encumbrances existing at the commencement of this Sublease.

21. **Waste or Nuisance.** Tenant shall not commit or suffer to be committed any waste upon the Premises or any act that constitutes a public or private nuisance.

22. **Holding Over.** Any holding over after the expiration of the Term and one month thereafter shall be construed to be a tenancy from month to month at the rent prevailing immediately prior to such holding over (prorated on a daily basis) and shall otherwise be on the terms and conditions herein specified, so far as applicable.

23. **Successors and Assigns.** All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the respective successors and assigns of the parties, subject to Section 13 above.

24. **Entire Agreement, Applicable Law.** This Sublease contains the entire agreement of the parties with respect to the Premises, and no representations, inducements, promises, or agreements not embodied in this Sublease shall be of any force or effect, unless the same are in writing and signed by or on behalf of the party to be charged. The captions of particular Sections are inserted as a matter of convenience only and in no way affect or define the scope or intent of this Sublease. This Sublease shall be governed by and interpreted in accordance with the laws of the State of Vermont, without regard to conflict of law principles.

25. **Partial Invalidity.** If any term, covenant, or condition of this Sublease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such term, covenant, or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant, or condition of this Sublease shall be valid and be enforced to the fullest extent permitted by law.

26. **Waiver of Rule of Construction.** The parties waive the benefit of any rule that this Sublease is to be construed strictly against one party or the other by virtue of the circumstances of the drafting of this Sublease.

27. **Notices.** All notices, requests, and other communications hereunder shall be in writing and delivered and mailed:

(a) If to Landlord, to Jay Peak Penthouse Suites L.P., c/o SQ Property Management LLC, 4850 VT Route 242, Jay, Vermont 05859-9621 or at such other address as may be furnished to Tenant by Landlord in writing.

DRAFT

(b) If to Tenant, to _____, 4850 VT Route 242, Jay, Vermont 05859-9621, or at such other address as may be furnished to the Landlord by Tenant in writing.

28. **Memorandum of Sublease.** The parties agree to prepare and record in the Land Records of the Town of Jay, Vermont a memorandum of this Sublease sufficient to satisfy statutory requirements.

29. **Obligation of Tenant to Produce Business Records of Tenant.** Tenant acknowledges by its signature below that Landlord, in connection with requirements imposed on it by the so-called EB-5 program under 8 U.S.C.§ 1153 (B)(5)(A) - (D); INA § 203 (B)(5)(A) - (D) of the Immigration & Nationality Act, may be required to produce evidence of employment and economic activity to substantiate its limited partners' investment and job creation in connection with the construction and operation of the Premises. As such, Tenant hereby agrees to cooperate with Landlord and its Agent in any request made to evidence Tenant's employment and economic activity, including without limitation production for inspection and copying of Tenant's employees' I-9 forms. Additional business records that Tenant agrees to share with Landlord upon request will include without limitation monthly and annual visitor and revenue summaries of the Tenant's business operations. Tenant agrees to provide such information within seven (7) business days of receiving a request from Landlord.

30. **Projected Business Activity of Mountain Learning Center.** Tenant and Landlord shall cooperate in preparing a business plan which sets forth rental rates, business operations, projected income of the Mountain Learning Center and projected percentage rents due hereunder, and Tenant agrees to operate the Mountain Learning Center in accordance with said business plan.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Sublease on the date first written above.

IN THE PRESENCE OF:

**LANDLORD**
**JAY PEAK PENTHOUSE SUITES L.P.**
BY: Jay Peak GP Services, Inc., its General Partner

_____
Witness

_____
William Stenger, Its President
and duly authorized agent

TENANT:

_____, BY: _____
Witness _____ its duly authorized agent

State of Vermont
County of _____, ss.

At _____, this ___ day of _____, 201_, personally appeared before me William Stenger, duly authorized agent on behalf of Jay Peak GP Services, Inc., general partner of Jay Peak Penthouse Suites L.P., and acknowledged this instrument, by him subscribed, to be his free act and deed, the free act and deed of Jay Peak GP Services, Inc., and the free act and deed of Jay Peak Penthouse Suites L.P.

Before me, _____
Notary Public
Comm. Exp. 2/10/__

State of Vermont
County of _____, ss.

At _____, this ___ day of _____, 201_, personally appeared before me _____ duly authorized agent on behalf of _____, and acknowledged this instrument, by him subscribed, to be his free act and deed and the free act and deed of _____

Before me, _____
Notary Public
Comm. Exp. 2/10/__

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Eb5 Projects/jaypeakpenthousesuites/commerciallease.MountainLearningCtr.072910

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EXHIBIT - Q

# ACQUISITION AND RIGHTS AGREEMENT

This Acquisition and Rights Agreement (the "Agreement") is made as of this ___ day of _____, 201_, by and between JAY PEAK HOTEL SUITES PHASE II L.P., a Vermont limited partnership with a place of business in Jay, Vermont (the "Grantor"), JAY PEAK PENTHOUSE SUITES L.P., a Vermont limited partnership with a place of business in Jay, Vermont (the "Grantee") and JAY PEAK INC., a Vermont corporation with a place of business in Jay, Vermont (the "Resort Owner").

WHEREAS, Grantor is the declarant in a condominium regime known as "Jay Peak Hotel Suites Phase II" (the "Condominium Regime"), governed by a Declaration of Condominium dated as of _____ ___, 201_ (the "Declaration"), which Condominium Regime includes a hotel, indoor water park/virtual gaming facility and various commercial services within a building (the "Building") on land owned by Resort Owner and to be conveyed to Grantor (the "Land") located within the Jay Peak Resort owned by Resort Owner in Jay, Vermont (the "Resort"); and

WHEREAS, the Declaration reserves various declarant rights and development rights to the Grantor as declarant (the "Development Rights"), and

WHEREAS, the Grantee seeks to acquire the applicable Development rights from Grantor to construct an additional one floor on the top of the Building and add the floor together with a portion of the fourth floor and appurtenant undivided interests in all common elements located on the Land in the Condominium Regime as an additional condominium unit to be owned by Grantee and to be governed by the Declaration, to be comprised of 55 penthouse suites, a business center and concierge services (the "Penthouse Unit"); and

WHEREAS, the Grantor has agreed to assign and transfer the applicable Development Rights to Grantee; and

WHEREAS, the Penthouse Unit to be added by Grantee on the Land will increase the demand on Resort Owner to make Resort amenities and services available to the Grantee and its tenants, guests and invitees, including without limitation the necessity for increased parking, water supply, wastewater treatment facilities, vehicular and visitor access and increased demand on easements throughout the Resort and on certain permitting requirements imposed on Resort Owner in connection with its development of the Resort (collectively, the "Resort Owner Services"); and

WHEREAS, Resort Owner as the owner of the Land has agreed to allow for the assignment of the Development Rights and addition of the Penthouse Unit, and has also agreed to revise a separate Grant of Easement and Maintenance Agreement (the "Easement Agreement") among the parties hereto and other parties to accommodate the Penthouse Unit's tenants, guests, invitees and others staying at or visiting the Resort to access the Resort Owner Services;

NOW THEREFORE, in consideration of Ten and more Dollars paid to the full satisfaction of Grantor and Resort Owner by Grantee, the parties agree as follows:

1. The Grantor hereby assigns and transfers to Grantee its Development Rights, including any special declarant rights, to the limited extent required for Grantee to add and build another floor on the top of the Building to accommodate the Penthouse Unit.

2. The Penthouse Unit will be added to the Condominium Regime and be subject to the Declaration.

3. The Grantor and Grantee will execute and record in the applicable land records an amendment to the Declaration, if necessary to evidence this Agreement and the addition of the Penthouse Unit to the Condominium Regime, and any other instruments and agreements necessary to evidence the agreements made herein.

4. The Resort Owner hereby agrees to Grantor's assignment and agrees to provide the Resort Owner Services as required to Grantee, its tenants, guests, invitees and others staying at or visiting the Resort, and will amend the Easement Agreement as needed to accommodate the agreements herein.

5. This Agreement shall be governed by and construed in accordance with the laws of the State of Vermont, and may be recorded in the applicable land records.

5. This Agreement embodies the entire agreement and understanding between the parties relating to the subject matter hereof and there are no covenants, promises, agreements, conditions or understandings, oral or written, except as herein set forth. This Agreement may not be amended, waived or discharged except by an instrument in writing executed by both parties.

IN WITNESS WHEREOF, the parties have executed or caused this Agreement to be executed as of the date first above stated.

IN PRESENCE OF:

GRANTOR:
JAY PEAK HOTEL SUITES PHASE II L.P.
By: Jay Peak Management Inc., General Partner

_____
Witness

By: _____
Duly Authorized Agent

GRANTEE:
JAY PEAK PENTHOUSE SUITES L.P.
By: Jay Peak GP Services Inc., General Partner

_____
Witness

By: _____
Duly Authorized Agent

JAY PEAK INC.

_____
Witness

By: _____
Duly Authorized Agent

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STATE OF VERMONT
COUNTY OF _____, SS.

On this __ day of __ _____, 201_, personally appeared _____, Duly Authorized Agent of Jay Peak Management Inc., general partner of JAY PEAK HOTEL SUITES PHASE II L.P., to me known to be the person who executed the foregoing instrument, and he acknowledged this instrument, by him signed, to be his free act and deed, the free act and deed of Jay Peak Management Inc., and the free act and deed of JAY PEAK HOTEL SUITES PHASE II L.P..

Before me, _____
Notary Public
My commission expires: 2/10/__

STATE OF VERMONT
COUNTY OF _____, SS.

On this ___ day of _____, 201_, personally appeared _____, Duly Authorized Agent of Jay Peak GP Services Inc., general partner of JAY PEAK PENTHOUSE SUITES L.P., to me known to be the person who executed the foregoing instrument, and he acknowledged this instrument, by him signed, to be his free act and deed, the free act and deed of Jay Peak GP Services Inc., and the free act and deed of JAY PEAK PENTHOUSE SUITES L.P.

Before me, _____
Notary Public
My commission expires: 2/10/__

STATE OF VERMONT
COUNTY OF _____, SS.

On this ___ day of _____, 201_, personally appeared _____, Duly Authorized Agent of Jay Peak Inc., to me known to be the person who executed the foregoing instrument, and he acknowledged this instrument, by him signed, to be his free act and deed, the free act and deed of Jay Peak Inc.

Before me, _____
Notary Public
My commission expires: 2/10/__

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DRAFT FORM OF
GRANT OF EASEMENT AND MAINTENANCE AGREEMENT

THIS GRANT OF EASEMENT AND MAINTENANCE AGREEMENT (this "Agreement") is made and entered into as of the _____ day of _____, 201_ by and among **JAY PEAK, INC.**, a Vermont corporation authorized to do business in Vermont and with a principal place of business in Jay, Vermont, USA (the **"Owner"**), **JAY PEAK HOTEL SUITES PHASE II L.P.**, a Vermont limited partnership with its place of business in Jay, Vermont (**"PHASE II LP"**), **JAY PEAK PENTHOUSE SUITES L.P.**, a Vermont limited partnership with its place of business in Jay, Vermont (**"PENTHOUSE LP"** and collectively with PHASE II LP, the **"LIMITED PARTNERSHIPS"**), and **JAY PEAK HOTEL SUITES PHASE II OWNERS ASSOCIATION, INC.**, a Vermont non-profit corporation for itself and for the benefit of its members, with its place of business in Jay, Vermont (the **"Association"**).

**WITNESSETH:**

**WHEREAS,** Owner is the developer of certain real property located in the Town of Jay, County of Orleans, State of Vermont, commonly known as the Jay Peak Resort (the "Resort"), operated and managed by Owner and which contains various recreational amenities and open space areas, including without limitation golf course and related facilities, ski trails and ski-in ski-out access trails (the "Recreational and Open Space Areas"); and

**WHEREAS,** Owner is the owner of a parcel of land located within the Resort (the "Project Land"), as more particularly described on Exhibit A attached hereto and incorporated herein by reference; and

**WHEREAS,** Owner contemplates deeding the Project Land to PHASE II LP (the "Deed") and PHASE II LP, together with PENTHOUSE LP under an assignment of PHASE II LP's declarant and development rights (the "Declarant Rights") for the limited purpose of building an additional floor, plans to construct a commercial building (the "Building") and associated infrastructure and other improvements on the Project Land dedicated to condominium ownership (collectively, the "Project Improvements" and together with the Project Land collectively referred to herein as the "Project"); and

**WHEREAS,** the Project Improvements, at buildout, are projected to comprise up to five (5) condominium units ("Units") and appurtenant common and limited common elements, comprised of the following condominium units: one unit within the Building owned by PENTHOUSE LP and to be operated as a penthouse suites hotel and concierge service by its leasee, two commercial units on the bottom floors of the Building to be owned by the Owner offering various guest services run by the Owner or its leasee(s), one unit within the Building to be owned by the Owner and operated as an indoor water park and virtual gaming facility by PHASE II LP as Owner's leasee, and one unit within the Building to be owned and operated by PHASE II LP as a separate hotel (collectively, the "Condominium Units"), together with common elements and limited common

elements, as more specifically described in the Declaration of Condominium, as amended; and

**WHEREAS,** concurrent herewith or subsequent hereto, PHASE II LP has created or will create the condominium regime for the Project by recordation of that certain Declaration of Condominium for Jay Peak Hotel Suites Phase II in the land records of the Town of Jay, Vermont (the "Declaration"), under which PHASE II LP will partially assign its Declarant Rights to PENTHOUSE LP to add the top floor in the Building and amend the Declaration accordingly; and

**WHEREAS,** Owner intends it will develop other improvements within the Resort, including without limitation one or more buildings to accommodate a mountain learning center which will include a mountain bike and other activities learning center and restaurant and all related amenities and activities (the "MLC"), which MLC will be leased by the Owner to PENTHOUSE LP and subleased by PENTHOUSE LP to one or more subtenants; and

**WHEREAS,** Owner, PHASE II LP and PENTHOUSE LP as the owners of the Condominium Units (collectively the "Unit Owners") in the Building and their guests will need to cross over and use various portions of the Project and the Resort in order to provide access, ingress and egress to and from their Units and the Project common areas; and

**WHEREAS,** the LIMITED PARTNERSHIPS and Owner have agreed to grant certain non-exclusive easements of access and use over the Project (Owner also to the extent it has reserved various easements and rights of access and use in its Deed to LP), for the Association and for the benefit of its members, and directly to each other of the Unit Owners for their benefit and the benefit of their guests; and

**WHEREAS,** it is important that Owner, in its capacity as the master developer of the Resort, maintain and operate the Project in connection with its maintenance and operation of the Recreational and Open Space Areas and the recreational amenities located on portions of the Recreational and Open Space Areas, and in order to maintain the uniform look and feel of the Resort; and

**WHEREAS,** as such, with the LIMITED PARTNERSHIPS' and Association's consent as set forth herein, Owner has agreed to operate and maintain the roadways and other improvements located thereon which will provide access to the Project Improvements, and in consideration thereof, the Association, on behalf of its members, has agreed to pay for a portion of the cost of operating and maintaining the easements granted herein; and

**WHEREAS,** Owner and the LIMITED PARTNERSHIPS, by recordation of this Agreement, now wish (i) to grant an easement to each other of the Unit Owners and to the Association for the benefit of its members, over all of the Project for the purpose of access, ingress and egress to and from the Project and other improvements which may be

located on the Project Land; and (ii) to set forth the obligation of the Association and its members to pay for a portion of the cost of operating and maintaining the easements and the roadways and other improvements located thereon;

**NOW THEREFORE,** for and in consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Definitions.** Unless the context otherwise requires, the capitalized terms used in this Agreement shall have the meanings ascribed to them in the Declaration.

2. **Grant of Easement.** Subject to all covenants, conditions, restrictions, reservations, encumbrances, rights-of-way, public dedications, easements and other matters of record in the Land Records of the Town of Jay, Vermont or the applicable District Environmental Conservation office, Owner and LIMITED PARTNERSHIPS hereby grant (i) to the Association, and its successors and assigns, for the Association's benefit and for the benefit of its members, employees, agents, invitees, guests; and (ii) to the Unit Owners, their successors, assigns and tenants, for their benefit and for the benefit of their respective invitees and guests (collectively, the "Grantees"), a perpetual, non-exclusive easement on, over, along, across, through, above and below the Project and the Resort, as described in Exhibits A and B, including without limitation an easement to use all walkways, hallways and any other connecting passageways between the Project Improvements and other improvements located on the Resort, including without limitation other accommodations, a golf clubhouse, golf course, indoor ice arena and above ground parking garage. Said easement is granted for the following purposes: (a) ingress and egress to and from the Building, Units and any other Project Improvements, and other improvements located on the Project Land, from Town Highway No. 242, and from the interior roadways lying within the Resort; (b) motor vehicle parking and lighting; (c) the use of walkways, hiking, downhill and cross country ski and snowboarding trails within the Resort, subject to the rights of Owner and LIMITED PARTNERSHIPS to restrict or limit access to, and charge fees in connection with the use of such areas as provided in Sections 3 and 4 below; and (d) the construction, installation, maintenance, repair and use of overhead and underground utilities and other appurtenant works, including, without limitation, electricity, water, sewer, telephone and cable utilities in those locations as finally constructed and in such additional locations as may be reasonably necessary from time to time to provide reliable and adequate utility services to the Project Improvements. The easement granted hereby shall not by itself entitle any of the Grantees to enter or use the facilities and structures located within the Resort, and shall not preclude Owner from constructing further permanent structures and other improvements in the Resort.

3. **Use of Project and Resort by Owner, LIMITED PARTNERSHIPS and Others.** Except as provided in Section 4 hereof, nothing contained in this Agreement shall limit the ability of Owner or LIMITED PARTNERSHIPS, or their contractors, employees, agents, invitees, guests, staff, prospects, licensees, lessees, and customers from using the Project or Resort for all lawful purposes authorized by Owner

or LIMITED PARTNERSHIPS, including without limitation for constructing, installing, laying, re-laying, operating, restoring, repairing, using and maintaining: (i) structures and improvements located or to be located on or adjacent to the Project; (ii) roads, walkways, culverts, stormwater drainage works, parking areas, lighting, and directional and sales signage; (iii) downhill skiing, snowboarding, cross country skiing and hiking trails, golf and other recreational facilities in existing locations on the Resort and in other locations that may be established in the future by Owner in its sole discretion, including without limitation a golf clubhouse, above ground parking garage, indoor ice arena and other accomodations; (iv) landscaping and gardens in such locations and in such vegetative varieties as Owner or LIMITED PARTNERSHIPS in their sole discretion may determine from time to time; (v) overhead and underground utilities, including without limitation, electricity, water, sewer, telephone and cable utilities, hookups, connections, pipelines, electrical wires, and appurtenant works; and to grant to the appropriate utility service providers such easements as they may reasonably require in connection therewith; and (vi) other structures and works reasonably necessary to effectively obtain the benefit of the aforesaid easement rights; and in connection therewith, to use maintenance and other equipment in the Project or in the Resort. In addition, nothing contained in this Agreement shall prohibit LIMITED PARTNERSHIPS or Owner from granting other easements or licenses to use the Project or Resort to third parties, including without limitation the Jay Peak Hotel Suites Phase I Owners Association, Inc. and the condominium unit owners in Jay Peak Hotel Suites Phase II. Further, all use of the Resort is subject to Owner's right, in its sole discretion, to limit or restrict access to, or charge fees in connection with the usage of, certain portions of the Resort that are part of its systems of ski or snowboarding trails or other recreational or maintenance facilities, provided that such limitations or restrictions do not unreasonably restrict access to Project Improvements or other improvements located on the Project Land; and use of the Project and Resort shall be subject to such reasonable rules and regulations as Owner may impose in connection with the health, welfare and safety of the residents and visitors to the Resort, in order to preserve and protect the natural beauty of the Resort, and in connection with the operation by Owner of the recreational aspects of the Resort, including without limitation golf facilities, ice skating, bowling, water sports and ski and snowboarding trails.

4. **Limitations on Use of Project.** The Project shall not be used by Owner, LIMITED PARTNERSHIPS or any of the Grantees for any uses which would materially interfere with any other parties' use of the Project as provided herein and they shall not construct or place any structures or objects on the Project (other than by LIMITED PARTNERSHIPS or Owner for the purposes of roadway and building construction, paving, grading, landscaping or the like, or construction and renovation of improvements as contemplated in this Agreement). The Grantees shall not permit or license any use of the Project except as may otherwise be allowed under this Agreement.

5. **Character of Easements.** The easements granted and reserved herein are and shall run with the land and be appurtenant to, and run to the benefit of the Project Land then existing from time to time and of the Resort.

6. **Maintenance and Costs of Project.**

(a) The Project Land and all improvements thereon shall be managed, operated and maintained by Owner or its designee. All improvements and landscaping, roads, trails, walkways, signage, area lighting, utilities and parking areas shall be maintained by Owner in good condition and repair, including, but not limited to, keeping the access roads plowed and in a generally safe condition, and keeping such areas reasonably free and clear of debris, rubbish and other similar material, and in compliance with all applicable federal, state and municipal laws and ordinances.

(b) The Association agrees to pay Owner all of the annual costs incurred in connection with such management, operation and maintenance, including without limitation, the cost of repairing, replacing and maintaining the landscaping, parking lots (including overlays and striping of asphalt), roads (including overlays of asphalt), stormwater works, walkways, lighting (including electrical charges), the replacement of dead plants, bushes, flowers and trees and the planting of annual flowers, mowing of grass, snowplowing, property taxes and assessments imposed by any regulatory authority, utility charges and fees of local governments, insurance, fire protection fees, and any other related costs (the "Costs").

(c) The Owner or its designee shall prepare and distribute to the Association an estimated budget of the Costs at least 3 months prior to the beginning of each calendar year. The Association shall include the Costs in the Association's annual budget each year, to be paid by the Owners as an Assessment under the Declaration. One-twelfth (1/12th) of the annual Costs shall be paid each month by the Association to Owner. The Association's obligation to pay such monthly amounts shall continue irrespective of whether or not the Association has collected such amounts from its Owners. At the end of each calendar year, Owner shall render an accounting of the Costs and send a notice to the Association of (i) any additional annual Costs to be paid if the actual Costs for that year exceed the proposed budgeted Costs, or (ii) any overpayment to be credited against the Association's portion of the next year's Costs. Any additional annual Costs due shall be paid by the Association within 60 days of receipt of the notice of underpayment.

7. **Owner's and LIMITED PARTNERSHIPS' Right to Transfer and Assign.** Owner and LIMITED PARTNERSHIPS shall have the right to: (i) transfer, convey or assign all or a portion of Owner's or either LIMITED PARTNERSHIPS' right, title and interest in and to the Resort and/or Project Land which is subject to the easements granted herein, pursuant to deed, agreement, assignment, lease, sublease or other instrument, including, but not limited to, the right to dedicate and transfer from time to time all or portions of the streets and roads to governmental entities for public use as public highways, at which time all private rights in said roads (including without limitation the rights granted under this Agreement), shall thereupon terminate and be of no further force and effect; and (ii) assign and delegate all or any portion of Owner's or either LIMITED PARTNERSHIPS' rights, duties and obligations under this Agreement to any third party, or to the Association, which assignment and delegation the Association

agrees to accept and assume upon request by Owner or LIMITED PARTNERSHIPS. Upon the delivery of a fully executed, written assignment and assumption agreement, executed by Owner and LIMITED PARTNERSHIPS and the Association (or other third party), Owner and LIMITED PARTNERSHIPS shall be fully released from any rights, duties or obligations hereunder, and the Association (or other third party, as applicable) shall be Owner's or LIMITED PARTNERSHIPS' lawful and valid successors and assigns, as applicable.

8. **Failure to Perform Obligations.** Should any of the parties hereto fail to perform its obligations (the "Defaulting Party") as set forth in this Agreement within thirty (30) days after receipt of written notice from the other party (the "Nondefaulting Party"), or, in the event of an emergency, within six (6) hours after verbal notice by such Nondefaulting Party, then the Nondefaulting Party shall have the right and license, but not the obligation, to remedy the default, which in the case of maintenance and repair may involve entering upon the affected Project Land or Resort and performing the obligations of the Defaulting Party. Such Nondefaulting Party shall thereafter be entitled to be, and shall be, reimbursed by the Defaulting Party for any and all of the costs and expenses actually and reasonably incurred in the performance of said obligations, together with interest thereon at the maximum rate permitted by law, within ten (10) days after the Nondefaulting Party delivers to the Defaulting Party a written demand therefor; provided that said costs and expenses are verifiable with copies of invoices. If the Defaulting Party does not so reimburse the Nondefaulting Party, the Nondefaulting Party shall have the right to all legal and equitable remedies allowed by law, including without limitation, payment of all costs of enforcement of the provisions of this paragraph. In addition to the foregoing, in the event the Association shall breach its payment obligations under Section 6 hereof, Owner shall have the right, if such default is not remedied within thirty (30) days of written notice thereof to the Association, to cease all performance of its obligations hereunder, in addition to taking all other actions as may be allowed by law.

9. **Successors and Assigns.** The terms, covenants and conditions herein contained shall apply to and be binding upon and inure to the benefit and the burden, as the case may be, of the employees, tenants, subtenants, agents, invitees, guests, licensees, lessees, grantees, heirs, grantees, successors and assigns of Owner, LIMITED PARTNERSHIPS, the Grantees, and any mortgagees as their interest may appear.

10. **Insurance.** LIMITED PARTNERSHIPS and the Association each hereby covenant and agree to maintain comprehensive general liability coverage over the Project with limits of liability in the amount of $_____ per occurrence or such other amount as is subsequently agreed to in writing between the parties, and naming the other party as an additional named insured. Unit Owners hereby covenant and agree to maintain fire and hazard insurance covering all improvements located within the Project, said coverage to be in the full replacement value of such improvements. Said insurance policies may be under one or more umbrella policies of insurance.

11. **No Agency.** It is hereby expressly agreed and understood that in the performance of the terms herein provided, each party hereto shall be deemed to be independent of the other party and not agents, partners, employees or co-venturers of such other party.

12. **Notices.** All notices which either party hereto desires or is required to give the other party under this Agreement shall be in writing and shall be deemed to have been duly given upon being delivered personally or three (3) business days after being deposited in the United States mail as certified or registered mail, postage prepaid, receipt requested, and addressed as follows:

| | |
|---|---|
| TO THE ASSOCIATION: | Jay Peak Hotel Suites Phase II Owners Association, Inc.<br>4850 VT Route 242<br>Jay, Vermont 05859-9621 |
| TO PHASE II LP: | Jay Peak Hotel Suites Phase II L.P.<br>4850 VT Route 242<br>Jay, Vermont 05859-9621 |
| TO PENTHOUSE LP: | Jay Peak Penthouse Suites L.P.<br>4850 VT Route 242<br>Jay, Vermont 05859-9621 |
| TO OWNER: | Jay Peak, Inc.<br>ATTN: William Stenger, President<br>4850 VT Route 242<br>Jay, Vermont 05859-9621 |

13. **Indemnification.** Each party hereto shall hold harmless and indemnify the other party, and as the case may be, its employees, agents, directors, shareholders, owners, partners, members, officers and legal representatives (collectively, the "Indemnitees") from and against any and all losses, expenses, damages, claims, costs (including reasonable attorneys' fees), liabilities and judgments (collectively, the "Claims") which the Indemnitees may suffer or incur in connection with, resulting or arising from, in any manner whatsoever, directly or indirectly, from the willful misconduct of the indemnifying party, its agents, employees, and with respect to the Association, its members; provided that said indemnification shall not include any Claims resulting from the Indemnitees' gross negligence or willful misconduct with respect thereto.

14. **Mortgage Protection Clause.** No breach of any of the terms and conditions herein contained, nor the enforcement of any of the provisions herein, shall defeat, render invalid, diminish or impair the lien of any mortgage on any part of the Project Land or Resort made in good faith and for value.

15. **Amendment.** This Agreement may be amended jointly by Owner and LIMITED PARTNERSHIPS at any time, without the prior consent of Association, for the following purposes: (i) to modify the provisions of Section 6 and other provisions of this Declaration in the event there exist, from time to time, owners of property and improvements within the Project Land other than Unit Owners subject to the condominium regime created by the Declaration, in order to provide for an equitable allocation of the costs of operating and maintaining the Project, and to amend or modify any other provisions of this Agreement in connection therewith; (ii) to clarify any ambiguity in this Agreement, or inconsistency between this Agreement and the Declaration; (iii) in connection with any registration for offer and sale of the Project or other improvements located from time to time on the Project Land with any local, state or federal authority, or in connection with the permitting for any improvements to be constructed on the Project Land; and (iv) for any other purpose that does not result in a material change or modification in the rights of the Grantees. All other amendments to this Agreement must be agreed to by Owner, LIMITED PARTNERSHIPS and the Association. All amendments to this Agreement shall be recorded in the land records of the Town of Jay, Vermont.

16. **Miscellaneous Provisions.**

(a) If any term or provision of this Agreement is determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, then such term shall be deemed severed herefrom and all other remaining terms and provisions of this Agreement shall be deemed valid and enforceable to the fullest extent possible.

(b) The provisions of this Agreement shall not be deemed to constitute a dedication for public use or to create any right in the general public.

(c) In any legal or equitable proceeding for the enforcement of, or to restrain the violation of, this Agreement or any provision hereof, the losing party shall pay the attorneys' fees of the prevailing party in such amount as shall be fixed by the court in such proceedings.

(d) This Agreement is made in the State of Vermont and its validity, construction, and all rights under it shall be governed by Vermont law.

(e) This Agreement, executed as of the date hereof, shall take effect only upon, from and after its recordation in the Land Records of the Town of Jay, Vermont, and thereafter any and all other documents purporting to grant the rights conferred herein shall terminate and be of no further force or effect.

(f) This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

**IN WITNESS WHEREOF**, the parties hereunto execute this instrument as of date first above written.

In presence of:

**JAY PEAK, INC.**

_____
Witness

By: _____
William Stenger, President and
Its duly authorized agent

STATE OF VERMONT
COUNTY OF _____, SS.

At _____ this _____ day of _____, 201_, William Stenger personally appeared and acknowledged this instrument, by him sealed and subscribed, to be his free act and deed and the free act and deed of Jay Peak, Inc.

Before me _____
Notary Public
My commission Expires: _____

**JAY PEAK HOTEL SUITES PHASE II L.P.**
By: Jay Peak Management, Inc., its
General Partner

_____
Witness

By _____
William Stenger, President and
Its duly authorized agent

STATE OF VERMONT
COUNTY OF _____, SS.

At _____ this _____ day of _____, 201_, William Stenger personally appeared and acknowledged this instrument, by him sealed and subscribed, to be his free act and deed and the free act and deed of Jay Peak Management, Inc. and of Jay Peak Hotel Suites Phase II L.P.

Before me _____
Notary Public
My commission Expires: _____

JAY PEAK HOTEL SUITES
PHASE II OWNERS
ASSOCIATION, INC.

_____ By _____
Witness William Stenger, President and
Its duly authorized agent

STATE OF VERMONT
COUNTY OF _____, SS.

At _____ this _____ day of _____, 2001_, William Stenger personally appeared and acknowledged this instrument, by him sealed and subscribed, to be his free act and deed, and the free act and deed of Jay Peak Hotel Suites Phase II Owners Association, Inc.

Before me _____
Notary Public
My commission Expires: _____

JAY PEAK PENTHOUSE SUITES L.P.
By: Jay Peak GP Services, Inc., its
General Partner

_____ By _____
Witness William Stenger, President and
Its duly authorized agent

STATE OF VERMONT
COUNTY OF _____, SS.

At _____ this _____ day of _____, 201_, William Stenger personally appeared and acknowledged this instrument, by him sealed and subscribed, to be his free act and deed and the free act and deed of Jay Peak GP Services, Inc. and of Jay Peak Hotel Penthouse Suites L.P.

Before me _____
Notary Public
My commission Expires: _____

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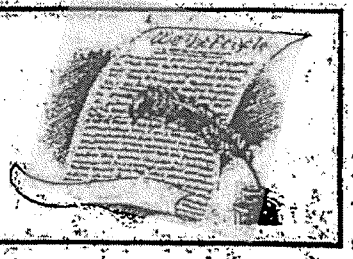
# FORUM



## *Leahy introduces bill to create jobs*

# Attract foriegn investment to Vermont

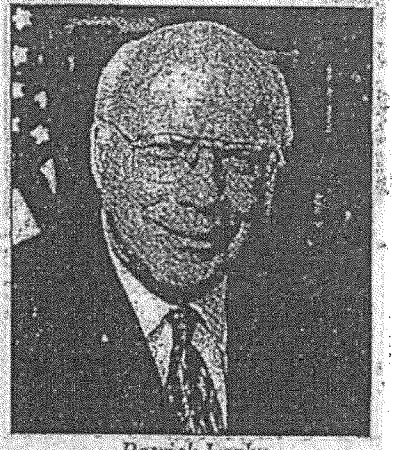
WASHINGTON—Senator Patrick Leahy (D-Vt.) this week introduced legislation to make permanent a program that has attracted millions of dollars in direct foreign investment and created hundreds of new jobs for Vermont. Leahy's legislation would also strengthen the Regional Center pilot program at the U.S. Citizenship and Immigration Services (USCIS).

The Regional Center pilot program was first created in 1993 and allows a regional governmental agency or private entity within a state to apply to the USCIS for designation as a Regional Center. The designation allows agencies or entities involved to attract foreign investment to the region, bringing money and jobs into regional economies. Through Leahy's efforts, Vermont's Regional Center was established in 1997 and rechartered in 2007. Two Vermont ski resorts have actively participated in the Regional Center pilot program, launching ambitious development projects to draw more tourism and business to the state, and Vermont's Regional Center has more investment projects in the works.

In turn, Regional Centers provide opportunities to foreign investors to invest in new American projects, as well as an avenue to citizenship, while adding an additional layer of screening against immigration fraud. Foreign investors seeking legal permanent residency through investment must pledge a minimum of $500,000 to a targeted project within a Regional Center and independently apply for an EB-5 visa. If approved by USCIS, foreign investors are granted a conditional two-year green card. After two years, the investor must provide proof that ten jobs within the region have been created as a result of the investment and that they have met additional investment requirements set by USCIS.

"There is no question that Vermont has benefited from the Regional Center pilot program," said Leahy. "I was proud to reauthorize the Regional Center program in 2003, and this successful partnership between American entrepreneurs and the USCIS is worth saving. Making this program permanent would promote further long term investment in Vermont, in our industries and in our economy. With the country on the brink of a recession, we should be doing all we can to increase jobs and provide additional access to capital to our local economies."

The Regional Center program has generated millions of dollars in job-creating investments since its inception. There are 17 Regional Centers across the country, including the Vermont center. In 2007 alone, investment through the Regional Centers totaled $500 million with the creation of 10,000 new American jobs, and USCIS officials have estimated that direct investment through the program will double in 2008.



*Patrick Leahy*

EXHIBIT - R

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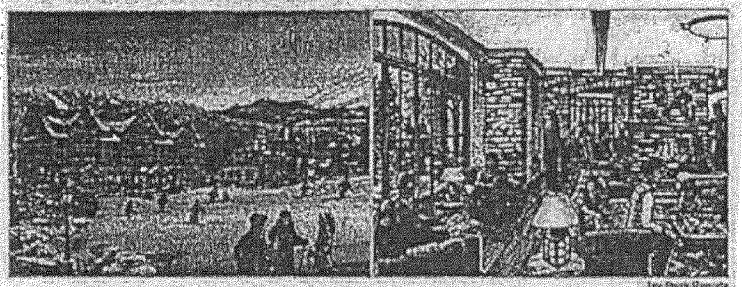
# For Foreign Investors, Profit Isn't Only Goal



Jay Peak Resorts

The Jay Peak ski resort in Vermont is building a new hotel, condoings, with the help of foreigners participating in a federal program that grants legal residency in exchange for investing in certain businesses.

By FRED A. BERNSTEIN
Published: March 19, 2006

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BRIAN GOULDING recently moved with his wife, Majella, and three young children to Wilmington, N.C. "It's gorgeous here," he said, referring to the region's temperate climate.

Enlarge This Image

Paul G. Steinert for The New York Times

Bill Stenger says that he has received $17.5 million from 35 foreign investors.

But Mr. Goulding also has a strong interest in the colder environs of northern Vermont and, specifically, the success of a new hotel at the Jay Peak ski resort, five miles from the Canadian border. If the hotel, expected to open next fall, succeeds, Mr. Goulding and his family, who are from Ireland, will be allowed to remain in the United States.

The Gouldings are among the beneficiaries of a program that grants foreigners legal residency in the United States if they invest in job-creating businesses. "If, in two years, the project has delivered the employment to the state of Vermont," Mr. Goulding said, he will receive a permanent green card. "If the project collapses," he said, "I won't."

But Bill Stenger, the president and chief operating officer of Jay Peak, doesn't see much danger of the project failing. At a time when bank loans are becoming harder to get, Mr. Stenger said he had received the money he needs to construct the hotel — $17.5 million — from 35 investors, all of whom are hoping to become permanent residents of the United States.

Under the program, known as EB-5, a foreigner receives a green card for investing $500,000 in a business in a rural or high-unemployment area. With currently exchange rates what they are — the dollar has fallen sharply against the euro and British pound — the required investment "is very affordable to many foreigners," Mr. Stenger said.

To tap into that source of capital, Mr. Stenger formed an alliance with Rapid USA Visas, which has offices in Naples, Fla., and in London. The company's clients are looking to make their homes in the United States — in many cases, as retirees in the Sun Belt. (Under the law creating the EB-5 visas, they need never set foot in the state where the money is invested.)

"It's win-win-win," said Steve Yale-Loehr, an EB-5 expert who teaches immigration law at Cornell University: the business gets capital, residents get jobs and the investor gets a green card.

The program hasn't always been a hit. In the 1990s, what was then the Immigration and

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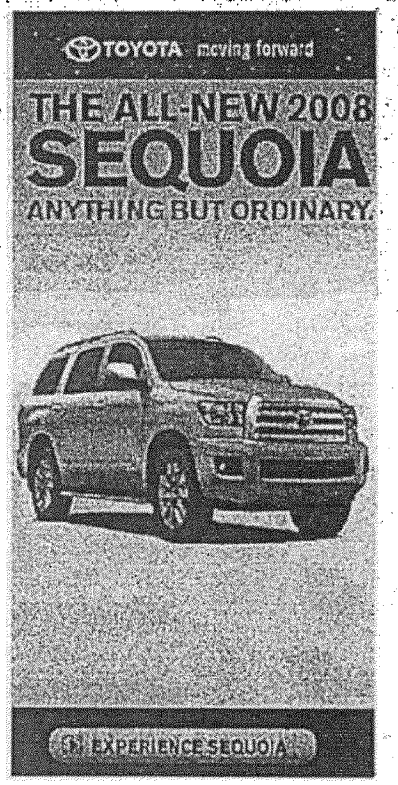


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Naturalization Service had a hard time keeping tabs on whether EB-5 investments were creating jobs. "There were fears that the program wasn't achieving its intended purpose," Mr. Yale-Loehr said. But the agency, renamed Citizenship and Immigration Services, has since found a way to streamline the process by permitting entities outside the federal government, called regional centers, to screen investors and monitor job creation.

As a result, Mr. Yale-Loehr said, "the EB-5 program has risen from the ashes." Of the 10,000 EB-5 visas available each year, 5,000 are set aside for investors in regional centers.

Altogether, there are 17 regional centers, Mr. Yale-Loehr said, and about that many applications pending. Mr. Stenger said he worked with state and federal officials to win "regional center" designation for the entire state of Vermont.

Right now, Mr. Stenger said, Jay Peak has room for about 1,800 guests; the new, 78,000-square-foot hotel building is part of a plan to nearly triple that capacity. The building will contain 56 one- and two-bedroom suites and one three-bedroom penthouse, Mr. Stenger said. There will also be a day spa, a Vermont country store, several restaurants and a ski rental center in the building.

Mr. Stenger is also planning another hotel and a water park, which will be financed by 150 EB-5 investors and which will help draw visitors year-round.

Jay Peak isn't the only resort to benefit from Vermont's regional center designation. At Sugarbush resort in Warren, Vt., about 60 miles south, an EB-5 program is being used to finance four new buildings. The first — a 40,000-square-foot guest services center, containing stores, equipment rental facilities and space for children's programs — will break ground this spring. Three condominium hotels will follow, beginning in 2009.

EB-5 investors have to show that the money they are using was earned legally. At Jay Peak, all 35 investors passed that test, according to Mr. Stenger, who noted that, in addition to Britain, there were participants from Canada, Mexico, Scandinavia and South Africa. His company, formally called Jay Peak Ski and Summer Resort, held the investors' money in escrow until their applications were approved by the federal government, he said.

Mr. Goulding, who is 48 and semiretired from the airplane leasing business, said he wrote his check last April and received his temporary green card six months later. He said that accounting and legal fees added about 10 percent to his $500,000 investment. He said he expects to receive a permanent green card in 2009.

AFTER five years, the partnership may choose to sell the hotel's 57 units as condominiums, paying Mr. Goulding his share of the proceeds. Mr. Stenger noted that unlike some businesses that have no tangible assets, the Jay Peak partnership will have the 57 units and the right to sell them. (Technically, each investor will own 1/35 of each one, Mr. Stenger said.)

"The Jay Peak investors appreciate that there's an exit strategy," said Douglas Hulme, the chief executive of Rapid USA Visas, who is based in Naples, Fla.

Mr. Stenger said Jay Peak's EB-5 program is expected to produce 2,000 jobs in the area, which "is very meaningful for this part of Vermont." Some of the 2,000 are what the government calls "indirect jobs," meaning they won't be at Jay Peak itself but at businesses in the surrounding area that will benefit from expansion at the resort.

Mr. Goulding has met with Mr. Stenger, and he said he is satisfied that Jay Peak is "conservatively managed." And it was a good sign, he said, that when Jay Peak drilled for water for the new hotel, "they hit a gusher."

When the new hotel is completed, each investor will be entitled to two weeks' accommodations a year. Mr. Goulding and his family plan to spend those weeks skiing. "Not having a huge amount of snow in Ireland, as in none, Jay Peak provides a wonderful experience," he said.

He won't be checking on the business.

"The beauty of an EB-5 for me," he said, "is that I don't have any day-to-day responsibilities."


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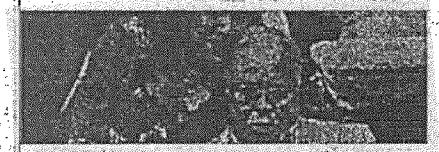

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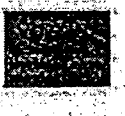

Jul 08, 2010

# Vt. Ski Resort Launches Project With Foreign Money

**Vermont Ski Resort Launches Giant Project With Foreign Investors Lured By US Residency**



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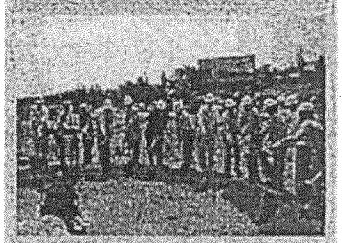

(AP)

(AP) JAY, Vt. (AP) - Vermont's Jay Peak ski resort is continuing its $125 million development that includes a hotel, lodge and indoor water park funded mostly by foreign investors who were given U.S. residency permits in exchange for their money.

Resort officials and U.S. Sen. Patrick Leahy, D-Vt., who has promoted the EB-5 investor visa program in Congress, broke ground Wednesday on the second phase of the project. Officials say it includes the largest water park in the Northeast and a new 120-room hotel, a lodge with 57 luxury suites, an indoor ice arena and clubhouse for a golf course which have been completed since December.

The project is funded with minimum $500,000 investments from about 250 investors from 43 countries. In exchange for the investment, the investors are granted conditional green cards that can lead to permanent residency if the projects create jobs.

"It's through the program known as the EB-5 foreign investment program that we've been able to accomplish this," said Bill Stenger, president of Jay Peak. "We've been able to welcome over 240 investors, from 43 countries, representing $120 million of equity capital, not a cent of taxpayer money, all private equity, all dedicated to the development of a brand here in Jay Peak."

Investors are from around the world, including European and Asian countries, said James Candido, who represents the EB-5 program in Vermont. He said he didn't know of any investors who had settled in Vermont.

"Florida, I know, is a big destination," he said.

The foreign financing is supporting two new lodges at Sugarbush ski resort in Warren, construction of a new medical manufacturing facility in Newport and a water filter company in Windsor. Foreign money also will help Jay Peak on the Canadian border become a weatherproof, four-season resort. The development is expected to create 1,000 jobs, Stenger said.

Since the EB-5 program was created in 1992, it has generated more than $1 billion in investments and created tens of thousands of jobs around the country, Leahy's office said.

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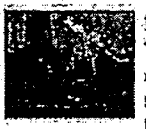

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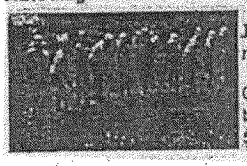
Brandon Hudson

# NEK Region Excited For Jay Peak Redevelopment



Jay Peak's latest phase of redevelopment is expected to add money and jobs to towns in Vermont's Northeast Kingdom.

On Wednesday, state and congressional leaders broke ground on the resort's indoor water park and hotel. The next stage in the $100 million project.

Jay Peak President Bill Stenger says it will provide 1,000 jobs to an area with the highest unemployment rate in the state. News that has NEK business leaders excited for the future.

"Talking to some of the business owners, we're finding that there's a real feeling of hope," Vermont North Country Chamber of Commerce Executive Director Olivia Aiken said.

Jay Peak already added a golf clubhouse and ice arena. During the winter, the Jay Country Store manager says sales more than quadruple for ski season.

"It's a real asset," store manager Joyce Crawford said. "It helps tremendously."

The resort's latest success breeds motivation for towns like Newport.

"The merchants and businesses are working on how they can enhance their business and expand them," Newport City Renaissance Executive Director Patricia Sears says.

Stenger says he expects to finish construction on the latest phase by 2012.

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NEK Region Excited For Jay Peak Redevelopment

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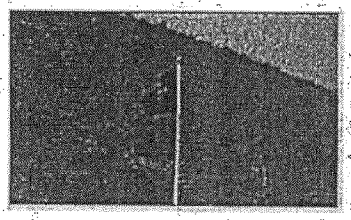
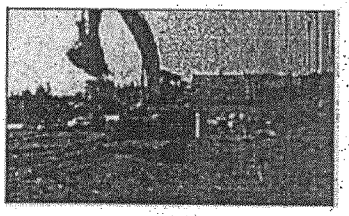
# Foreign investors fund Jay Peak expansions





*Jay, Vermont - July 7, 2010*

Jay Peak officially broke ground on phase two of its development plan Wednesday. It includes a hotel, conference center and the largest indoor water park in the Northeast that will have a retractable roof.

Jay Peak President Bill Stenger credits the EB-5 foreign investor visa program for providing funding. Some 240 investors from 43 countries have provided $120 million in equity capital for development at Jay. In exchange for the investment, the investors are granted residency in the United States and it can lead to citizenship.

"Hundreds of employees working in construction, now many hundreds we are employing at Jay Peak directly, it's all because of this program," Stenger said. "So it's all about economic energy, it's about employing local people; Harrison Concrete from Franklin County, they will be working here for months and they have been for the last 2 years."

The water park is scheduled to open in the fall of 2011.

Judy Simpson - WCAX News

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BUSINESS

# Jay Peak ski resort breaks ground on $125 million project

BY PAT WILLWERTH, FREE PRESS STAFF WRITER • THURSDAY, JULY 8, 2010



JAY – A large crowd gathered in the heat Wednesday at Jay Peak to witness the groundbreaking ceremony for the resort's new water park, hotel and conference center, set to be completed in 2012.

Video: Jay Peak future development by-by

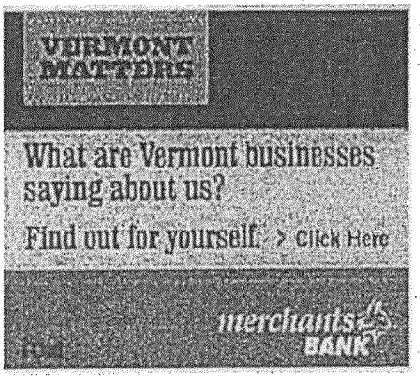
The development is the second phase of a goal to make Jay Peak a four-season resort. The first phase included an indoor ice rink, golf course and clubhouse, and the Tram Haus Lodge – a 57-suite hotel with a bar, restaurant and coffee shop.

Bill Stenger, president and co-owner of the resort, has not had to borrow a penny for the $125 million project. It is almost entirely funded by about 250 foreign investors from 43 countries through the EB-5 visa program.

The EB-5 program – administered by the U.S. Bureau of Citizenship and Immigration Services – permits foreign investors to obtain green cards in exchange for a minimum $500,000 in investment capital for projects in high unemployment areas. The project also must create at least 10 new jobs. In exchange, the investors obtain permanent green cards for themselves and their families, and a chance to gain full U.S. citizenship.

The program began nationally in 1992 and became available to businesses in Vermont in 1997 except in the Burlington area, where the unemployment rate was too low to qualify.

The groundbreaking ceremony began outside the Tram Haus Lodge at the foot of a dirt mound, surrounded by tractors and a temporary chain-link fence. The site was full of



Free Press file photo

A large crowd gathered in the heat Wednesday at Jay Peak to witness the groundbreaking ceremony for the resort's new water park, hotel and conference center, set to be completed in 2012.

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toiling construction workers and the sound of power tools and diesel engines only minutes before, but the workers took a break for the ceremony.

Stenger thanked Sen. Patrick Leahy, D-Vt., for his role in bringing the EB-5 program to Vermont.

"Were it not for the extensions to EB-5 that Senator Leahy has championed, we would not be here today," Stenger said. "We want to see Vermonters employed," Leahy said during his keynote speech. "Bill, you and your team have made that possible."

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**July 8, 2010**

# SEN. LEAHY BREAKS GROUND FOR JAY PEAK DEVELOPMENT ON JULY 7

## Senator Launches Construction of New Hotel and Water Park, Tours Completed Phase I Infrastructure

**Jay, VT**— On Wednesday, July 7, Senator Patrick Leahy attended a ground-breaking ceremony for the next phase of the $100+ million Jay Peak Resort redevelopment project. Resort President Bill Stenger gave Leahy, state officials and the press a tour of the facilities completed to date, including a new lodge with 57 luxury suites, restaurant, bar, spa and retail facilities; an indoor ice arena; and a golf clubhouse with restaurant, pro shop and three luxury suites.

The ceremony broke ground for two major facilities: a 170-suite hotel to replace the old Hotel Jay, and a state-of-the art indoor water park.

Jay Peak officials say that the development will result in a four season, weatherproof destination for vacationers from the US and Canada. Mr. Stenger noted that more than 1,000 new year-round jobs, both directly and indirectly, will be created at the resort as a result of the expansion, and local businesses will feel a positive economic impact as well, as the resort attracts guests to the area throughout the year. He also points out that much of the development was financed through the innovative EB5 program. This strategic capital-raising approach will help Jay Peak maintain its traditional focus on being a skier and rider's mountain, even while adding new amenities.

—MORE—

Mr. Stenger spoke admirably of both Senator Leahy and the EB5 program at the event: "I can say to you without doubt, that were it not for the extensions of the EB5 program that Senator Leahy has championed and spearheaded, we would not be here today." Senator Leahy praised Mr. Stenger for his foresight and willingness to step up in the major project, and pledged to keep the EB5 program going.

The massive construction project has proceeded on schedule and on budget, according to Jay Peak Marketing Vice President Steve Wright. "With the Tram Haus Lodge, Ice Haus arena and Golf Clubhouse all open for business, a visitor gets a real feel for the vision that started out as a pile of blueprints a few years ago. You can really see how we're coming together as a destination that will offer a rich vacation experience, with diverse dining, lodging and recreation options for every day of a guest's stay. It's not like anything else in the East."

Ariel Quiros, co-owner of the resort, shares the excitement for the developments: "I am so proud of what our team has been able to accomplish in such a short amount of time. You can already see the effect our growth is having on both business at the resort and inside this special community. We're looking forward to completing Phase 2, creating more direct and indirect jobs at the resort and in the region, and welcoming more guests on a year round basis."

When fully complete in 2012, Jay Peak will have added the following amenities:

- **Lodging:** Lodging options including 57 luxury suites in the Tram Haus lodge, three deluxe condominium suites at the Golf Clubhouse, and 170 suites in the new Hotel Jay.

- **Dining:** Resort guests will be able to choose from a variety of dining options across seven restaurants and casual eateries. Alice's Table at the Tram Haus Lodge features a Vermont-inspired menu, the Clubhouse Grille restaurant and bar offers American-style food, and the Tower Bar at the Tram Haus Lodge has lighter fare and appetizers. The Ice Haus Arena has its own heated snack bar and café, and the Aroma Café offers beverages and snacks. The new Hotel Jay will offer three additional restaurant options.

- **Recreational activities:** The Ice Haus arena features an NHL-sized rink with room for 700 spectators, and offers skating lessons, hockey games and curling tournaments. The Golf Clubhouse is available for golfers in the summer and serves as a Nordic Ski Center during the winter. The Taiga Spa & Fitness Center at the Tram Haus Lodge is available for massage therapy and spa treatments, as well as fitness and yoga classes. The indoor water park, opening with the new hotel in 2012, will feature a state-of-the-art retractable roof for year-round access. It will have one of the longest indoor rivers in North America, a kamikaze straight drop (the first indoor of its kind in

North America) and a double Flow Rider surf machine. There will also be an area available for smaller children.

###

Jay Peak Resort's $100+ million redevelopment project includes: The Tram Haus Lodge, a mix of studio, 1 and 2 bedroom suites and one 3-bedroom suite, each with fireplace, flat screen television, full kitchen, deck and mountain and valley views. The Tram Haus also features a bar and restaurant with seating for up to 180, a fitness center, coffee shop and bakery, and a gift shop. The Ice Haus indoor ice arena came online June 1, followed later in the month with the opening of the Golf Clubhouse, which is adjacent to the 18th hole of the championship golf course. Under construction is an indoor water park, and second hotel with 120 rooms, both scheduled to open in 2012.

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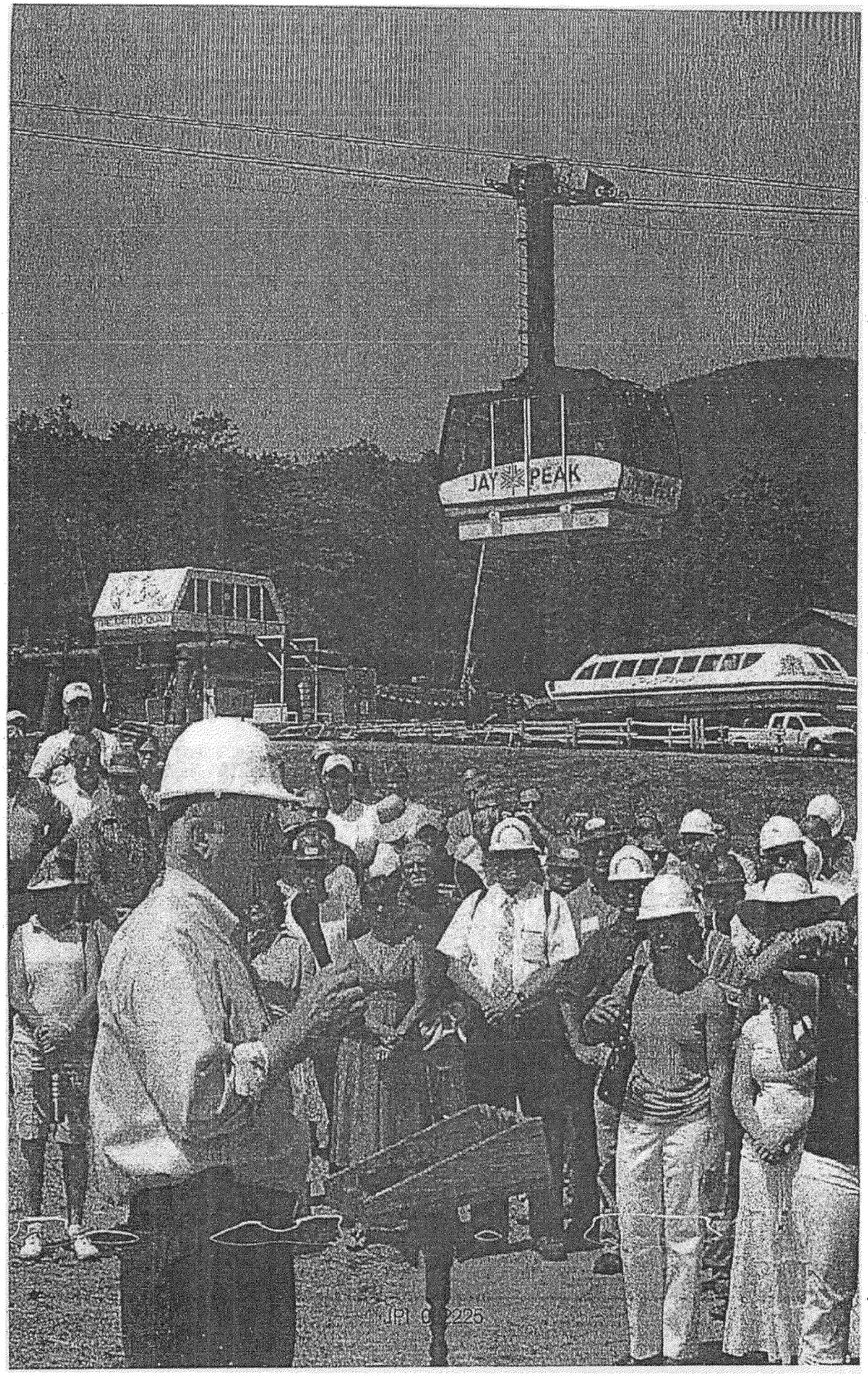


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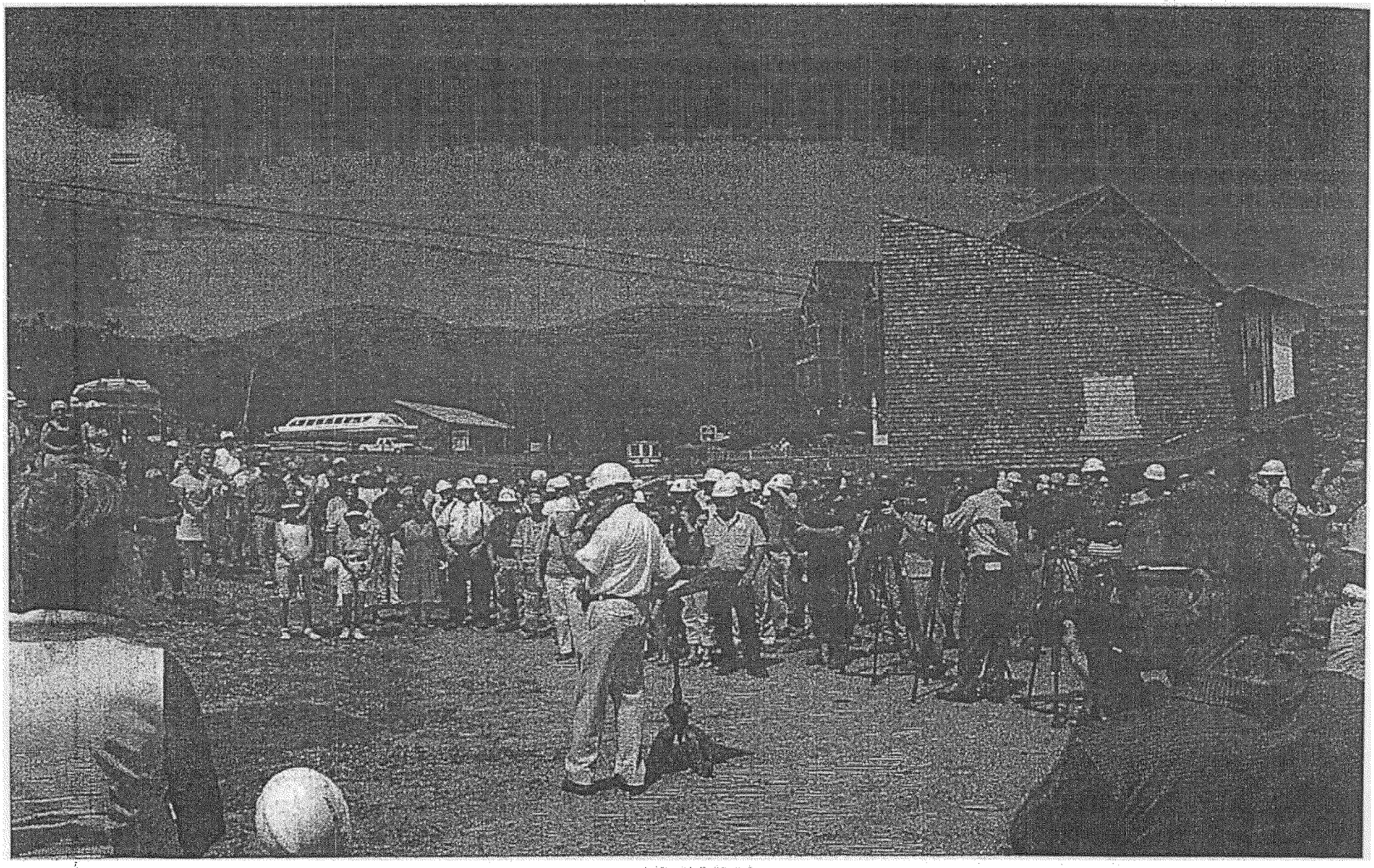

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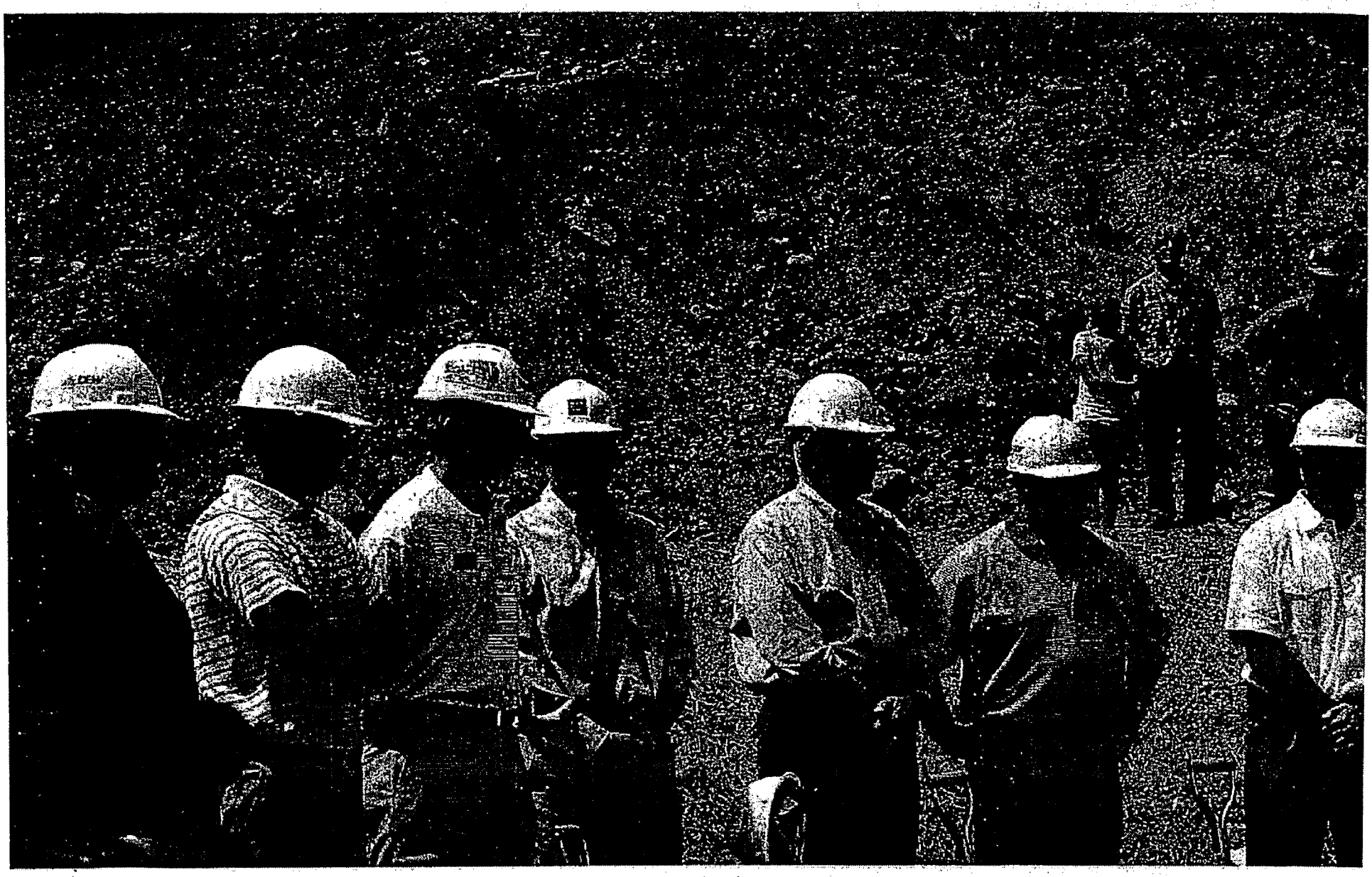

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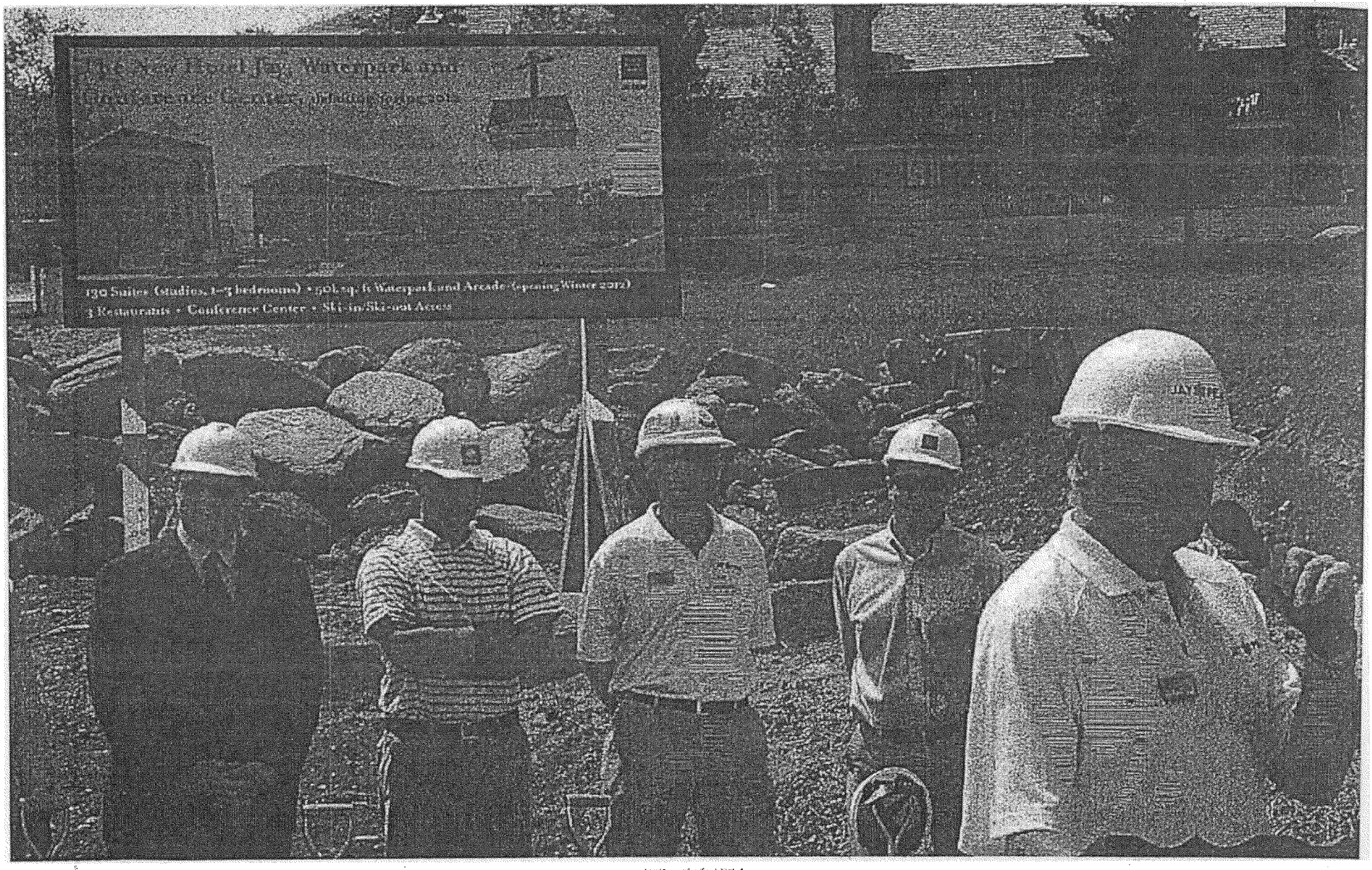
130 Suites (studios, 1-3 bedrooms) • 50,000 sq. ft Waterpark and Arcade (opening Winter 2012)
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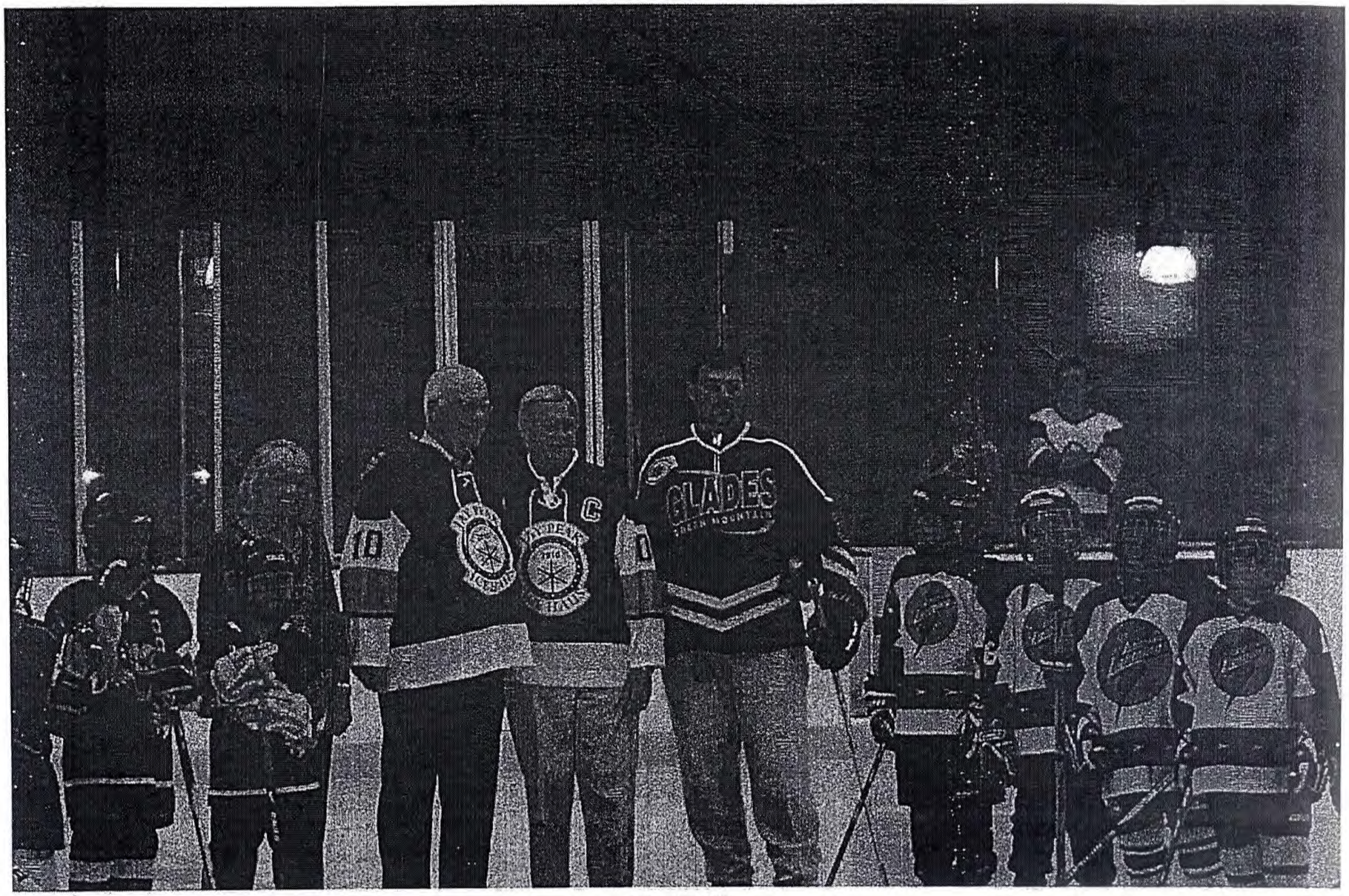
GLADES
GREEN MOUNTAIN

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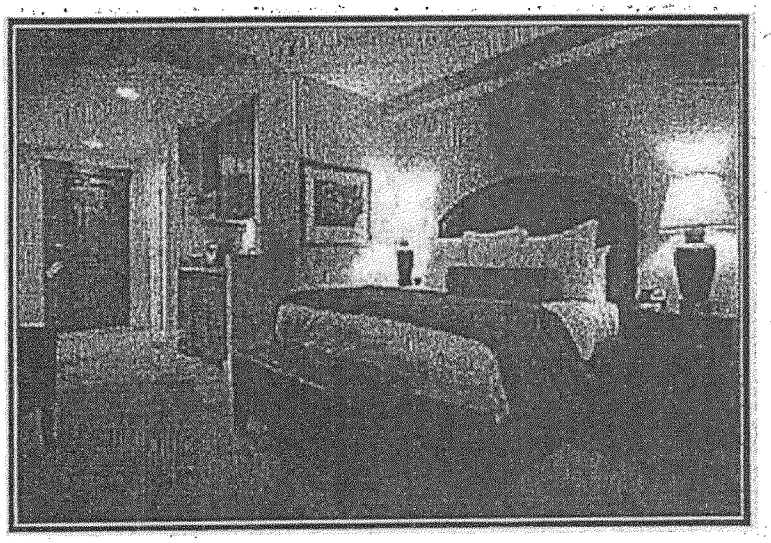
## Penthouse Suites — Conceptual Interiors

The spacious penthouse suites offer a warm design with a fresh mountain ambience. Located on the top floor of the building, the suites have a residential semblance with a full deluxe kitchen, living room and either one or two master bedrooms. Each large bedroom includes a king or two queen beds, a flat screen TV and spacious elegant tiled bathroom. For those who enjoy entertaining, these suites features an expansive living room and additional flat screen television. The outside balcony bestows spectacular views of Jay Peak summit, and far into the province of Quebec, Canada



Conceptual: Two Bedroom Penthouse Suite - Master

Penthouse Suites Living Room - Conceptual



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U.S. Citizenship and Immigration Services

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# I-526, Immigrant Petition by Alien Entrepreneur

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## Part 1. Information About You

Family Name | Given Name | Middle Name

Address:

In care of

Number and Street | Apt. #

City | State or Province | Country | Zip/Postal Code

Date of Birth (mm/dd/yyyy) | Country of Birth | Social Security # (if any) | A # (if any)

If you are in the United States, provide the following information: Date of Arrival (mm/dd/yyyy) | I-94 #

Current Nonimmigrant Status | Date Current Status Expires (mm/dd/yyyy) | Daytime Phone # with Area Code

## Part 2. Application Type *(Check one)*

a. ☒ This petition is based on an investment in a commercial enterprise in a targeted employment area for which the required amount of capital invested has been adjusted downward.

b. ☐ This petition is based on an investment in a commercial enterprise in an area for which the required amount of capital invested has been adjusted upward.

c. ☐ This petition is based on an investment in a commercial enterprise that is not in either a targeted area or in an upward adjustment area.

## Part 3. Information About Your Investment

Name of commercial enterprise in which funds are invested: Jay Peak Penthouse Suites L.P.

Street Address: 4850 VT Route 242, Jay, VT 05859-9621

Phone # with Area Code: +1 (802) 327-2222 | Business organized as (corporation, partnership, etc.): Limited Partnership

Kind of business (e.g. furniture manufacturer): Resort Development | Date established (mm/dd/yyyy): 5/24/2010 | IRS Tax #: 27-2691985

RECEIVED: _____ RESUBMITTED: _____ RELOCATED: SENT _____ REC'D _____

## Part 3. Information About Your Investment *(Continued)*

| | | | |
|---|---|---|---|
| Date of your initial investment (mm/dd/yyyy) | See Addendum | Amount of your initial investment | $ 500,000.00 |
| Your total capital investment in the enterprise to date | $ 500,000.00 | Percentage of the enterprise you own | 1.53%; 1of65 Partners |

If you are not the sole investor in the new commercial enterprise, list on separate paper the names of all other parties (natural and non-natural) who hold a percentage share of ownership of the new enterprise and indicate whether any of these parties is seeking classification as an alien entrepreneur. Include the name, percentage of ownership, and whether or not the person is seeking classification under section 203(b)(5). **NOTE:** A "natural" party would be an individual person and a "non-natural" party would be an entity such as a corporation, consortium, investment group, partnership, etc.

If you indicated in Part 2 that the enterprise is in a targeted employment area or in an upward adjustment area, name the county and State: County Orleans State Vermont

## Part 4. Additional Information About the Enterprise

**Type of Enterprise (check one):**

- ☒ New commercial enterprise resulting from the creation of a new business.
- ☐ New commercial enterprise resulting from the purchase of an existing business.
- ☐ New commercial enterprise resulting from a capital investment in an existing business.

**Composition of the Petitioner's Investment:**

| | | |
|---|---|---|
| Total amount in U.S. bank account | $ | 500,000.00 |
| Total value of all assets purchased for use in the enterprise | $ | 0.00 |
| Total value of all property transferred from abroad to the new enterprise | $ | 0.00 |
| Total of all debt financing | $ | 0.00 |
| Total stock purchases | $ | 0.00 |
| Other (explain on separate paper) | $ | 0.00 |
| **Total** | $ | 500,000.00 |

**Income:**

| | | | | | |
|---|---|---|---|---|---|
| When you made the investment | Gross | $ 0.00 | Net | $ | 0.00 |
| Now | Gross | $ 0.00 | Net | $ | 0.00 |

**Net worth:**

| | | | | | |
|---|---|---|---|---|---|
| When you made investment | Gross | $ 0.00 | Now | $ | 0.00 |

## Part 5. Employment Creation Information

Number of full-time employees in the enterprise in U.S. (excluding you, your spouse, sons, and daughters)

When you made your initial investment? -0- Now -0- Difference -0-

How many of these new jobs were created by your investment? -0- How many additional new jobs will be created by your additional investment? 10+

What is your position, office, or title with the new commercial enterprise?

Limited Partner

Briefly describe your duties, activities, and responsibilities.

Policy & other business issues to the extent permitted by the VT Revised Uniform LPA.

What is your salary? $ 0.00 What is the cost of your benefits? $ 0.00

## Part 6. Processing Information

Check One:

☐ The person named in Part 1 is now in the United States, and an application to adjust status to permanent resident will be filed if this petition is approved.

☐ If the petition is approved and the person named in Part 1 wishes to apply for an immigrant visa abroad, complete the following for that person:

Country of nationality:

Country of current residence or, if now in the United States, last permanent residence abroad:

If you provided a United States address in Part 1, print the person's foreign address:

If the person's native alphabet is other than Roman letters, write the foreign address in the native alphabet:

Are you in deportation or removal proceedings? ☐ Yes (Explain on separate paper) ☒ No

Have you ever worked in the United States without permission? ☐ Yes (Explain on separate paper) ☒ No

## Part 7. Signature *Read the information on penalties in the instructions before completing this section.*

I certify, under penalty of perjury under the laws of the United States of America, that this petition and the evidence submitted with it is all true and correct. I authorize the release of any information from my records that the U.S. Citizenship and Immigration Services needs to determine eligibility for the benefit I am seeking.

Signature Date

NOTE: *If you do not completely fill out this form or fail to the submit the required documents listed in the instructions, you may not be found eligible for the immigration benefit you are seeking and this petition may be denied.*

## Part 8. Signature of Person Preparing Form, If Other Than Above (Sign below)

I declare that I prepared this application at the request of the above person, and it is based on all information of which I have knowledge.

Signature Print Your Name Date

Firm Name Daytime phone # with area code

Address