



Mike Hammon
 Chief Development Officer
 Ram Realty Services
 4801 PGA Blvd.
 Palm Beach Gardens, FL 33418

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Roger Stancil, Town Manager
 Town of Chapel Hill
 405 Martin Luther King Jr. Blvd.
 Chapel Hill, NC 27514

Mr. Stancil,

Ram Realty Services continues to be committed to developing the 140 West Franklin Project. We are enthusiastic about the improving market conditions and the substantially lower construction pricing we have recently received. In response to your request for quarterly updates for the Town about the 140 West Franklin Project, our team has composed the following summary of the market conditions we see and the work we have done to push the 140 West Franklin project forward.

The overall market is showing increasing signs of strength, especially here in the Triangle, and our efforts have allowed us to take advantage of the opportunities this unique market and time offers our project. Our market data shows that home values stabilize in all of our markets and the greater Triangle market continues to be among the leaders in the nation for retaining property values. The Triangle market also has one of the lowest loan delinquency rates among the major markets, indicating that future foreclosures are not a risk this market will face. All these facts are positive signs for our project.

In Chapel Hill, the summer months are historically the slowest sales period, but we have seen an increase in traffic as customers have returned to the market now that the economy is showing signs of improvement. We expect to see an increase in sales volume leading up to and following Labor Day when the Fall sales season begins. We have just completed our quarterly sales and marketing program aimed at the fall season with our new sales pricing structure and are greatly encouraged by the market's initial reception to our new pricing.

On the construction side, the project was competitively bid in July and we have selected a general contractor who we are currently working through contract negotiations with. The construction extension will allow us to complete the contract process and take full advantage of the reduced construction pricing in the market.

Construction pricing for the residential portion of the building showed a substantial reduction from our previous estimates. This is attributed to the large number of residential subcontractors and vendors whose pipeline of work has dried up due to the downturn and are now willing to significantly

discount their labor and material. We plan to pass through these construction savings to our existing and future customers to build additional sales throughout the fall. Our plan is to complete our pre-construction sales and begin construction during the first half of 2010. Pricing for commercial and subterranean construction also showed additional reductions but to a lesser extent, as there are fewer trades competing and fewer trades involved in the work. We are cautiously optimistic that these changes will result in savings to the Town.

Now that we have our contractor selected, we can finish the specialty building plan details required for the building permits and ZCP approvals. Tentatively, these details and calculations will take approximately 6-8 weeks to complete. Once the permit plans are finalized, we can complete the ZCP submittal. We hope to submit all items by the end of October and finalize building permits and the ZCP approval before the end of the year.

Ram Realty Services has been creating people making places for over thirty years. The market knowledge and financial stability this experience has given Ram allowed us to take advantage of opportunities in all of the down cycles throughout our history. As before, we remain committed to the 140 West Franklin project and Town of Chapel Hill. We continue to pursue the opportunities we see in this market and look forward to sharing our progress with you throughout the Fall.

Very Best Regards,



Mike Hammon
Chief Development Officer
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