



Memo

To: Community Facilities, Inc.

Re: Bank Qualified Financing

RBS Citizens, is prepared to offer Community Facilities a Tax-Exempt Bank Qualified financing to effectively refinance the existing \$30,030,000 in Tax-Exempt Variable Rate Demand Bonds. The structure would eliminate the need for a Letter of Credit and remove counterparty risk that Community Facilities experienced under the current structure. In addition, Trustee fees, Remarketing fees, Draw fees and Letter of Credit issuance fees will also be eliminated.

Term: 3 Years.

Index: 30-day LIBOR multiplied by the tax-advantage rate to RBS Citizens of tax-exempt Bank Qualified Debt. This tax-advantages rate as of April 27, 2009 is 68%.

Spread over
Index: 2.25% multiplied by the tax-advantaged rate.

Swap: Current Swap would remain in place at a fixed rate of 3.814% in return for 71% of Libor. Maturity of the Swap is October 1, 2017.

All in Rate: The rate determined as of April 27, 2009 is approximately 5.344%

Amortization: To follow an amortization similar to the original Variable Rate Demand Bond schedule.

Taxable Loan: A Libor based loan priced at the 1-month LIBOR + 2.25% will be made available to repay the existing \$1,635,000 of taxable bonds, plus \$30,000 of tax-exempt bonds which are above the \$30,000,000 federal limit for Bank Qualified debt.

The remaining terms and conditions of the original financing will remain identical to the original structure documented under the Letter of Credit.

This indicative Term Sheet is intended as an outline of the terms likely to apply to the proposed financing (the "Proposed Financing") in the event RBS Citizens, N.A. ("Citizens") were to make a commitment to provide financing. It does not represent and may not be relied upon as representing any commitment on the part of Citizens. It does not purport to set forth fully all of the conditions, covenants, warranties and other terms and provisions that would be contained in definitive documentation for the Proposed Financing. In addition, certain provisions hereof might be subject to modification and/or restructuring based on Citizens' due diligence and related efforts.

Community Facilities, Inc.

Structure prior to March 23, Citizens Downgrade:

71% of Libor Swap	3.814%
Swap Differential (approx avg since close)	0.30%
Letter of Credit Fee	0.95%
Remarketing Fees	0.125%
Trustee, draw fees, etc	<u>0.005%</u>
Total	5.194%

Proposed Structure/Pricing:

Convert the bonds to Bank Eligible and have the Bank buy the bonds.

Maintain the 71% of Libor Swap	3.814%
Swap Differential	0.00%
68% of 2.25% Bank Spread	<u>1.53%</u>
Total	5.344%