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For: Mountain Funding

Contact: Leeza Hoyt
(310) 373-0103
LLHOYT@Hoytorg.com

For Immediate Release

**Mountain Funding sells Inland Empire Lots to KB Home
For \$9.2 million**

Charlotte, CA/Hemet, CA – August 21, 2002 -- The developers of Heartland Village, a 650-acre active adult community in Hemet, California, have sold a portion of the project to KB Home for \$9.2 million. The parcel includes 345 lots in the non-age restricted portion of the project, which is being developed by a joint venture of Heartland/MSK Ventures, LLC, and Mountain Funding, LLC, a development lender/investor based in Charlotte, North Carolina. Park Place Partners of Orange, CA represented the seller.

“We are very excited to have KB Homes associated with this project,” states Peter Fioretti, CEO of Mountain Funding which provided the project’s acquisition and development financing through a combination of debt and equity. “We are currently negotiating the sale of the age restricted lots to another national builder, subject to our

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completion of the site development by our development partners, MSK Development Company and Paramount Residential.”

KB Home will be building single-family homes ranging from \$175,000 to \$225,000 to complement the 1,100 remaining lots that are allocated for the planned active adult community. Both communities will have access to the community’s golf course and other amenities.

In addition to the 345 market rate homes and the 1100 active adult homes, Heartland Village will include an 18-hole championship golf course, which is being developed and managed by Landscapes Unlimited of Omaha, Nebraska. Construction on the golf course is in process, and is scheduled for opening by the end of this year.

The project has been financed by debt and equity issued by Mountain Funding, LLC which is headquartered in Charlotte, North Carolina, with offices in Princeton, New Jersey, and Boca Raton, Florida. Mountain Funding also provides high-leverage (up to 95%) senior/mezzanine debt and equity to value-added income projects and entities.

Established in 1993, Mountain Funding has closed equity and debt transactions involving real estate projects valued in excess of \$2.8 billion. The firm targets situations that are undervalued or under-performing and have realistic potential for significant value and/or cash flow enhancement. Typical value-added projects include condominium conversions, commercial/residential repositionings, expansions and improvements, and low-leverage land. Mountain Funding also provides quick closings for hard money or other special situations where an opportunity is presented as a result of a complex or distressed ownership, debt or capital structure. For more information visit www.mountainfunding.com.

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