

CANYON CREEK  
DEVELOPMENT, INC.

## OFFERING SUMMARY - SENIOR HOUSING

PARAGON GARDENS  
LIMITED PARTNERSHIP

27783 CENTER DRIVE  
MISSION VIEJO, CA 92692  
ORANGE COUNTY

ASSISTED LIVING  
MEMORY CARE



### INVESTMENT SUMMARY

PREFERRED MEMBERSHIP INTERESTS

**NOT 1031 ELIGIBLE**

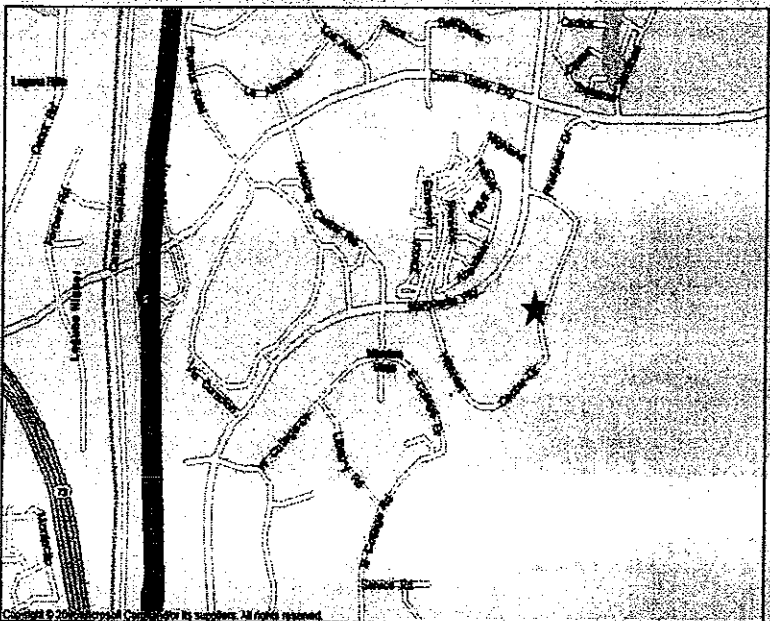
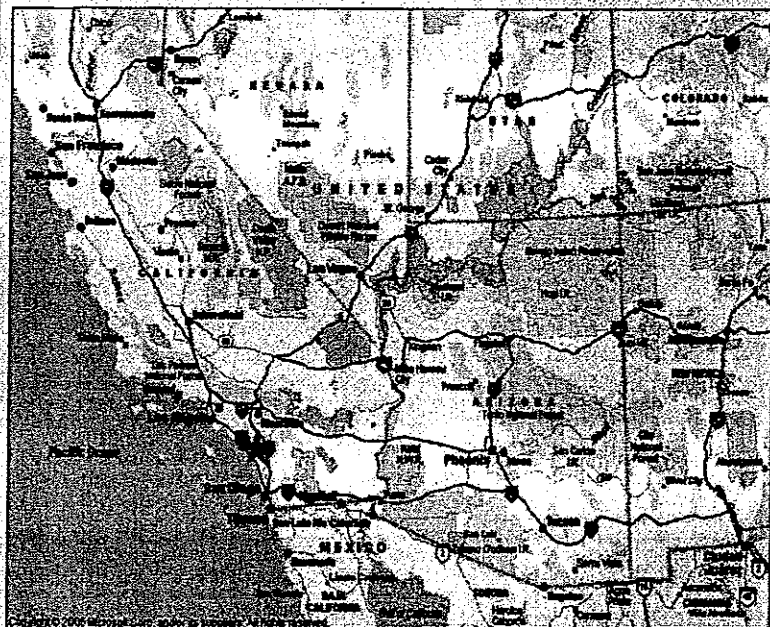
ANTICIPATED CLOSING DATE:  
AVAILABLE FOR IMMEDIATE CLOSING

PREFERRED ANNUAL RETURN: 14%  
*(10% PAID MONTHLY; 4% ACCRUED AND  
PAYABLE AT REPURCHASE)*

MINIMUM INVESTMENT: \$91,250

TOTAL OFFERING: \$7,300,000

CANYON CREEK  
FINANCIAL, LLC.



Paragon Gardens Assisted Living and Memory Care Community ("Paragon Gardens") is a senior housing community purchased by Canyon Creek Development, Inc. ("CCD") for \$11,500,000 in September of 2002. Proceeds from this sale of Preferred Membership Interests will be used to pay for services provided by affiliates of the Owner, to repay advances from the Sponsor and affiliates of the Sponsor, as well as establish debt service and preferred distribution reserves.

Paragon Gardens is located in Mission Viejo, California. Mission Viejo is in Orange County which is one of the five counties that make up the Greater Los Angeles area in Southern California. Orange County lies along the California coast between Los Angeles and San Diego.

Most of the area enjoys a moderate Mediterranean climate with an average temperature of 64°F and average annual rainfall of 10 to 20 inches.

Mission Viejo is located along Interstate 5, which runs North/South from the Mexican border to the Canadian border.

Two airports serve the area, the Fullerton Municipal Airport and the John Wayne Airport. The John Wayne Airport is the only commercial service airport in Orange County and is served by several airlines such as Alaska Airlines, Continental Airlines and Southwest Airlines to name a few. There are also three commuter flights that serve the airport as well as FedEx and UPS.

Orange County offers the Office on Aging which partners with providers of programs and services available for older adults and their caregivers, such as Transportation, Senior and Community Centers, and Insurance and Financial Assistance. The Office is committed to helping older adults experience the highest possible quality of life.

A plethora of medical facilities serve the Orange County area such as the Anaheim Memorial Medical Center, Mission Hospital (in Mission Viejo), Saddleback Memorial Medical Center, St. Jude Medical Center, and more. In addition, most of the Los Angeles area medical facilities are within an hours drive.

In addition to the many public and private schools, Orange County offers many opportunities for higher education. Several community colleges serve the area as well as universities such as California State University Fullerton, Chapman University, and University of California Irvine.

The number of householders 75 and over with annual income of \$25,000 to \$125,000 reflects growth of 20% from 2000 to 2006 and is estimated to increase 13% by 2011.

Currently within the primary market area, there is an excess demand of 6 private-pay units. Demographics indicate an excess demand of 70 private-pay units by 2011.

Paragon Gardens is an approximately 86,809 square foot 120 unit senior living community situated on approximately 3.8 acres offering assisted living and memory care. Construction of the facility was completed in 1999 and purchased by the Owner in 2002. Upon acquisition, management of the facility was assumed by Sunwest Management, Inc. Management of Paragon Gardens was relinquished to an independent third party manager (SeniorCare Communities) on July 11, 2007.

SeniorCare Communities, a California limited liability company, is based out of Irvine, California (Orange County), and has managers and executives that have been involved in the senior housing and care industry since 1979. The company currently manages 11 assisted living communities and 12 memory care communities. The Manager and President of SeniorCare Communities is Craig Johnson. Mr. Johnson has been managing assisted living and memory care communities since 1990 and founded SeniorCare Communities in 2001.

Since assuming management of Paragon Gardens, SeniorCare Communities has hired an experienced administrative team with solid connections with the local senior community in order to improve occupancy and revenue.

Occupancy was approximately 45% as of December 31, 2007.

Appraised Value of the facility as of November 17, 2004:

"As-Is" Market Value: \$14,275,000

Estimated stabilized market value: \$16,380,000 based on NOI of \$1,684,000 and a 10.25% cap rate  
(originally projected for November 17, 2006)

\*\* CCD projects the market value at projected stabilization (October of 2009) to be approximately \$28,500,000 based on NOI of \$2,570,000 and an 9.0% cap rate. \*\*

### Main Building

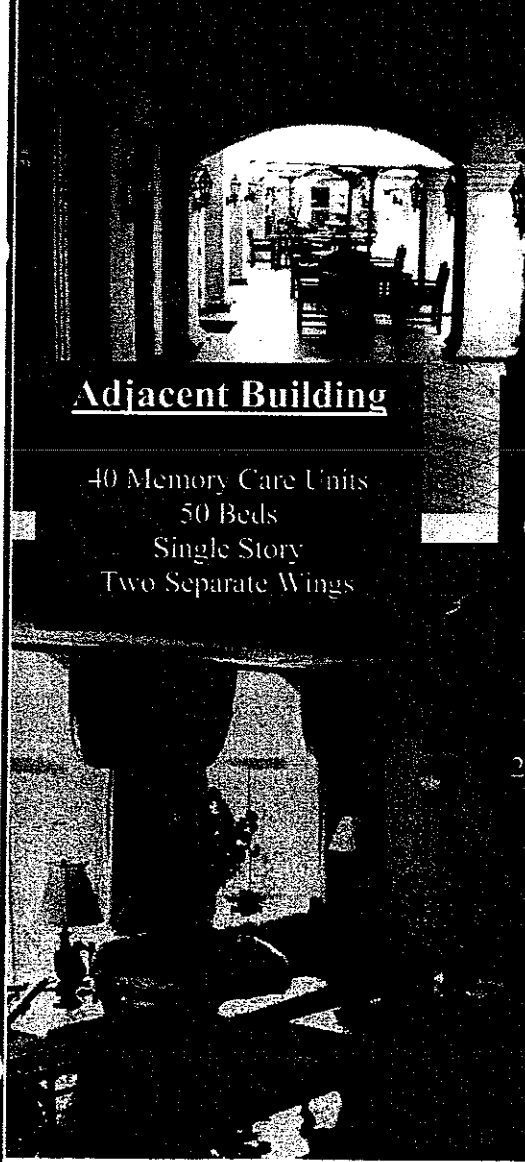
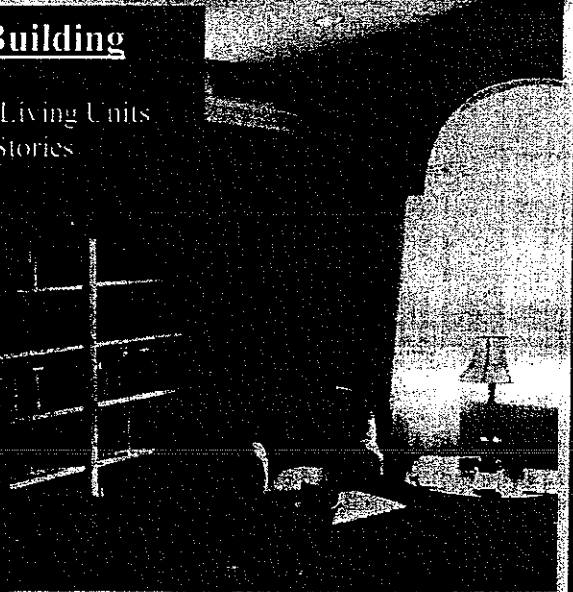
80 Assisted Living Units  
Two Stories

### Adjacent Building

40 Memory Care Units  
50 Beds  
Single Story  
Two Separate Wings

### Amenities

Main Dining Room  
Great Room With Fireplace  
Solarium  
Central Courtyard  
Chapel  
Library  
Arts & Crafts Room  
Card Room  
29 Parking Spaces (including  
2 handicapped spaces)



# Investment Highlights

## OPERATING ENTITY:

The Operator is SeniorCare Communities, a California limited liability company which is a third party that is not affiliated or controlled by the Owner (see below) or the principals of the Sponsor (CCD). The Operator has the sole and exclusive right and obligation to operate and maintain the Property during the term of the Lease.

## INVESTOR DEAL STRUCTURE:

All equity investors will be preferred members of Paragon Gardens Limited Partnership (the Owner), and will receive a preferred annual return of 10% paid monthly. We anticipate that most, if not all, of the monthly return will be a return of capital. The Operator will be granted an option to buy the investor's interest anytime after January 1, 2009 at the purchase price paid by the investor plus 4% per year. Please consult your tax advisor.

An investor may exercise a put option to Jon Harder if the Operator fails to distribute three months of the preferred return.

A detailed description of the preferred membership interest is set forth in the offering memorandum.

Offering Memorandum dated:  
January 14, 2008

ADDRESS	27783 Center Drive Mission Viejo, CA 92692 Orange County
PROPERTY TYPE AND DESCRIPTION	Approximately 3.8 acres of improved land. Improvements include a senior housing facility consisting of two buildings.
LEGAL DESCRIPTION	See Exhibit A in the Offering Memorandum for a complete legal description.
ANTICIPATED CLOSING DATE	Available for Immediate Closing
PREFERRED ANNUAL RETURN	14% See investor deal structure.
TOTAL OFFERING	\$7,300,000
MINIMUM CASH INVESTMENT	\$91,250 Not 1031 exchange eligible.
APPROXIMATE LOAN ASSUMPTION	No debt is available for assumption.
LENDER	MMA Mortgage Investment Corp.  The Mortgage Loan maturity has been extended to April 1, 2008. If an additional extension is not granted, the Property will need to be refinanced, which will require the consent of the holders of the Preferred Interests.
COLLATERAL REQUIRED	All membership interests are subordinate to the existing loan.

## DISCLAIMER

The information contained herein has either been given to Canyon Creek Development by the current owner/representative and/or agent of the property or obtained from sources that we deem reliable. We have no reason to doubt its accuracy, but we do not guarantee it. The value of this investment is dependent upon the estimates and assumptions made above, as well as the investment income, the tax bracket and other factors which a tax advisor and/or legal counsel should evaluate. The prospective buyer should carefully verify each item of income, expense, and all other information contained herein.

The property is subject to change in terms of price, prior sale and/or mortgage, or withdrawal at any time, for any reason whatsoever without notice.

No representations or warranties, expressed or implied, relating to any matter contained in this submission or the condition of premises or parts thereof, are made to any purchaser who is deemed not to rely on any representations, but is relying solely on their own investigation.

This material does not constitute an offer or a solicitation to purchase securities and must be accompanied or preceded by the corresponding Offering Memorandum (OM) and any amendments thereto. All prospective accredited investors must read the OM, which contains more complete information on the risks and terms of the offering, the terms of the lease which will generate the projected cash flow, and the source and use of funds including acquisition and/or development costs.