

Loan Updates

Hampton Woods Development: A summary of this loan will be provided in the January Loan Updates.

Riley & Honee, Inc: A summary of this recently funded loan is provided below.

Loan Name:	Riley & Honee, Inc.
Loan Funding Date:	11/27/2013
Borrower's Name:	Riley & Honee, Inc. and Lynda C. Fleming Trustee of the Lynda C. Fleming Revocable Trust
Property Address:	1) Four lots - 100 W. Main Street, Gladstone ND 58630; 2) Cabin – 4488 Yellow Pine Ave., Mt. Charleston, NV 89124
Loan Amount:	\$450,000
Estimated Loan-To-Value:	56%
Initial Term:	6 months
Extension Options:	Yes, executed upon prepayment of interest
Interest Rate:	18%
Interest Reserve:	\$40,500 (6 months)
Foreclosure Reserve:	\$75,000
Inspection Fee:	\$25,000
Origination Fee:	\$40,500
Monthly Payment:	\$6,750

Loan Purpose

The borrowers, Riley & Honee Inc., purchased four lots located at 100 W. Main Street in Gladstone, ND in 2012 to capitalize on the rapid growth being experienced in the area due to the Bakken Oil Field boom. Riley & Honee Inc. plans to construct, and sell, four duplex townhomes (eight total units) with the current model duplex being 30% completed. The loan proceeds will be utilized to finish the model duplex, allowing him to presell the remaining duplexes.

Approved Use of Funds:

- \$242,994 Construction Reserve To Complete Model Duplex (CPC controls reserve account)

Exit Strategy

The borrower plans to sell the model duplex to pay off the loan. Should it be necessary, the two completed units can be rented to service a loan extension while a sale is consummated or longer-term financing is obtained.

Collateral

A summary of the collateral and its estimated value is given below.

1st Position Lien – Three improved lots located at 100 W. Main Street, Gladstone ND

Charlotte Holverson with American West Real Estate gives a conservative “as-is” lot value on of \$24,750 per lot or \$74,250 for the three lots. Details below:

- 8,250 sq ft per lot x \$3.00 per sq ft = \$24,750 per lot
- \$24,750 per lot x 3 = \$74,250 total value

1st Position Lien – Improved lot with completed duplex located at 100 W. Main Street, Gladstone ND

Charlotte Holverson with American West Real Estate gives each duplex upon completion a Market Value of \$258,000 and Suggested List Price of \$265,000. Using the lower Market Value equates to a total duplex value of \$516,000. Details below:

- \$258,000 per duplex
- 2 duplexes x \$258,000 = \$516,00 total value

Charlotte Holverson
American West Real Estate
PO Box 148
Dickenson, ND. 5860
(701) 225-1790
awre@pcsinet.com

1st position – Cabin located at 4488 Yellow Pine Ave, Mt. Charleston NV.

The property located at 4488 Yellow Pine Ave, Mt. Charleston NV is a 1250-sqf, 3-bed, 2.5 bath house/cabin was purchased by Riley & Honee, Inc. for \$350,000 in 2007 as a secondary investment property. It has been pledged as additional collateral and security to the loan.

Karen Mahoney with Simply Vegas prepared an updated Comparative Market Analysis and values the property at \$213,800.

Karen Mahoney
Simply Vegas
3042 S Durango Dr.
Las Vegas, NV 89117
Phone: 702-218-4267
Email: kmahoney1@aol.com

Loan-to-Value: The approximate loan-to-value was calculated as follows:

3 lots value = \$74,250
2 duplexes = \$516,000
Cabin = \$213,800

Total = \$804,050

\$450,000 gross loan amount / \$804,050 collateral value = 56% loan-to-value

Guarantor

A personal guarantee has been executed by Timothy A. Dunnagan, Janet P. Dunnagan, and Lynda C. Fleming, managing member of Riley & Honee Inc.

Delta Aggregate: The December interest payment has been received.

The Borrower reports progress with Hendry County to update and secure the required permits, surveys, and engineering to begin operations. The “use of funds” we have been able to verify thus far, suggests good progress and is consistent with what was agreed to in the Loan Agreement. A property inspection is scheduled for January

20th, 2014 where we will be able to further verify the “use of funds” and obtain a more thorough report of the project’s progress.

The Borrower and his loan broker have reported that they have submitted application for long-term business financing to pay off CPC’s loan.

River’s Edge: The December interest payment has been received.

Although the interest payment has been made, we have not yet received payment of the Improvement Reserve funds that were to be used temporarily for the casino’s “winnings reserve” that the Borrower was required to maintain to open the casino. The Borrower has reportedly come up with a solution and has promised to reconcile what is owed in the coming weeks. Regardless of their report and our hope that they will perform as promised, our attorneys have sent a demand letter to the Borrowers to officially warn them of the legal actions that can take place if the outstanding balance is not paid in full very soon.

By way of review, as part of the Borrowers operating permit a third-party accountant receives all of the casino income and distributes it first to the non-profit beneficiary, and then to the respective entities. That process, because of problems with the codes on the Brinks safe, has caused the bank and accountant to hold the funds until the problems were mitigated. Correction has taken longer than any of the parties anticipated.

The property was inspected on December 27th, 2013. The casino was open and functioning and all areas of the casino appeared to be maintained and in good shape, although the outside still needed some curb appeal and landscaping.

The facility’s website can be found at www.riversedgebama.com

Mr. G’s Supper Club: The December interest payment has been received.

Per the Loan Agreement funds were set aside for the purchase, rehab and expansion of a second piece of property, if purchased by December 13th, 2013. As of current the Borrower has been unable to consummate the purchase of the second property. As such, our legal department is notifying the Borrower that funds set aside for this purpose will be applied towards the outstanding principal loan balance.

The property was inspected on December 31st, 2013. A summary of this inspection will be provided in the January update.

Meanwhile, the Borrower’s local loan broker reports progress in their pursuit to refinance the loan.

The facility’s website can be found at <http://www.mrgssupperclub.net>

Clear Fork Resort: The December interest payment has been received.

Clear Fork Resort opened on December 20th, 2013. Attendance to the resort has been light due to the rainy, icy and cold weather Ohio is experiencing. While waiting for weather that is more conducive to tubers and skiers, the Borrowers continue to focus on advertising and improvements to the resort.

Resort management indicates ongoing inquiries for onsite accommodations. The Borrowers plan to break ground in the spring of 2014 for the cabins and extra development lodging.

A site inspection conducted in December verified the completion of the ski lift station as anticipated. The tubing hill is operational although there are some electrical components that have not yet been completed. Another site inspection is scheduled for the second week in January.

The Clear Fork Resort website can be found at www.clearforkski.com

Taylor Made Ranch: As a result of the Forbearance Agreement not being executed by the Borrower, local Texas counsel has been engaged and instructed to commence foreclosure on the property, and bring legal action against the Borrower as soon as possible.

Meanwhile, the Borrower continues to claim that the property has been shown several times to prospective interested buyers. The Borrower claims that he doesn't want to sell the ranch or his other assets, although he would should foreclosure become imminent. The Borrower additionally reports he should be receiving payment on several account receivables, allowing him to bring the loan current and extend the loan term.

The property was inspected on December 19th, 2013 and indicates it is in the same condition as the loan was funded. The inspection also revealed that many of the unique items that were included in the collateral are now missing from the property. This has been relayed to our legal department to be included in our legal action.

Horner Mills: It has been relayed from the Borrower's prospective new lender that all of the existing collateral would be required for his approved loan amount. Since the Borrower's loan refinance is less than what is owed, and there is no additional collateral to secure the deficiency, the proposed payoff and settlement from Borrower has been rejected. As a result of this and Borrower's non-payment, our legal department has engaged local counsel to commence legal action against the Borrower. Michigan law indicates that the Borrower is entitled to retain possession of rental income during the foreclosure process. Thus, we are analyzing the time period required to have a receiver appointed to ensure our access to the property income throughout the foreclosure process.

An inspection of the property was conducted on December 22nd, 2013. The inspection found the property maintained and in the same condition as when the loan was funded. Although the property still needs a lot of work, there is apparent value and there are several tenants paying monthly rents.

Fairmont Estates: The December interest payment has been received.

The offer that the Borrower had accepted last month fell through prior to the earnest money going hard. As a result, the Borrower has begun talking again to other interested parties and is being more aggressive in pursuing his exit options. To hopefully attract additional offers quickly the Borrower is now including his home located adjacent too, and above, the four lots. He is also working on refinancing the entire package as one. Additionally, he continues to entertain offers on the just the lots and works to refinance the lots separately.

No inspection was scheduled in December, 2013. The property will be inspected on January 17th, 2014.

Evergreen Waterpark: Local counsel has requested a foreclosure judgment from the court. Once obtained a foreclosure sale will be scheduled. We continue to monitor the demolition proceedings which have not progressed at all during December.

We continue to ensure the property is marketable and safe, and have taken over ongoing maintenance of the property during the foreclosure and legal proceedings. Our local maintenance and landscape crew report that nothing has changed at the property.

Meanwhile, during the legal proceedings, we continue to keep in contact with interested operators to enable some sort of property use in the Spring.

Browns Canyon: During December the Borrower filed a motion to convert his Chapter 13 bankruptcy case to a Chapter 11 bankruptcy. The Trustee has renewed its motion to dismiss and has objected to the motion to convert. There are hearings scheduled for these motions on January 8th and January 14th respectively. In the event the case

survives these hearings we will bring a motion for relief from the automatic stay to be able to continue with the foreclosure process in spite of the ongoing bankruptcy proceedings.

As legal proceedings continue, we continue to update a subordinate lien holder of our progress and intent. It is our understanding that he is potentially interested in purchasing the property or Note to protect his position.

The Borrower is unresponsive and not allowing for further inspections of the collateral property.

DeArbor: The December interest payment has been received.

As a result of the Borrower's lack of correspondence and not making the required payment to replenish the Interest Reserve we have directed local counsel to commence the foreclosure process. Counsel has verified the accuracy of the legal descriptions and anticipates having the title work returned shortly. A demand letter has been sent to the Borrower and both guarantors of the loan with an acceleration demand.

The Pineland Cemetery collateral piece was inspected on December 22nd, 2013. The cemetery is being maintained and appears in good condition with needed landscaping and bush trimming to be completed in the spring. An updated BPO with expected sale price numbers for the property in anticipation of potentially foreclosing and liquidating the property has also been requested.

Chicago – ABLE Ventures: The foreclosure title work has not yet been received probably because of delays related to the holidays. Once received, the foreclosure paperwork will be filed and request will be made for appointment of the receiver. We now hope to have a foreclosure complaint (also requesting appointment of a lender's receiver) filed by the end of January 2014. Once the receiver is in place the income will be received by the receiver and the necessary repairs made. Additionally, we have received bids for repair of the porches on the Yates property, and have posted signs on the Yates porches as required by the court.

Recently we have been solicited by a group interested in buying our Note. Meetings have been scheduled in Chicago for January 8th, to meet with the potential Note buyers, the Borrower, and inspect the property with our prospective receiver.

Meanwhile, the Borrower continues to report that he is working with several potential buyers, all of which would appease the loan payoff.

Northpark Apartments: The operational income for December has been received.

One of the attorneys for the Trustee has reached the conclusion that the Trustee should not pursue any sort of claim regarding either the Northpark or Austin Arms properties. Trustee's other attorney, however has still not agreed to release the assets and continues to analyze possible claims. We are optimistic that he will arrive to the same conclusion but are growing impatient with the continued delays. We can re-file our motion for relief to spur a response if we are unwilling to continue to cooperate with their delays and we will continue to weigh this option.

Meanwhile we continue to operate and improve the property. Aside from general maintenance and management of the complex, notable improvements conducted in December include: 1) Soffit replacement & repaint of the commercial building; 2) repainted the main office and installed some linoleum flooring; 3) total remodel of unit #23; 4) began 3 more remodels scheduled to be complete in January; and 5) the newly installed heating and cooling system is now fully functional with few items remaining to complete the installation.

In addition to physical property improvements management reported ongoing marketing efforts to include: 1) distribution of flyers bi-weekly; 2) local paper ads; 3) met with a realtor to assist with renting the commercial spaces; 4) participation in toys for tots; 5) participation in local food drive; and 6) craigslist ads.

December is seasonally a slow month for tenant “move-ins” and normally a large month of tenant “no-pays”. However, we had 6 move-ins and only 3 move-outs with very few no-pays.

Dialogue with the groups that have expressed an interest in purchasing the apartments continues while awaiting the assets to be released from our prior Borrowers bankruptcy proceeding.

ICE Development Theater: The note sale was completed on December 5, 2013. A final summary is provided below.

ICE Theaters I:

Principal Loan Amount: \$660,000.00
Net Interest & Fees Received: \$137,220.34
Loan Term: 562 days
Total Net Return to CPCD Investors: 20.79%
Final Net Annual Rate of Return to CPCD Investors: 13.50%

ICE Theaters II:

Principal Loan Amount: \$117,000.00
Net Interest & Fees Received: \$24,608.12
Loan Term: 339 days
Total Net Return to CPCD Investors: 21.03%
Final Net Annual Rate of Return to CPCD Investors: 22.65%

Sorroeix Home Bundle: Income generated from the properties in December has been received. Below is a brief update on each of the properties within the Home Bundle.

- 4335 Amherst Drive, Montgomery, AL – After researching the redemption options to purchase the property back, it was concluded that the property is not worth the amount being requested from the entity that bought it at the tax sale three years ago. We will instead utilize this property as a tax write off and are confident that the equity in the remaining properties continues to be significant as a whole.
- 2473 Shore Isle Avenue, Salton City, CA – The property has been cleaned, painted and prepared for rental. Our local realtor reports that he has two different parties interested in securing a lease, with an option to buy, on the property. Our realtor is confident an acceptable lease option will be secured in the next 30 days.
- 780 NE 69 Street Suite #805, Miami, FL – We have received the replacement property located at 8129 Paige Ave., Warren, MI 48089. The tenant income received is \$550.00 per month.
- 4922 Trekeil Street, North Port, FL – The property did not sell at the foreclosure auction with the credit bid set for \$64,000.00. We are currently assessing the property further and considering revising the listing sell price or renting the property.
- 6226 Castlewood Drive Morrow, GA – Property sold in November of 2012 for \$23,748.14.
- 724 Peachtree Macon, GA – There appears to be back taxes and city fines levied against the property in an amount (~\$6,000.00) that exceeds the estimated property value (~\$2,500.00). Thus, we have decided not to sell the property and instead let the property go to the City of Macon. The property value will be utilized as a tax write off.
- 7009 Branch Crossing Way, Douglasville, GA – Property sold on January 30, 2013 for \$26,500.00.
- 2806 Norfair Loop, Lithonia, GA – We have not received rent payments for November or December from the current tenant. The tenant’s lease also expires on December 30th. An eviction has been filed and we will evict the tenant unless the past due rent is brought current and a new lease is signed.
- 128 Tara Road A&B, Jackson, GA – Property sold on November 22, 2013 for \$27,000.00.

- 949 East 6th Street, Russell, KS – A buyer came forward just prior to the tax sale being completed. As a result, we paid the property taxes of \$3,988.12 and commenced the foreclosure. We anticipate selling the property as soon as the foreclosure is complete recouping our taxes paid and the \$2,992.56 purchase cost of the property. The estimated possession date is December 3, 2013.
- 406 Main Street, Princeton, KS – The property has been shown once in the current month. Our local realtor reports the buyers are contemplating submitting an offer. Due to the poor condition of the property we don't anticipate selling the property for much (~\$10,000.00) and should an offer not materialize soon we will lower the price to spark more interest and potential buyers.
- 3616 13th Street, Alexandria, LA – This property was not delivered in good order as contractually required. As part of a settlement, REMIC agreed to give us the Michigan cash-flowing property as a replacement.
- 3008 Belmont Ave, Baltimore, MD – The foreclosure auction date has been set for January 8th, 2014.
- 1226 South Spring Street, Independence, MO – The property has been repaired and made ready for new tenants. The property is currently being marketed to find a new tenant to lease the property.
- 2722 Patee Street, St. Joseph, MO. – The property was sold for \$18,700.00 on November 7th, 2013. Payment was applied as a pay down of the remaining principal loan balance.
- 301 & 303 West Courtois Street, Saint Louis, MO – We have secured a new tenant for one of the upstairs units at \$450.00 per month. We continue to receive the scheduled rent payment from the downstairs unit and have increased the rent to \$800.00 per month.
- 2933 N Bonsall Street, Philadelphia, PA – The foreclosure process continues with the estimate possession date now of February 15, 2014.
- 210 Pioneer Avenue, Hayti, SD – The foreclosure auction date has been set for February 5th 2014.
- The foreclosure process continues with estimated possession date of March 24, 2014.
- 3106 Utah Place, Richmond, VA – The foreclosure process continues with an estimate possession date of June 18, 2014.
- 914 Samuel Lane, Hugheston, WV – It was determined that the best strategy for this property and Borrower would be a loan modification, which was agreed on with a monthly mortgage payment of \$308.00 per month (Interest ~\$248.20 and principle ~\$59.80).
- 8129 Paige Ave. Warren, MI – This property was received as a replacement property by REMIC to make up for two other properties not received in good order. The property is rented for \$549.00 per month.

Washington Management: The Borrower's counsel has been in communications and requested a continuance of the hearing regarding the foreclosure judgment and scheduling of the law day. We have thus far been unable to reach a settlement and are finding little benefit in any of Borrower's suggestions since it is necessary to finalize the foreclosure process to be able to clear another lien off of the property anyway. Local counsel is concerned about usury risk in pursuing the guarantor with a deficiency action. If we can confirm that we can bring the guarantor action in Utah court without creating other risks then we will likely dismiss the guarantor claim and proceed with the scheduling of a law day in the Connecticut foreclosure action on the property.

Despite the legal progress, the Borrower continues to communicate and remains positive. His hope is to use some of his other assets to attract capital to refinance the subject property as part of a larger plan. We have researched various uses of the property should the Borrower fail and alternatives are needed.

An inspection report was not scheduled for December 2013.

Austin Arms: The net operational income for December has been received.

One of the attorneys for the Trustee has reached the conclusion that the Trustee should not pursue any sort of claim regarding either the Northpark or Austin Arms properties. Trustee's other attorney, however has still not agreed to release the assets and continues to analyze possible claims. We are optimistic that he will arrive to the same conclusion but are growing impatient with the continued delays. We can re-file our motion for relief to spur a response if we are unwilling to continue to cooperate with their delays and we will continue to weigh this option.

The occupancy rate continues to remain steady at greater than 80%. A remodel of unit #46 was conducted and there were 2 move-ins and 2 move-outs. Otherwise there is little notable activity to report.

Faimai: An update for each of the owned properties is given below.

Memphis, TN - Kings Court Apartments: New chains were added to the gate along with a new medico lock required by the city of Memphis. Our maintenance crew also repaired a few of the boards that fallen down from some of the apartment windows. Following these additions and repairs, the fire marshal inspected the property on December 22nd, 2013. We have confirmed that the repairs and medico lock have been accomplished to the fire department's satisfaction. We will now bring a motion to remove the current judgment from the property now that the property has been confirmed to be fully compliant.

We continue to receive reports of several groups trying to put together financing or some acceptable structure to purchase the property from us. We continue to research several alternatives while waiting for these proposals to materialize.

Bluffton, IN - KOA:

The KOA Campground has been closed for the 2013 season and will resume operation in April 2014. During the off-season a marketing plan, property improvements, and new ideas are being implemented for next year. Improvements are being made to our www.koa.com/campgrounds/bluffton/ web page to provide potential campers the most updated information about the campground and produce more camper nights booked online. We currently have one camper paying a monthly rate on our newly installed metered pedestals. The tenants in the home continue to be great renters and have noticeably improved the property in the last year. We were also able to get the home metered separately so the tenant can now pay for electric and gas used.

As a CPC Diversified member, should you be in the area and wish to stay at the campground during the 2014 season, please let us know as you will enjoy an "owner's preferred rate".

Fountain Valley: The December payment has been received.

We have sold our loan position as part of a larger bundle package. The purchaser has required the terms and conditions of the agreement to remain confidential and we may only disclose the specific terms of this agreement with a signed confidentiality agreement from each individual investor. However, we can disclose that upon final payment we will receive our entire principal outstanding and continue to maintain a profit sharing position. Additionally, payments are to be made on a schedule that ensures a significant return of our outstanding principal over the next year.

Kane County Cabin: We recently learned that the subordinated lien holder on the cabin intends on challenging our first position claim alleging that our Borrower did not have the legal authority to subordinate to us. We see no merit in the argument and have a title insurance policy on our first position so a claim will be made if and when that challenge is brought.

Meanwhile we continue to wait as our Borrower's personal Bankruptcy continues to delay our foreclosure efforts on this property.

Palomino Properties: The foreclosure sale is scheduled for January 24th 2013 at 10:00am. We have been informed by our realtor that the property has a good chance of selling at the auction and we will be paid off in full (including all fees and default interest) as a result of that sale. In the event a buyer does not bring a bid sufficiently high that we would accept, we will take title to the property pursuant to our credit bid subject to the Borrower's 12-month

redemption rights and sell the property through our realtor that has a group of potentially interested parties to purchase the property.

Prince of Wales: The Guarantor that we have brought action against has requested an extension to be able to answer the complaint in the Utah court matter, and a brief extension was granted. The attorneys plan on commencing settlement negotiations in early January. The Borrower has also been served with an eviction complaint commencing through the Alaska courts under which we hope to obtain possession of the property so that we will have possession throughout the guarantor claim and foreclosure processes.

Woodfield Green Executive Center: The December payment has been received.

We have sold our loan position as part of a larger bundle package. The purchaser has required the terms and conditions of the agreement to remain confidential and we may only disclose the specific terms of this agreement with a signed confidentiality agreement from each individual investor. However, we can disclose that upon final payment we will receive our entire principal outstanding and continue to maintain a profit sharing position. Additionally, payments are to be made on a schedule that ensures a significant return of our outstanding principal over the next year.

Battista Holdings: The December payment has been received.

We have sold our loan position as part of a larger bundle package. The purchaser has required the terms and conditions of the agreement to remain confidential and we may only disclose the specific terms of this agreement with a signed confidentiality agreement from each individual investor. However, we can disclose that upon final payment we will receive our entire principal outstanding and continue to maintain a profit sharing position. Additionally, payments are to be made on a schedule that ensures a significant return of our outstanding principal over the next year.

Summit Developers: The December payment has been received.

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ARE Endeavors: The December payment has been received.

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Lanark Ranches: The December payment has been received.

We have sold our loan position as part of a larger bundle package. The purchaser has required the terms and conditions of the agreement to remain confidential and we may only disclose the specific terms of this agreement with a signed confidentiality agreement from each individual investor. However, we can disclose that upon final payment we will receive our entire principal outstanding and continue to maintain a profit sharing position. Additionally, payments are to be made on a schedule that ensures a significant return of our outstanding principal over the next year.

Green River Refinery: The December payment has been received.

We have sold our loan position as part of a larger bundle package. The purchaser has required the terms and conditions of the agreement to remain confidential and we may only disclose the specific terms of this agreement with a signed confidentiality agreement from each individual investor. However, we can disclose that upon final payment we will receive our entire principal outstanding and continue to maintain a profit sharing position. Additionally, payments are to be made on a schedule that ensures a significant return of our outstanding principal over the next year.

Black Bear Resort: The December payment has been received.

We have sold our loan position as part of a larger bundle package. The purchaser has required the terms and conditions of the agreement to remain confidential and we may only disclose the specific terms of this agreement with a signed confidentiality agreement from each individual investor. However, we can disclose that upon final payment we will receive our entire principal outstanding and continue to maintain a profit sharing position. Additionally, payments are to be made on a schedule that ensures a significant return of our outstanding principal over the next year.