

CASE NAME: PROSPECT HOMES OF RICHMOND, INC.
CASE NUMBER: 09-33528
JUDGE: KEVIN R. HUENNEKENS


ACCRUAL BASIS

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

MONTHLY OPERATING REPORT
MONTH: October 31, 2009

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I
DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING
MONTHLY OPERATING REPORT (ACCRUAL BASIS-1 THROUGH ACCRUAL BASIS-6) AND
THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE
DOCUMENTS ARE TRUE, CORRECT AND COMPLETE. DECLARATION OF THE PREPARER
(OTHER THAN RESPONSIBLE PARTY): IS BASED ON ALL INFORMATION OF WHICH
PREPARER HAS ANY KNOWLEDGE.

RESPONSIBLE PARTY:


 ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

Joseph R. Audi
 PRINTED NAME OF RESPONSIBLE PARTY

President
 TITLE

1-4-2010
 DATE

PREPARER:

 ORIGINAL SIGNATURE OF PREPARER

 PRINTED NAME OF PREPARER

 TITLE

 DATE

CASE NAME: PROSPECT HOMES
 CASE NUMBER: 09-33528-KRH

ACCRUAL BASIS-1
 MONTH: October 31, 2009

COMPARATIVE BALANCE SHEET

ASSETS	SCHEDULE AMOUNT	MONTH	MONTH	MONTH
		August-09	September-09	October-09
1. UNRESTRICTED CASH	14,449.74	35,898.90	6,833.22	26,201.05
2. RESTRICTED CASH	-	463,923.16	682,580.52	639,482.21
3. TOTAL CASH	14,449.74	499,822.06	689,413.74	665,683.26
4. ACCOUNTS RECEIVABLE (NET)	5,312,610.36	5,312,610.36	5,312,610.36	5,312,610.36
5. INVENTORY	24,893,873.79	23,286,933.52	22,366,439.17	21,666,366.07
6. NOTES RECEIVABLE				
7. PREPAID EXPENSES				
8. OTHER (ATTACH LIST)	937,444.00	604,374.00	604,374.00	604,374.00
9. TOTAL CURRENT ASSETS	31,158,377.89	29,203,917.88	28,972,837.27	27,583,350.43
10. PROPERTY, PLANT & EQUIPMENT	55,750.00	15,228.50	15,228.50	15,228.50
11. LESS: ACCUMULATED DEPRECIATION / DEPLETION				
12. NET PROPERTY, PLANT & EQUIPMENT	55,750.00	15,228.50	15,228.50	15,228.50
13. DUE FROM INSIDERS				
14. OTHER ASSETS - NET OF AMORTIZATION (ATTACH LIST)				
15. OTHER (ATTACH LIST)				
16. TOTAL ASSETS	31,228,577.63	29,718,968.44	29,677,479.51	28,264,262.19
POSTPETITION LIABILITIES				
17. ACCOUNTS PAYABLE		266,436.48	344,597.70	390,184.16
18. TAXES PAYABLE				
19. NOTES PAYABLE				
20. PROFESSIONAL FEES		46,946.43	51,840.05	21,057.23
21. SECURED DEBT		485,504.33	659,539.97	833,575.61
22. OTHER (ATTACH LIST)		82,223.19	363,858.97	333,464.06
23. TOTAL POSTPETITION LIABILITIES	-	881,110.43	1,419,836.69	1,578,281.06
PREPETITION LIABILITIES				
24. SECURED DEBT	34,747,295.40	33,235,257.21	32,124,322.49	31,149,194.85
25. PRIORITY DEBT	435,377.42	286,293.77	226,079.18	225,145.65
26. UNSECURED DEBT	13,633,799.84	13,628,057.02	13,721,683.42	13,846,210.61
27. OTHER (ATTACH LIST)				
28. TOTAL PREPETITION LIABILITIES	48,816,472.66	47,149,608.00	46,072,085.09	45,220,551.11
29. TOTAL LIABILITIES	48,816,472.66	48,030,718.43	47,491,921.78	46,798,832.17

**Prospect Homes of Richmond, Inc.
Comparative Balance Sheet**

A-1 Attach

ASSETS	SCHEDULE AMOUNT	MONTH	MONTH	MONTH
		August-09	September-09	October-09
8. OTHER (ATTACH LIST)				
Lot Deposits	868,500.00	553,000.00	553,000.00	553,000.00
Vehicles	68,944.00	51,374.00	51,374.00	51,374.00
Total Other	937,444.00	604,374.00	604,374.00	604,374.00

POST PETITION SECURED LIABILITY	SCHEDULE AMOUNT	MONTH	MONTH	MONTH
		August-09	September-09	October-09
21. Secured Debt				
N/P J.R. AUDI LLC - DIP LOAN		444,334.36	618,370.00	792,405.64
N/P JOE AUDI - DIP LOAN		41,169.97	41,169.97	41,169.97
Total Other	0.00	485,504.33	659,539.97	833,575.61

POST PETITION LIABILITIES	SCHEDULE AMOUNT	MONTH	MONTH	MONTH
		August-09	September-09	October-09
22. OTHER (ATTACH LIST)				
Matthew Eller - New Market Rd Deposit		800.00	800.00	800.00
Purdy 1B TN - EMD held in Escrow		10,000.00	10,000.00	10,000.00
Pauly TC32-3 - EMD held in Escrow			1,000.00	-
Smith LG18C - EMD held in Escrow			500.00	-
Coleman CE16-1 - EMD held in Escrow			1,000.00	1,000.00
Silvey TN2M - EMD held in Escrow			5,000.00	5,000.00
Taylor TN3B - EMD held in Escrow			10,000.00	10,000.00
Kroll HG23-2 - EMD held in Escrow			2,500.00	2,500.00
Payroll - 9/21/09-9/30/09 will be paid on 10/9/09			29,754.85	-
Durrette Bradshaw		27,902.53	38,339.45	15,144.30
LeClair Ryan		19,043.90	13,500.60	5,912.93
Add'l Paid in Capital - Joe Audi			150,000.00	150,000.00
Add'l Paid in Capital - Joe Audi			101,464.07	101,464.07
Payroll 10/19-10/31/09 will be paid on 11/6/09				31,642.76
Total Other	0.00	82,223.19	363,858.97	333,464.06

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ACCRUAL BASIS-2

MONTH: October 31, 2009

INCOME STATEMENT

	MONTH	MONTH	MONTH	QUARTER
	August-09	September-09	October-09	TOTAL
REVENUES				
1. GROSS REVENUES	637,787.00	979,435.00	839,000.00	2,456,222.00
2. LESS: RETURNS & DISCOUNTS	-	-	-	-
3. NET REVENUE	637,787.00	979,435.00	839,000.00	2,456,222.00
COST OF GOODS SOLD				
4. MATERIAL	96,969.66	203,278.41	203,837.44	504,085.51
5. DIRECT LABOR	271,147.88	421,574.15	344,162.92	1,036,884.95
6. DIRECT OVERHEAD	227,507.56	275,728.96	266,040.52	769,277.04
7. TOTAL COST OF GOODS SOLD	595,625.10	900,581.52	814,040.88	2,310,247.50
8. GROSS PROFIT	42,161.90	78,853.48	24,959.12	145,974.50
OPERATING EXPENSES				
9. OFFICER / INSIDER COMPENSATION	9,230.76	9,230.76	8,307.70	26,769.22
10. SELLING & MARKETING	19,669.84	23,443.47	16,540.90	59,654.21
11. GENERAL & ADMINISTRATIVE	89,637.04	79,900.45	63,903.32	233,440.81
12. RENT & LEASE	2,412.00	1,922.00	1,922.00	6,256.00
13. OTHER (ATTACH LIST)	89,512.35	188,229.28	160,578.95	438,320.58
14. TOTAL OPERATING EXPENSES	210,461.99	302,725.96	251,252.87	764,440.82
15. INCOME BEFORE NON-OPERATING INCOME & EXPENSE	(168,300.09)	(223,872.48)	(226,293.75)	(618,466.32)
OTHER INCOME & EXPENSES				
16. NON-OPERATING INCOME (ATT. LIST)	(8,978.85)	806.88	975.00	(7,196.97)
17. NON-OPERATING EXPENSE (ATT. LIST)				-
18. INTEREST EXPENSE				-
19. DEPRECIATION / DEPLETION				-
20. AMORTIZATION				-
21. OTHER (ATTACH LIST)		13,731.92	50,644.10	64,376.02
22. NET OTHER INCOME & EXPENSES	8,978.85	12,925.04	49,669.10	71,572.99
REORGANIZATION EXPENSES				
23. PROFESSIONAL FEES	18,957.05	46,946.43	55,902.06	121,805.54
24. U.S. TRUSTEE FEES	-	651.92	4,873.08	5,525.00
25. OTHER (ATTACH LIST)				-
26. TOTAL REORGANIZATION EXPENSES	18,957.05	47,598.35	60,775.14	127,330.54
27. INCOME TAX				-
28. NET PROFIT (LOSS)	(196,235.99)	(284,395.87)	(336,737.99)	(817,369.85)

Prospect Homes of Richmond, Inc.
MONTH: October 31, 2009

A-2 Attach

#13 Other Operating Expenses

\$ 1,079.33 Other Construction Costs
\$ 113,449.62 Expensed Bank Interest
\$ 46,050.00 External Broker Commissions

\$ 160,578.95

#21 Other Income and Expenses
Mechanics Lien Settlement Adjustments

Adjustment Amount	Vendor
<u>\$ 35,690.10</u>	American Applicators - Mech Lien Settlement Adjustment
<u>\$ 4,348.00</u>	JSC Concrete - Mech Lien Settlement Adjustment
<u>\$ 10,606.00</u>	Construction Applicators - Mech Lien Settlement Adjustment
<u>\$ 50,644.10</u>	

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ACCRUAL BASIS-3
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CASH RECEIPTS AND DISBURSEMENTS	MONTH	MONTH	MONTH	QUARTER
	August-09	September-09	October-09	TOTAL
1. CASH - BEGINNING OF MONTH	519,641.44	499,822.06	689,413.74	519,641.44
RECEIPTS FROM OPERATIONS				
2. CASH SALES				-
COLLECTION OF ACCOUNTS RECEIVABLE				
3. PREPETITION				-
4. POSTPETITION				-
5. TOTAL OPERATING RECEIPTS				-
NON - OPERATING RECEIPTS				
6. LOANS & ADVANCES (ATTACH LIST)	129,153.40	110,215.76	174,035.64	413,404.80
7. SALE OF ASSETS				-
8. OTHER (ATTACH LIST)	40,475.24	319,767.94	62,622.13	422,865.31
9. TOTAL NON-OPERATING RECEIPTS	169,628.64	429,983.70	236,657.77	836,270.11
10. TOTAL RECEIPTS	169,628.64	429,983.70	236,657.77	836,270.11
11. TOTAL CASH AVAILABLE	689,270.08	929,805.76	926,071.51	2,545,147.35
OPERATING DISBURSEMENTS				
12. NET PAYROLL	55,107.33	45,732.32	40,599.84	141,439.49
13. PAYROLL TAXES PAID	21,852.88	17,477.43	14,777.26	54,107.57
14. SALES, USE & OTHER TAXES PAID				-
15. SECURED / RENTAL / LEASES	1,922.00	1,922.00	1,922.00	5,766.00
16. UTILITIES	9,643.22	10,538.02	7,932.74	28,113.98
17. INSURANCE	10,101.45	12,495.82	20,738.58	43,335.85
18. INVENTORY PURCHASES				-
19. VEHICLE EXPENSES	1,970.76	1,279.84	1,826.31	5,076.91
20. TRAVEL				-
21. ENTERTAINMENT				-
22. REPAIRS & MAINTENANCE				-
23. SUPPLIES	350.19	773.19	755.12	1,878.50
24. ADVERTISING				-
25. OTHER (ATTACH LIST)	69,543.14	102,575.05	111,061.26	283,179.45
26. TOTAL OPERATING DISBURSEMENTS	170,490.97	192,793.67	199,613.11	562,897.75
REORGANIZATION EXPENSES				
27. PROFESSIONAL FEES	18,957.05	46,946.43	55,902.06	121,805.54
28. U.S. TRUSTEE FEES	-	651.92	4,873.08	5,525.00
29. OTHER (ATTACH LIST)				-
30. TOTAL REORGANIZATION EXPENSES	18,957.05	47,598.35	60,775.14	127,330.54
31. TOTAL DISBURSEMENTS	189,448.02	240,392.02	260,388.25	690,228.29
32. NET CASH FLOW	(19,819.38)	189,591.68	(23,730.48)	146,041.82
33. CASH - END OF MONTH	499,822.06	689,413.74	665,683.26	665,683.26

**Prospect Homes of Richmond, Inc.
MOR A-3 Attachment**

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Non-Operating Cash Receipts

MONTH: October 31, 2009

LOANS & ADVANCES

\$	53,961.84	Loan Funding from J R Audi LLC
\$	28,878.13	Loan Funding from J R Audi LLC
\$	29,045.25	Loan Funding from J R Audi LLC
\$	26,738.42	Loan Funding from J R Audi LLC
\$	35,412.00	Loan Funding from J R Audi LLC
\$	<u>174,035.64</u>	

OTHER

\$	43,763.56	TN3A Trust / Held in Escrow by Durette Bradshaw
\$	14,081.82	Misc (rental income, utility/insurance refunds)
\$	3,276.75	Funds from closing Village Bank Acct
\$	1,500.00	Home Buyer Escrow funds
\$	<u>62,622.13</u>	

**Prospect Homes of Richmond, Inc.
MOR A-3 Attachment**

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Other Disbursements

MONTH: October 31, 2009

\$	4,200.00	Appraisal
\$	280.00	Employee Gas Allowance
\$	400.00	Employee Gas Allowance
\$	350.00	Lawn maintenance
\$	457.00	S.B Cox
\$	554.76	Home Depot
\$	7,230.00	Chesterfield County
\$	160.00	Automated Air Systems, Inc.
\$	70.00	Louisa Abstract Services
\$	2,360.13	Richmond Decorating
\$	79.00	Woodfin Heating & Air
\$	2,636.25	Kappa Networks
\$	83.99	Virtual World Solutions, LLC
\$	147.08	Reimb for field supplies
\$	240.00	Automated Air Systems, Inc.
\$	175.00	Creative Wood Products
\$	57.00	Chesterfield County
\$	2,065.00	Garrison & Associates
\$	500.00	Piedmont Settlement Svc - filing fees
\$	50,000.00	American Applicators - mech lien settlement
\$	10,000.00	JSC concrete - mech lien settlement
\$	12,500.00	Construction Applicators - mech lien settlement
\$	0.24	Bank Fee
\$	0.30	Bank Fee
\$	0.47	Bank Fee
\$	15.00	Bank Fee
\$	0.04	Bank Fee
\$	1,000.00	Fulton Bank - TC323 escrow release
\$	15,000.00	Suntrust Bank - TN3A escrow release
\$	500.00	Regions Bank - LG18C escrow release

\$ 111,061.26

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ACCRUAL BASIS-4

MONTH: October 31, 2009

AGING: ACCOUNTS RECEIVABLE	SCHEDULE AMOUNT	MONTH	MONTH	MONTH
		Aug-09	Sep-09	Oct-09
1. 0-30				
2. 31-60				
3. 61-90				
4. 91+	5,312,610.36	5,312,610.36	5,312,610.36	5,312,610.36
5. TOTAL ACCOUNTS RECEIVABLE	5,312,610.36	5,312,610.36	5,312,610.36	5,312,610.36
6. AMOUNT CONSIDERED UNCOLLECTIBLE	5,312,610.36	5,312,610.36	5,312,610.36	5,312,610.36
7. ACCOUNTS RECEIVABLE (NET)	0.00	0.00	0.00	0.00

AGING: POSTPETITION TAXES & PAYABLES					
TAXES PAYABLE	0-30 DAYS	31-60 DAYS	61-90 DAYS	91+ DAYS	TOTAL
1. FEDERAL					
2. STATE					
3. LOCAL					
4. OTHER (ATTACH LIST)					
5. TOTAL TAXES PAYABLE					
6. ACCOUNTS PAYABLE					0

STATUS OF POSTPETITION TAXES				
	BEGINNING TAX LIABILITY*	AMOUNT WITHHELD &/ OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY
FEDERAL				
1. WITHHOLDING**	0.00	3,918.05	-3,918.05	0.00
2. FICA-EMPLOYEE**	0.00	4,496.30	-4,496.30	0.00
3. FICA-EMPLOYER**	0.00	3,918.05	-3,918.05	0.00
4. UNEMPLOYMENT	0.00			0.00
5. INCOME	0.00			0.00
6. OTHER (ATTACH LIST)	0.00			0.00
7. TOTAL FEDERAL TAXES	0.00	12,332.40	-12,332.40	0.00
STATE AND LOCAL				
8. WITHHOLDING	0.00	2,125.39	-2,125.39	0.00
9. SALES	0.00			0.00
10. EXCISE	0.00			0.00
11. UNEMPLOYMENT	0.00			0.00
12. REAL PROPERTY	0.00			0.00
13. PERSONAL PROPERTY	0.00			0.00
14. OTHER (ATTACH LIST)	0.00			0.00
15. TOTAL STATE & LOCAL	0.00	2,125.39	-2,125.39	0.00
16. TOTAL TAXES	0.00	14,457.79	-14,457.79	0.00

* The beginning tax liability should represent the liability from the prior month or, if this is the first operating report, the amount should be zero.

** Attach photocopies of IRS Form 6123 or your FTD coupon and payment receipt to verify payment or deposit.

NOTE: Proof of Electronic Payment sent as 2 scanned documents

CASE NAME: PROSPECT HOMES
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ACCRUAL BASIS-5

MONTH: October 31, 2009

The debtor in possession must complete the reconciliation below for each bank account, including all general, payroll and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, government obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

BANK RECONCILIATIONS	Account #1	Account #2	Account #3	Account #4	Account #5
A. BANK:	Bank of America	Bank of America	Bank of America	Bank of America	Durette Bradshaw
B. ACCOUNT NUMBER:	*****4811	*****4824	*****4837	*****4840	
C. PURPOSE (TYPE):	Operating	Payroll	Buyer Escrow	Special Escrow	TN2A Escrow
1. BALANCE PER BANK STATEMENT	26,201.05	5,455.40	61,258.75	19.00	0.00
2. ADD: TOTAL DEPOSITS NOT CREDITED	35,412.00	0.00		0.00	0.00
3. SUBTRACT: OUTSTANDING CHECKS	40,615.62	4,301.80	10,000.00	0.00	0.00
4. OTHER RECONCILING ITEMS	0.00			0.00	0.00
5. MONTH END BALANCE PER BOOKS	26,201.05	1,153.60	51,258.75	19.00	327,387.23
6. NUMBER OF LAST CHECK WRITTEN	1331	17259	1040	n/a	n/a

	Account #6	Account #7	Account #8	Account #9	Account #10
A. BANK:	Durette Bradshaw	Durette Bradshaw	Durette Bradshaw	Durette Bradshaw	Durette Bradshaw
B. ACCOUNT NUMBER:				Claims Admin	Case Admin
C. PURPOSE (TYPE):	FC33-1 Escrow	BF2A Escrow	TN3A Escrow	Trust Account	Trust Account
1. BALANCE PER BANK STATEMENT	0.00	0.00	0.00	0.00	0.00
2. ADD: TOTAL DEPOSITS NOT CREDITED	0.00	0.00	0.00	0.00	0.00
3. SUBTRACT: OUTSTANDING CHECKS	0.00	0.00	0.00	0.00	0.00
4. OTHER RECONCILING ITEMS	0.00	0.00	0.00	0.00	0.00
5. MONTH END BALANCE PER BOOKS	12,336.00	5,669.14	43,763.56	161,284.49	36,610.44
6. NUMBER OF LAST CHECK WRITTEN	n/a	n/a	n/a	n/a	n/a

	Account #	Account #	Account #	
A. BANK:				TOTAL
B. ACCOUNT NUMBER:				
C. PURPOSE (TYPE):				
1. BALANCE PER BANK STATEMENT				92,934.20
2. ADD: TOTAL DEPOSITS NOT CREDITED				35,412.00
3. SUBTRACT: OUTSTANDING CHECKS				54,917.42
4. OTHER RECONCILING ITEMS				0.00
5. MONTH END BALANCE PER BOOKS				665,683.26
6. NUMBER OF LAST CHECK WRITTEN				

CASH
 12. CURRENCY ON HAND

13. TOTAL CASH - END OF MONTH 665,683.26

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ACCRUAL BASIS-6

MONTH: October 31, 2009

PAYMENTS TO INSIDERS AND PROFESSIONALS

OF THE TOTAL DISBURSEMENTS SHOWN FOR THE MONTH, LIST THE AMOUNT PAID TO INSIDERS (AS DEFINED IN SECTION 101 (31) (A)-(F) OF THE U.S. BANKRUPTCY CODE) AND TO PROFESSIONALS. ALSO, FOR PAYMENTS TO INSIDERS, IDENTIFY THE TYPE OF COMPENSATION PAID (e.g. SALARY, BONUS, COMMISSIONS, INSURANCE, HOUSING ALLOWANCE, TRAVEL, CAR ALLOWANCE, ETC.). ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
1. Joe Audi	Payroll	4,615.38	24,128.40
2. Tony Renaldi	Payroll	3,692.32	23,931.91
3. Alex Audi	Lawn Cutting	350.00	1,850.00
4.			
5.			
6. TOTAL PAYMENTS TO INSIDERS		8,657.70	49,910.31

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID *
1. Durette Bradshaw		48,618.94	41,413.39	101,662.53	15,144.30
2. LeClair Ryan		17,045.50	14,888.67	33,932.57	5,912.93
3.					
4.					
5.					
6. TOTAL PAYMENTS TO PROFESSIONALS		65,664.44	56,302.06	135,595.10	21,057.23

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

POSTPETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS			
NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENTS DUE	AMOUNTS PAID DURING MONTH	TOTAL UNPAID POSTPETITION
1. See A-6 Attachment			
2.			
3.			
4.			
5.			
6. TOTAL			

A-6 ATTACHMENT

**POSTPETITION STATUS OF SECURED NOTES,
LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS**

MONTH: October 31, 2009

#	Name of Creditor	Scheduled Monthly Payments Due	Amounts Paid During Month	Total Unpaid Postpetition	Comments
1	BB&T Bank	Unknown	0.00	Unknown	Have not received statement from bank / Negotiating terms with Bank / Relief of Stay Order 9/1/09 except Belfair Bldg A is 9/8/09
2	C&F Bank	2,815.89	0.00	31,202.68	Have only received some of the interest bills in Sept/Negotiating terms with Bank / Relief of Stay Order 10/7/09
3	First Market Bank	12,505.48	0.00	69,527.74	Negotiating terms with Bank Motion to Approve Settlement filed 9/21/09; to be heard 9/30/09 / Settlement Final 10/7/09
4	Fulton Bank	Unknown	0.00	Unknown	Have not received statement from bank / Negotiating terms with Bank Motion to Approve Settlement filed 9/21/09; to be heard 9/30/09 / Settlement Final 10/23/09
5	Franklin Federal Savings	7,050.64	0.00	39,282.40	Negotiating terms with Bank
6	Paragon Bank	Unknown	0.00	Unknown	Have not received statement from bank / Negotiating terms with Bank
7	SunTrust Bank	4,679.32	0.00	144,064.55	Have not received statement from bank / Negotiating terms with Bank / Relief of Stay Order 11/6/09 for all except Three Notch
8	Regions Bank	13,133.36	0.00	66,301.99	Negotiating terms with Bank / Relief of Stay Order 8/25/09
9	Village Bank	5,401.77	0.00	39,804.82	Negotiating terms with Bank / Relief of Stay Order 9/10/09
10	VA Commonwealth Bank	Unknown	0.00	Unknown	Have not received statement from bank / Negotiating terms with Bank Motion to Approve Settlement filed 9/21/09; to be heard 9/30/09/ Settlement Final 10/23/09
11	Wachovia Bank	Unknown	0.00	Unknown	Have not received statement from bank / Negotiating terms with Bank / Relief of Stay Order 10/23/09
	TOTAL	45,586.48	0.00	390,184.16	**Understated, due to some banks not submitting interest bills; therefore, actual amount truly unknown**

CASE NAME: PROSPECT HOMES
 CASE NUMBER: 09-33528-KRH

ACCRUAL BASIS-7

MONTH: October 31, 2009

QUESTIONNAIRE

	YES	NO
1. HAVE ANY ASSETS BEEN SOLD OR TRANSFERRED OUTSIDE THE NORMAL COURSE OF BUSINESS THIS REPORTING PERIOD?		X
2. HAVE ANY FUNDS BEEN DISBURSED FROM ANY ACCOUNT OTHER THAN A DEBTOR IN POSSESSION ACCOUNT?		X
3. ARE ANY POSTPETITION RECEIVABLES (ACCOUNTS, NOTES, OR LOANS) DUE FROM RELATED PARTIES?		X
4. HAVE ANY PAYMENTS BEEN MADE ON PREPETITION LIABILITIES THIS REPORTING PERIOD?	X	
5. HAVE ANY POSTPETITION LOANS BEEN RECEIVED BY THE DEBTOR FROM ANY PARTY?	X	
6. ARE ANY POSTPETITION PAYROLL TAXES PAST DUE?		X
7. ARE ANY POSTPETITION STATE OR FEDERAL INCOME TAXES PAST DUE?		X
8. ARE ANY POSTPETITION REAL ESTATE TAXES PAST DUE?		X
9. ARE ANY OTHER POSTPETITION TAXES PAST DUE?		X
10. ARE ANY AMOUNTS OWED TO POSTPETITION CREDITORS DELINQUENT?	X	
11. HAVE ANY PREPETITION TAXES BEEN PAID DURING THE REPORTING PERIOD?	X	
12. ARE ANY WAGE PAYMENTS PAST DUE?		X

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "YES," PROVIDE A DETAILED EXPLANATION OF EACH ITEM. ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSURANCE

	YES	NO
1. ARE WORKER'S COMPENSATION, GENERAL LIABILITY AND OTHER NECESSARY INSURANCE COVERAGES IN EFFECT?	X	
2. ARE ALL PREMIUM PAYMENTS PAID CURRENT?	X	
3. PLEASE ITEMIZE POLICIES BELOW.		

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "NO," OR IF ANY POLICIES HAVE BEEN CANCELLED OR NOT RENEWED DURING THIS REPORTING PERIOD, PROVIDE AN EXPLANATION BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSTALLMENT PAYMENTS

TYPE OF POLICY	CARRIER	PERIOD COVERED	PAYMENT AMOUNT & FREQUENCY
General Liability	Builders Mutual Insurance	9/24/09-9/24/10	monthly
Auto	Builders Mutual Insurance	9/24/09-9/24/10	monthly
Umbrella	Builders Mutual Insurance	9/24/09-9/24/10	monthly
Workers Compensation	Builders Mutual Insurance	9/24/09-9/24/10	monthly

Prospect Homes of Richmond, Inc.
MOR A-7 Attachment

MONTH: October 31, 2009

#4 Three house settlements: Tinsley Charter 32-3 Fulton Bank paid off \$211,868.56
Three Notch 3A Suntrust paid off \$69,763.56; Lake Ridge Green 18C Regions paid off
\$189,687.16

Real Estate Taxes: Henrico \$439.96; Hanover \$933.53

Homebuyer Escrow Release: TC32-3 Pauley \$1000 released to Fulton Bank; TN3A Garrison
\$15,000 released to Suntrust Bank; LG18C Smith \$500 released to Regions Bank

#5 Operational Funding

\$	53,961.84	Loan Funding from J R Audi LLC
\$	28,878.13	Loan Funding from J R Audi LLC
\$	29,045.25	Loan Funding from J R Audi LLC
\$	26,738.42	Loan Funding from J R Audi LLC
\$	35,412.00	Loan Funding from J R Audi LLC
\$	<u>174,035.64</u>	

#10 See A6 attachment - Bank interest accruals.

#11 Real Estate Taxes: Henrico \$439.96; Hanover \$933.53

Bank of America



CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number **4840**
01 01 152 01 M0000 E# 0
Last Statement: 09/30/2009
This Statement: 10/30/2009

Customer Service
1-877-757-8233

PROSPECT HOMES OF RICHMOND INC
DEBTOR IN POSSESSION 09-33528
SPECIAL PURPOSE ESCROW
2702 N. PARHAM RD. 300
RICHMOND VA 23294

Page 1 of 2

Bankruptcy Case Number: 0933528

You must not use your account for illegal transactions, for example those prohibited by the Unlawful Internet Gambling Enforcement Act 31 U.S.C. Section 5361 et. seq.

CUSTOMER CONNECTION ECONOMY CHECKING

Account Summary Information

Statement Period	10/01/2009 - 10/30/2009	Statement Beginning Balance	34.00
Number of Deposits/Credits	0	Amount of Deposits/Credits	0.00
Number of Checks	0	Amount of Checks	0.00
Number of Other Debits	1	Amount of Other Debits	15.00
		Statement Ending Balance	19.00
Number of Enclosures	0	Service Charge	15.00

Withdrawals and Debits

Other Debits		Customer		Bank	
Date Posted	Reference	Amount	Description	Reference	
10/30		15.00	Service Charge		

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
09/30	34.00	34.00	10/30	19.00	19.00

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406



Account Number: [REDACTED] 4837
0101152301 M0000# 4
Last Statement: 09/30/2009
This Statement: 10/30/2009

Customer Service
1-877-757-8233

PROSPECT HOMES OF RICHMOND INC
DEBTOR IN POSSESSION 09-33528
HOMEBUYER ESCROW ACCT
2702 N. PARHAM RD 300
RICHMOND VA 23294

Page 1 of 2

Bankruptcy Case Number: 0933528

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CUSTOMER CONNECTION ECONOMY CHECKING

Account Summary Information

Statement Period	10/01/2009 - 10/30/2009	Statement Beginning Balance	86,259.22
Number of Deposits/Credits	2	Amount of Deposits/Credits	1,500.00
Number of Checks	4	Amount of Checks	26,500.00
Number of Other Debits	1	Amount of Other Debits	47.00
		Statement Ending Balance	61,258.75
Number of Enclosures	4	Service Charge	47.00

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
10/05		1,000.00	VA BANKING CENTER DEPOSIT	115804982503595
10/27		500.00	VA BANKING CENTER DEPOSIT	116504882245884

Withdrawals and Debits

Check Number	Amount	Date Posted	Bank Reference	Check Number	Amount	Date Posted	Bank Reference
1032	10,000.00	10/15	4782227284	1039	15,000.00	10/30	4092058105
1038*	1,000.00	10/07	9192629884	1040	500.00	10/16	9492403793

Other Debits

Date Posted	Customer Reference	Amount	Description	Bank Reference
10/30		47.00	FDIC ASSESSMENT	

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
09/30	86,259.22	83,759.22	10/16	75,759.22	75,759.22
10/05	87,259.22	86,109.22	10/27	76,259.22	75,759.22
10/06	87,259.22	87,199.22	10/28	76,259.22	76,229.22
10/07	86,259.22	86,259.22	10/29	76,259.22	76,259.22
10/15	76,259.22	76,259.22	10/30	61,258.75	61,258.75

* The preceding check(s) is still outstanding or has been included in a previous statement or is included in the 'Other Debits' section as an ACH paperless transaction. Recycled Paper

Bank of America

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CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406



Account Number: 57554824
PIN: 152301 M0000AE# 10
Last Statement: 09/30/2009
This Statement: 10/30/2009

PROSPECT HOMES OF RICHMOND INC
DEBTOR IN POSSESSION 09-33528
PAYROLL ACCOUNT
2702 N. PARHAM RD 300
RICHMOND, VA 23294

Customer Service
1-877-757-8233

Page 1 of 3

Bankruptcy Case Number: 0933528

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CUSTOMER CONNECTION ECONOMY CHECKING

Account Summary Information

Statement Period	10/01/2009 - 10/30/2009	Statement Beginning Balance	8,552.52
Number of Deposits/Credits	2	Amount of Deposits/Credits	55,616.55
Number of Checks	10	Amount of Checks	19,172.79
Number of Other Debits	7	Amount of Other Debits	39,540.88
		Statement Ending Balance	5,455.40
Number of Enclosures	10	Service Charge	.04
		Deposits and Credits	

Date Posted	Customer Reference	Amount	Description	Bank Reference
10/05		28,878.13	VA BANKING CENTER DEPOSIT	116504682445052
10/19		26,738.42	VA BANKING CENTER DEPOSIT	116504682046644

Withdrawals and Debits

Checks

Check Number	Amount	Date Posted	Bank Reference	Check Number	Amount	Date Posted	Bank Reference
17218	2,131.15	10/01	4782682283	17243*	1,138.12	10/13	6492649128
17219	5,239.40	10/08	9392878808	17254*	2,131.15	10/26	4982312325
17221*	587.25	10/01	9292083611	17255	4,301.80	10/28	9192521063
17235*	1,704.93	10/15	4682903993	17257*	481.92	10/30	9592732742
17241*	469.80	10/14	9192421714	17259*	987.27	10/28	6092489090

Other Debits

Date Posted	Customer Reference	Amount	Description	Bank Reference
10/06		14,781.16	NATIONAL PAYMENT DES:PAYROLL ID:10171789	78007685968
			INDN:PROSPECT HOMES CO ID:OFFSETS CCD	
10/09		20.87	NPC-FEES-1ST P DES: NPC FEES ID:10171789	81012479600
10/14		6,482.32	INDN:PROSPECT HOMES CO ID:NPCHARGE CCD	
			IRS DES:USATAXPYMT ID:220968700057183	86011899658
10/20		12,386.20	NATIONAL PAYMENT DES:PAYROLL ID:10171789	92006267323
			INDN:PROSPECT HOMES OF RICH CO ID:3387702000 CCD	
10/23		20.21	NPC-FEES-1ST P DES: NPC FEES ID:10171789	95009906712
10/28		5,850.08	INDN:PROSPECT HOMES CO ID:NPCHARGE CCD	
			IRS DES:USATAXPYMT ID:220970100802417	00011296760
			INDN:PROSPECT HOMES OF RICH CO ID:3387702000 CCD	

* The preceding check(s) is still outstanding or has been included in a previous statement or is included in the 'Other Debits' section as an ACH paperless transaction.

CUSTOMER CONNECTION
 BANK OF AMERICA N.A.
 DALLAS, TEXAS 75285-2406

Account Number: 824
 01101752700 M0000 B# 10
 Base Statement: 09/30/2009
 This Statement: 10/30/2009

Customer Service
 1-877-757-8233

PROSPECT HOMES OF RICHMOND INC

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Bankruptcy Case Number: 0933528

CUSTOMER CONNECTION ECONOMY CHECKING

Other Debits - Continued

Date Posted	Customer Reference	Amount	Description	Bank Reference
10/30		.04	FDIC ASSESSMENT	

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
09/30	8,552.52	8,552.52	10/15	4,875.65	4,875.65
10/01	5,834.12	5,834.12	10/19	51,614.07	4,875.65
10/05	34,712.25	5,834.12	10/20	19,227.87	17,623.57
10/06	19,931.09	18,198.41	10/21	19,227.87	19,227.87
10/07	19,931.09	19,931.09	10/23	19,207.66	19,207.66
10/08	14,691.69	14,691.69	10/26	17,076.51	17,076.51
10/09	14,670.82	14,670.82	10/28	5,937.36	5,937.36
10/13	13,532.70	13,532.70	10/30	5,455.40	5,455.40
10/14	6,580.58	6,580.58			

Bank of America

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406



Account Number: 075004811
0101152101 M0000E# 65
Last Statement: 09/30/2009
This Statement: 10/30/2009

PROSPECT HOMES OF RICHMOND INC
DEBTOR IN POSSESSION 09-33528
OPERATING ACCOUNT
2702 N. PARHAM RD 300
RICHMOND VA 23294

Customer Service
1-877-757-8233

Page 1 of 3

Bankruptcy Case Number: 0933528

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CUSTOMER CONNECTION ECONOMY CHECKING

Account Summary Information

Statement Period	10/01/2009 - 10/30/2009	Statement Beginning Balance	37,434.52
Number of Deposits/Credits	6	Amount of Deposits/Credits	100,365.36
Number of Checks	65	Amount of Checks	105,791.46
Number of Other Debits	3	Amount of Other Debits	603.75
		Statement Ending Balance	31,404.67
Number of Enclosures	65	Service Charge	24

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
10/05		53,961.84	VA BANKING CENTER DEPOSIT	116504682445054
10/08		11,464.13	VA BANKING CENTER DEPOSIT	116504682652674
10/14		332.00	VA BANKING CENTER DEPOSIT	116504682831912
10/14		3,276.75	VA BANKING CENTER DEPOSIT	116504682831914
10/20		29,045.25	VA BANKING CENTER DEPOSIT	116505082128135
10/27		2,285.39	VA BANKING CENTER DEPOSIT	116504882245886

Withdrawals and Debits

Check Number	Amount	Date Posted	Bank Reference	Check Number	Amount	Date Posted	Bank Reference
B1310 375	17.98	10/30	1792534309	1266	1,140.23	10/09	9592243034
1202*	381.30	10/22	9392090855	1267	50.01	10/05	6592171168
1224*	2,520.00	10/06	6892620527	1269*	1,084.78	10/02	4682360425
1250*	300.00	10/06	6892609186	1270	34.88	10/13	6192779767
1251	968.75	10/07	7392845343	1271	1,928.09	10/05	9892426044
1252	93.19	10/08	9392076138	1272	1,922.00	10/06	6992559617
1253	82.81	10/13	2392376189	1273	1,084.60	10/09	5992496147
1254	38.58	10/09	5992763727	1274	1,985.35	10/09	5992496149
1255	105.00	10/05	1482199374	1275	1,393.27	10/09	5992496148
1256	100.00	10/08	7592211855	1276	6,411.13	10/16	6192211028
1257	57.16	10/06	6992121536	1277	25,885.70	10/13	9792014573
1258	161.52	10/05	9892501291	1278	182.87	10/08	5892519520
1259	161.10	10/07	7192501597	1279	8,622.82	10/08	7592125641
1260	2,737.42	10/05	3130153769	1280	350.00	10/07	7292636109
1261	28.00	10/02	4782709468	1281	1,052.71	10/16	6192211029
1262	751.03	10/06	6892158837	1282	457.00	10/16	6292303200
1263	33.88	10/07	7192492506	1283	25.37	10/20	7092147704
1264	9,435.40	10/13	6292846932	1284	1,875.47	10/21	6092110339
1265	1,718.80	10/06	6992441243	1285	7,230.00	10/27	6992647473

* The preceding check(s) is still outstanding or has been included in a previous statement or is included in the "Other Debits" section as an ACH paperless transaction.



CUSTOMER CONNECTION
 BANK OF AMERICA, N.A.
 DALLAS, TEXAS 75283-2406

Account Number: 4811
 01/01/01 152001 M0000 E# 65
 Last Statement: 10/30/2009
 This Statement: 10/30/2009

Customer Service
 1-877-757-8233
 PROSPECT HOMES OF RICHMOND
 Page 2 of 13
 Bankruptcy Case Number: 0933528

CUSTOMER CONNECTION ECONOMY CHECKING

Withdrawals and Debits

Checks - Continued

Check Number	Amount	Date Posted	Bank Reference	Check Number	Amount	Date Posted	Bank Reference
1286	160.00	10/29	9592189016	1305	1,111.10	10/30	6692341890
1287	11.00	10/26	9992831528	1306	693.19	10/30	9692573889
1288	70.00	10/30	6592588297	1307	549.47	10/29	6692024017
1289	2,360.13	10/22	6292545159	1308	81.92	10/30	6692804472
1292*	752.47	10/29	9692284980	1311*	82.81	10/30	1792554308
1293	2,636.25	10/28	1482858961	1312	745.81	10/30	6592187714
1294	4,200.00	10/30	6692344081	1315*	28.00	10/30	4782772671
1295	659.16	10/29	6392682744	1316	331.74	10/30	6592554751
1296	551.65	10/30	9592762759	1318*	29.58	10/30	6592193233
1297	280.00	10/26	6792553757	1319	240.00	10/29	9592189015
1298	4,873.08	10/30	6692599247	1321*	66.99	10/29	9492721234
1301*	59.48	10/30	9792615597	1322	647.42	10/30	9692742331
1302	192.36	10/28	3130538525	1323	1,232.95	10/29	4782712958
1304*	1,356.70	10/29	4030775516				

Other Debits

Date Posted	Customer Reference	Amount	Description	Bank Reference
10/16		554.76	HOME DEPOT COMM DES ONLINE PMT ID:563094416270334	8800635771
10/26		48.75	VIRGINIA DMV CHECK DES VEHICLE ID:541452058	9600296900
10/30		.24	FDIC ASSESSMENT	

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
09/30	37,434.52	37,434.52	10/16	33,036.40	29,759.65
10/02	36,321.74	36,321.74	10/19	33,036.40	32,839.80
10/05	85,301.54	31,339.70	10/20	62,056.28	33,011.03
10/06	78,032.55	74,794.84	10/21	60,180.81	58,438.10
10/07	76,518.82	76,518.82	10/22	57,439.58	57,439.38
10/08	78,984.07	67,519.64	10/26	57,099.63	57,099.63
10/09	73,342.04	62,606.14	10/27	52,155.02	49,869.63
10/13	37,903.25	37,097.39	10/28	49,326.41	47,041.62
10/14	41,512.00	37,892.75	10/29	46,328.67	42,043.28
10/15	41,512.00	38,235.25	10/30	31,404.67	31,267.55

* The preceding check(s) is still outstanding or has been included in a previous statement or is included in the 'Other Debits' section as an ACH paperless transaction.