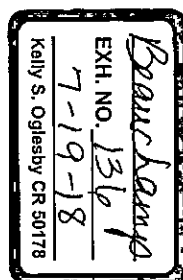


Exhibit No. 51

DUE DILIGENCE

DENSCO INVESTMENT CORPORATION
2013 Private Offering Memorandum



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Don So / 2013



June 18, 2013

Determining whether a company is an investment company

On June 7, 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2013-08, Financial Services—Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements, which sets forth a new approach for determining whether a public or private company is an investment company. The ASU also clarifies the characteristics and sets measurement and disclosure requirements for an investment company.

Per the ASU, a company regulated under the Investment Company Act of 1940 is an investment company for accounting purposes. All other companies must assess whether they have certain characteristics to be considered an investment company. To be an investment company, an entity must possess the following fundamental characteristics:

- The company obtains funds from investor(s) and provides the investor(s) with investment management services
- The company commits to its investor(s) that its business purpose and only substantive activities are investing the funds for returns solely from capital appreciation, investment income, or both
- The company or its affiliates do not obtain or have the objective of obtaining returns or benefits from an investee or its affiliates that are not normally attributable to ownership interests or that are other than capital appreciation or investment income

An investment company also has the following typical characteristics:

- The company has multiple investments
- The company has multiple investors
- The company has investors that are not related to the parent or investment manager
- The company's ownership interests are in the form of equity or partnership interests
- The company manages substantially all of its investments on a fair value basis

However, the absence of one or more of these typical characteristics does not necessarily preclude an entity from being an investment company. If a company does not possess one or more of the typical characteristics, it must apply judgment and determine, considering all facts and circumstances, how its activities continue to be consistent (or are not consistent) with those of an investment company.

An investment company will be required to measure noncontrolling ownership interests in other investment companies at fair value rather than using the equity method of accounting. In addition, an investment company will be required to make the following additional disclosures: (a) the fact that the company is an investment company and is applying specialized guidance, (b) information about changes, if any, in a company's status as an investment company, and (c) information about financial support provided or contractually required to be provided by an investment company to any of its investees.

The ASU is effective for an entity's interim and annual reporting periods in fiscal years that begin after December 15, 2013, and earlier application is prohibited.

DenSco / 2013
PORT



Company Management

Denny J. Chittick is the 100% owner and officer of **DenSco Investment Corporation**.

I have a Bachelor of Science in Finance from Arizona State University. I worked for nearly 10 years at **Insight Enterprises Inc.**, holding many different positions and managing nearly all facets of the business at one time or another.

I became involved in this type of company by investing money in an entity like mine. After being both happy with my investment and intrigued with the niche service that it provides, I decided to start my own company. I started with my own money and slowly grew the business over the years. I'm starting my 10th year in business. I've completed over 2000 transactions for a total value in loans approaching a quarter billion dollar, yes that's billion with a "B". Because of the longevity in the business I've made many contacts in all aspects of the business and enjoy the ability to decide who I want to work with.

There has been a great deal of turmoil in the industry over the last few years. Although I've not come through it completely unscathed, I've been able to maintain my commitment to my investors by continuing the rate of return on their investment they have come to expect. Looking in to the future, I'm more optimistic in continuing this record.

[Home](#)
[Business Plan](#)
[Investor Requirements](#)
[List of Properties](#)
[Quarterly Newsletter](#)
[Company Management](#)
[Lending Guidelines](#)
[Contact](#)

[Home](#) | [Business Plan](#) | [Investor Requirements](#)
[List of Properties](#) | [Quarterly Newsletter](#) | [Contact](#)
[Company Management](#) | [Lending Guidelines](#)

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[Home](#)

[Business Plan](#)

[Investor Requirements](#)

[List of Properties](#)

[Quarterly Newsletter](#)

[Company Management](#)

[Lending Guidelines](#)

[Contact](#)

Maricopa and Pinal County ONLY!

First Position ONLY!

DenSco will lend up to 60% to 70% of the value of property

- Value considered after fix up is complete
- Appraisal not necessary

MINIMUM of 15% to 20% down

Interest Rate is 18% per annum

- Monthly interest only payments

90 to 180 Day Note

No Points, Fee, Closing Costs or Pre-Payment Penalties

Prepared Documents

- Deed of Trust
- Promissory Note
- Personal Guarantee
- Receipt & Mortgage (if necessary)

Title Insurance

- Not necessary if home is purchased through Trustee Sale
- Title Insurance (ALTA Policy) is necessary if bought any other way

Insurance

- House must be Insured
 - a) DenSco Investment Corp must be named as Co-Beneficiary or Mortgagee
 - b) Must cover replacement cost in case of fire
 - c) Must have Liability
 - For Home: 100k recommended
 - If home has pool: 300k recommended

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[List of Properties](#) | [Quarterly Newsletter](#) | [Contact](#)
[Company Management](#) | [Lending Guidelines](#)

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Quarterly Newsletter

3-31-13

[Home](#)
[Business Plan](#)
[Investor Requirements](#)
[List of Properties](#)
[Quarterly Newsletter](#)
[Company Management](#)
[Lending Guidelines](#)
[Contact](#)

We stumbled into the New Year awaiting our politicians to solve the crisis they created, and they didn't disappoint us! They didn't solve the problem, they just broken their arms pointing their fingers at each other and doing what the Europeans have perfected, kicking the can down the road. Now this quarter we've watched them create yet another ordeal, "sequester". So if you had a \$100 budget and had to cut \$3, would it send you to the poor house? I think not. Though listening to them, you would have thought we would be pulled back into another recession.

If you have been watching any of the numbers coming out lately, so far all this government nonsense has had zero affect, unemployment is down, job growth is up, GDP could be 2 to 2.5% this quarter, the stock market is hitting new highs. All while yet another country, Cyprus, is the latest Euro bailout victim. Yet presently no one cares state side. We are powering ahead. We are by far the strongest economy in the world right now. The two biggest industries in America (autos and home building) are ramping up. They have the largest affect on the economy. The third and most surprising industry that is taking the country by storm is our own energy industry.

The autos built 14.5 million new cars in 2012, this year, they are predicting 15.5 million. The peak was 17 million pre-recession, the trough of the recession a little under 11. We are also producing a higher percentage of the cars here in American, which is due to cheaper energy costs. The housing industry averages building 1.3 million new homes. We bottomed at 350k, and the smart guys are saying we could hit 1 million this year. The energy boom that we are experiencing is so unprecedented, that T-Boone Pickens said just 3 years ago, the only way we could become North American energy independence is either by not burning gas in cars or the US becoming as big an oil producer as Saudi Arabia. Well we are still using gas, but they are saying we could be energy independent by 2020! Staggering! That's even happening with an administration that isn't supporting it!

All three of these macro positive trends have a huge impact on the economy this will drive us out of this slow recover and force Uncle Ben to change his interest rate stance much sooner than 2015. I could even see it by the end of this year. Why are these important to us in AZ land? A strong economy creates confidence, job growth, rising incomes and thus allows more people to want to purchase a home. We've had several years now

that have retarded growth in home buying. The first time home buyers nearly disappeared. They are coming back now. There is big pent up demand. The other segment is the folks moving up. They are starting to buy again. Our always over accommodating government trying to help out the common man has created a chart that describes how soon they can get a new house loan when a person was foreclosed on or had a short sale on their record. They now can receive a government backed loan. It's higher than the best borrowers can borrow at, but because of the artificially low interest rates caused by the Fed's assets purchases, they can get a loan at 5.5% versus best borrowers getting 3.5%. How many times would you kill for 5.5% mortgage rate? That's with having a foreclosure on your record three years ago!

The Phoenix housing market is being affected not only by the above macro issues, but by simply econ 101. It is Supply and Demand. We have strong demand and not enough supply. We also have been the major focus of hedge funds buying thousand of houses all of last year. Most of them have exited the market and headed to Atlanta. That moved us through probably 18 months ahead of absorbing the inventory of foreclosures. I've been tracking the numbers on MLS for years; the supply always dips from Christmas to the super bowl then jumps in to the spring selling season. This is the first time I've seen it continue to fall. Now in March, we are down from January. Average prices jumped 35% last year. I had mentioned that was because the bottom of the market, sub 50k was dominating. To give you an idea, a typical month had 30-50% of all transactions were under 50k. That's 2000 to 3000 transactions. In January it was 300. Thus the average is going to go up because there aren't any transactions on the bottom end anymore. We should easily see 20-25% up this year. We are seeing the strongest part of the market 250k-500k. The monthly payment to own a home in this price range now, costs the same as a house in the 100k to 200k range just a few years ago.

We have the opposite problem currently than we've had for 7 years, not enough homes! Foreclosures are off by 40% or more. Within another three months we will be back to what you would expect in a typical healthy market. So we've completely recovered. The challenge now is to find homes to buy. My borrowers are constantly battling this issue. Thankfully many flippers have left the market. The undercapitalized and the part timers, you just can't make it anymore. The borrowers that I work with do this full time and have networks of relationships to find properties. They are also resourceful enough to find alternative avenues to purchasing homes other than the traditional auction or reo process.

I have \$47.2 million in the portfolio now. A few of

those millions are temporary so don't be surprised if we are flat or down next quarter.

I have updated the pictures of the current sampling of properties on the website. I'm quite optimistic about this year and glad to move into such a positive market. I thank you again for your trust, investment, and confidence.

Denny J. Chittick

Previous newsletters:

<u>9-30-01</u>	<u>12-31-01</u>	<u>3-30-02</u>	<u>6-30-02</u>
<u>9-30-02</u>	<u>12-30-02</u>	<u>3-31-03</u>	<u>6-30-03</u>
<u>9-30-03</u>	<u>12-31-03</u>	<u>3-31-04</u>	<u>6-30-04</u>
<u>9-30-04</u>	<u>12-31-04</u>	<u>3-31-05</u>	<u>6-30-05</u>
<u>9-30-05</u>	<u>12-31-05</u>	<u>3-31-06</u>	<u>6-30-06</u>
<u>9-30-06</u>	<u>12-31-06</u>	<u>3-31-07</u>	<u>6-30-07</u>
<u>9-30-07</u>	<u>12-31-07</u>	<u>3-31-08</u>	<u>6-30-08</u>
<u>9-30-08</u>	<u>12-31-08</u>	<u>3-31-09</u>	<u>6-30-09</u>
<u>9-30-09</u>	<u>12-31-09</u>	<u>3-31-10</u>	<u>6-30-10</u>
<u>9-30-10</u>	<u>12-31-10</u>	<u>3-31-11</u>	<u>6-30-11</u>
<u>9-30-11</u>	<u>12-31-11</u>	<u>3-31-12</u>	<u>6-30-12</u>
<u>9-30-12</u>	<u>12-31-12</u>		

[Home](#) | [Business Plan](#) | [Investor Requirements](#)
[Request Information](#) | [List of Properties](#) | [Quarterly Newsletter](#)
[Company Management](#) | [Lending Guidelines](#) | [Contact](#)

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Investor Requirements

There is a page of legal definitions explaining each and every one of these types of investors. I will save you the legal wording and keep it simple. You can look at the Subscription document and/or the Memorandum for all the lawyer-speak.

[Home](#)

[Business Plan](#)

[Investor Requirements](#)

[List of Properties](#)

[Quarterly Newsletter](#)

[Company Management](#)

[Lending Guidelines](#)

[Contact](#)

1. a bank
2. a private business development company
3. a corporation, business trust or partnership with assets in excess of \$5,000,000
4. a director or executive officer of the Company (that's me)
5. a person whose individual net worth, or joint net worth with spouse exceeds \$1,000,000 (excluding personal residence)
6. a person who had an individual income in excess of \$200,000 in each of the last two years, or joint income with spouse in excess of \$300,000, and a reasonable expectation of continuing at that income level.
7. a trust with total assets in excess of \$5,000,000
8. an entity in which all of the equity owners are accredited investors (defined in 5 and 6)

This is the abbreviated description of each one of these entities and individuals. A longer and more complete description is in the Subscription Agreement and Memorandum.

[Back to the top ...](#)

[Home](#) | [Business Plan](#) | [Investor Requirements](#)
[List of Properties](#) | [Quarterly Newsletter](#) | [Contact](#)
[Company Management](#) | [Lending Guidelines](#)

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Alert

Alternative Investments Group

To: Our Clients and Friends

July 28, 2010

Private Fund Investment Advisers Registration Act of 2010: New Law Changes Regulatory Framework for Alternative Investment Managers

On July 21, 2010, President Obama signed into law the financial reform package known as the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which contains the Private Fund Investment Advisers Registration Act of 2010 (the "Private Fund Act"). The Private Fund Act changes the regulatory framework that governs investment advisers managing private fund investments, including private equity funds, hedge funds and real estate funds. Specifically, the Private Fund Act (i) requires that many investment advisers, including certain foreign investment advisers, that are currently exempt from registration with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), register with the SEC; (ii) requires that certain investment advisers currently registered with the SEC change to state registration and (iii) significantly expands the reporting and record-keeping requirements for domestic and foreign investment advisers to private funds of all types. The Private Fund Act adopts a new set of limited exemptions from SEC registration based on the asset class managed, the amount of assets under management and/or the operational details of foreign managers. At the same time, the Private Fund Act significantly expands the reporting and record keeping requirements to which these limited exempt entities will be subject going forward.

The Private Fund Act becomes effective one year from the date of the Dodd-Frank Act's enactment, on July 21, 2011. During this one year window, each affected investment adviser will need to become fully compliant with the requirements of the Private Fund Act, including SEC registration (which currently unregistered investment advisers may choose to pursue immediately). Although the Private Fund Act contemplates substantial SEC rule making and guidance over the next year, it is clear that investment advisers will need to devote substantial resources to conformity with the Private Fund Act (including, for example, designation and training of a Chief Compliance Officer, adoption of extensive compliance procedures as mandated by the Advisers Act, and modification or adoption of SEC mandated internal reporting and record keeping systems).

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Given the extensive work that many investment advisers will have to undertake in order to fully comply with the Private Fund Act (a process that can stretch into many months), we urge all Firm clients and contacts to promptly begin to consider what impact the Private Fund Act has on their operations and to plan the steps necessary to comply with its various aspects. To assist our clients and contacts in determining whether you will be affected in this area, below is a brief summary of the changes resulting from the Private Fund Act.

Elimination of Pre-Private Fund Act Exemption and New Asset Level Thresholds For Registration

Under applicable securities laws, investment advisers are defined as persons or entities who provide advice to others about investments for a fee. Such individuals or entities are required to be registered as investment advisers on a federal or state level absent an exemption. Historically, alternative investment advisers have relied on what came to be known as the "private adviser" exemption to avoid SEC registration (Section 203(b)(3) of the Advisers Act). This exemption holds that an investment adviser that (i) has fewer than 15 clients in any 12-month period or whose clients are all located in the investment adviser's state, (ii) is not an investment adviser to a registered investment company (e.g., mutual fund) or a business development company and (iii) does not hold itself out as an "investment adviser" to the public, is exempt from registration under the Advisers Act.

Under the "private adviser" exemption, the definition of "client" includes private investment funds that are exempt from registration as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"). These alternative investments private funds are typically structured as Section 3(c)(7) ("qualified purchaser") and Section 3(c)(1) ("accredited investor") private funds. Thus, a private equity or hedge fund manager could typically avoid SEC registration by ensuring that it had no more than 15 "private fund" clients even though it might have hundreds of institutional investors in its private funds and manages billions of dollars.

Further, in order for an investment adviser to register with the SEC under prior law, an investment adviser was required to manage a minimum of \$25 million assets under management at the time of SEC registration or within 12 months of registration. If an adviser had less than \$25 million in assets under management, it typically was required to register in the state where its home office resides and state(s) where its clients live absent a state exemption from registration.

A key feature of the Private Fund Act is the elimination of the "private adviser" exemption to SEC registration one year from the Dodd-Frank Act's enactment. All investment advisers must be in full compliance with the Private Fund Act's registration and reporting requirements at that date, absent another exemption. The net affect of this critical regulatory development is that it will trigger widespread federal or state registration by investment advisers that can no longer rely on this exemption. Furthermore, in an effort to focus its resources on larger investment advisers, the Private Fund Act increases the asset under management threshold amount that a manager will be required to have for SEC registration (generally, a \$150 million minimum in assets under management for advisers solely to private funds and a \$100 million minimum in assets under management for advisers that provide investment advice to clients including, but limited to, private funds (e.g., separate accounts)). It shifts the regulatory oversight of smaller managers (i.e., managers with \$25 - \$100/\$150 million in assets under management) to the states. This will

result in many currently SEC registered investment advisers having to deregister at the federal level and, instead, register with the applicable state regulators, a burdensome and costly process.

As noted above, the "private advisers" exemption will be eliminated and the minimum assets under management that will be required for an investment adviser to register with the SEC will be raised to \$100 million. Specifically:

- The Private Fund Act eliminates the current registration exemption for investment advisers with fewer than 15 clients (unless it can rely on another exemption) and replaces it with a limited exemption for certain "foreign private advisers" (as described below).
- The Private Fund Act eliminates the current registration exemption for investment advisers whose clients are all located in the investment adviser's state.
- The Private Fund Act provides that an investment adviser with assets under management of over \$25 million will be required to register with the SEC unless it is a "Mid-Sized Investment Adviser" that can register with a state or can rely on another exemption. A "Mid-Sized Investment Adviser" is an investment adviser with assets under management between \$25 million and \$100 million (or such higher amount as determined in the future by the SEC) that is required to be registered in the state in which it maintains its principal office and place of business and, if registered, would be subject to examination with such state. A "Mid-Sized Investment Adviser" that is currently registered with the SEC under the Advisers Act is therefore required to deregister from the SEC and register with its applicable state regulators. To the extent a "Mid-Sized Investment Adviser" is not permitted to register with a state (e.g., state lacks investment adviser registration statute) or it is required to register in 15 or more states, SEC registration is still required. The shift in regulatory oversight from federal to state jurisdiction for most investment advisers falling into this category will be significant. Among other things, investment adviser principals that register with certain states may be required to pass FINRA examinations, a requirement not needed for SEC registered advisers.

The exemptions from SEC registration that will be available following the enactment of the Private Fund Act include:

- **Private Fund Adviser Exemption** - The Private Fund Act includes a registration exemption for an investment adviser that acts solely as an adviser to private funds (i.e., funds that rely upon the exclusion from the definition of investment company provided in Sections 3(c)(1) or 3(c)(7) of the Investment Company Act), with U.S. assets under management of less than \$150 million. To the extent an investment adviser also acts as an adviser to a separate account or managed account in addition to any private fund, this exemption will not be available. These exempt advisers must, however, maintain such records and provide the SEC with such annual or other reports as the SEC

determines necessary or appropriate in the public interest or for the protection of investors in its rule making process.

- **Venture Capital Fund Adviser Exemption** - The Private Fund Act includes a registration exemption for an investment adviser that serves as an adviser solely to one or more "venture capital funds" (to be defined by the SEC). Venture capital firms must, however, maintain such records and provide the SEC with such annual or other reports as the SEC determines necessary or appropriate in the public interest or for the protection of investors in its rule making process.
- **Foreign Private Fund Advisers** - The Private Fund Act includes a limited registration exemption for a "foreign private adviser," which is an investment adviser that: (i) has no place of business in the U.S., (ii) has fewer than 15 clients and investors in the U.S. in private funds that it advises, (iii) has less than \$25 million in assets under management attributable to clients in the U.S. and investors in the U.S. in the private funds that it advises and (iv) does not hold itself out to the public in the U.S. as an investment adviser or advise an investment company that is registered under the Investment Company Act or a business development company. This exemption represents a significant restriction to most foreign investment advisers that have relied on the current law to avoid registration.
- **Family Office Exemption** - The Private Fund Act excludes from the definition of investment adviser a "family office" (to be defined by the SEC).
- **Registered Commodity Trading Adviser** - The Private Fund Act provides a registration exemption for an investment adviser that is registered as a commodity trading adviser with the Commodities Futures Trading Commission (the "CFTC") and advises a private fund, provided that the investment adviser's business is not predominantly the provision of securities-related advice. To the extent that an investment adviser subsequently engaged in securities-related advice, such exemption is not available.

New Reporting Requirements

In addition to the extensive compliance and record keeping requirements that the Advisers Act requires of registered investment advisers (described below), the Private Fund Act provides that the SEC may now require a registered or unregistered investment adviser to maintain certain records and file reports regarding the private funds that it advises as the SEC deems necessary and appropriate in the public interest and for the protection of investors. The Private Fund Act allows the SEC to consider the specific type or size of the fund advised when crafting such rules, and the requirements thus may vary from fund to fund. In the case of large investment advisers, this includes an assessment of a manager's or fund's systemic risk to the financial system. The Private Fund Act permits the SEC to refer certain large funds to the newly established Financial Stability Oversight Council to designate for Federal Reserve systematic risk regulation. In furtherance of this goal, the SEC under the Private Fund Act is permitted to examine all records and books of private funds managed by an investment adviser, not simply those required by the Advisers Act.

Under the Private Fund Act, registered and unregistered investment advisers will be required to maintain certain records and reports, including, for each private fund it advises, information regarding:

- amount of assets under management
- counterparty credit risk exposures
- trading and investment positions
- trading practices
- use of leverage
- valuation policies and practices
- types of assets held
- side arrangements or side letters
- other information the SEC deems necessary

Compliance Manuals for Registered Investment Advisers

It should be noted that, in addition to the registration process itself, all SEC registered investment advisers are required, among other things to adopt and implement extensive written policies and procedures (collectively, a "Compliance Manual") under the Advisers Act by which all investment adviser personnel must abide to ensure adequate regulatory compliance. A Compliance Manual is comprised of numerous policies mandated by the SEC to ensure that a registered investment adviser's management prevent, detect, and report violations of regulatory laws, including the following:

- Policy Regarding Compliance Monitoring
- Policy Regarding Advertising and Marketing
- Policy Regarding Solicitation Arrangements
- Policy Regarding Private Placement of Securities
- Policy Regarding Account Documentation and Accuracy of Disclosure
- Policy Regarding Anti-Money Laundering
- Policy Regarding Safeguarding Client Assets
- Policy Regarding Recordkeeping
- Code of Ethics

- Policy Regarding Insider Trading
- Policy Regarding Portfolio Management and Trading
- Policy Regarding Best Execution and Soft Dollars
- Policy Regarding Valuation
- Policy Regarding SEC Filings and Reporting
- Policy Regarding Privacy
- Policy Regarding Proxy Voting
- Policy Regarding ERISA Compliance
- Policy Regarding Business Continuity

Government Enforcement and Private Litigation Implications of the Dodd-Frank Act

We will address government enforcement and private litigation implications of the Dodd-Frank Act in forthcoming articles. For present purposes, advisers to private funds should be aware of the following potential landmines crafted into the legislation:

- Enhancements to whistleblower incentives and protections, which may encourage employees to report borderline (or even non-existent) issues to authorities.
- The lowering of the standard for "aiding and abetting" liability from "knowing and substantial" assistance to "knowing or reckless and substantial" assistance, which may encourage the SEC to pursue marginal actions against advisers or individuals who potentially may have assisted a violation.
- The mandating of more rigorous deadlines for the completion of enforcement actions, which may cause the SEC Staff to be even less flexible than currently in accommodating reasonable scheduling requests. The more rigorous deadlines may also cause the Staff to be less willing to give thoughtful, measured consideration to a potential defendant's/respondent's arguments.
- Enhancements to federal sentencing guidelines in matters involving financial fraud and the extension of the federal statute of limitations for securities actions (including actions by the SEC seeking monetary penalties) from 5 to 6 years.

As is true of other aspects of the Dodd-Frank Act, the broad parameters of the enforcement and litigation provisions will be sharpened by subsequent agency rulemaking. In addition, from an enforcement perspective, the discretion with which the SEC staff and other prosecutors deploy the tools now available will largely determine the legislation's true impact.

Other Changes of Significance to Investment Advisers

Finally, it should be noted that there are other provisions of the Dodd-Frank Act not discussed at length in this article that amend the Advisers Act and other federal securities laws in a manner that will be of significance to investment advisers. For example:

- The Dodd-Frank Act provides the SEC with additional authority to define terms used in the Advisers Act.
- The Dodd-Frank Act modifies the definition of "accredited investor" in Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), to exclude, for purposes of determining whether the individual meets the \$1 million net worth accredited investor standard, an individual's primary residence. In addition, the SEC is required to adjust the accredited investor net worth standard to be more than \$1 million four years after enactment of the Dodd-Frank Act, and to review the entire accredited investor standard for natural persons no earlier than four years after enactment of the Dodd-Frank Act and then every four years thereafter.
- The SEC is directed to adjust for inflation the "qualified client" standard of Rule 205-3 under the Advisers Act (governing payment of performance fees to registered investment advisers) within one year after enactment of the Dodd-Frank Act and every five years thereafter.
- The Dodd-Frank Act expands the anti-fraud authority of the SEC and the US federal courts over conduct occurring outside of the United States.
- The Dodd-Frank Act requires that the SEC adopt rules to disqualify certain "bad actors" from relying on Regulation D under the Securities Act.
- Under the Dodd-Frank Act, a money manager that is an affiliate of a bank or a bank holding company will be subject to the "Volcker Rule," which prohibits a money manager from engaging in proprietary trading or investing in or sponsoring private funds, subject to certain exceptions.
- The Dodd-Frank Act includes new regulation of over-the-counter derivatives and persons that engage in such transactions. These provisions could require certain entities that are counterparties to swaps (including a private fund that engages in swap transactions) to register with the SEC or the CFTC, and would subject these entities to clearing, margin and trading requirements when engaging in certain over-the-counter derivative transactions.

* * *

As noted above, we believe that substantial resources will be allocated over the next year by clients and contacts who will need legal advice and assistance on federal and state registration issues, reporting and record-keeping requirements and adoption of a Compliance Manual. Our team has

extensive experience in this area, having successfully shepherded investment advisers' registrations on both federal and state levels, drafted and implemented Compliance Manuals and other policies and procedures and advised clients with respect to compliance audits and other actions brought by regulatory authorities.

To discuss these issues further, please feel free to contact any of the Bryan Cave attorneys listed below:

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Exhibit No. 52

Beauchamp
EXH. NO. 106
7-19-18
Kelly S. Oglesby CR 50178

Confidential Private Offering Memorandum

DenSco Investment Corporation

May __, 2013

PX01DOCSY739858 INC0685840352992

DIC0003348

No: _____

Name of Payee: _____

Confidential Private Offering Memorandum

DenSeo Investment Corporation

General Obligations Notes

Minimum Purchase \$50,000

The General Obligation Notes (the "Notes") are general obligations of DenSeo Investment Corporation, an Arizona corporation (the "Company"). The Notes, together with all other outstanding notes and all other advances or liabilities owed by the Company to any holder of an outstanding note will be secured by a general pledge of all assets owned by or later acquired by the Company. The Company's largest assets will be the Trust Deeds, as defined herein, acquired by the Company and the Notes will be superior in priority and liquidation preference to Notes subscribed for by officers and shareholders of the Company. Interest will be paid monthly, quarterly or at maturity. The Notes are not insured or guaranteed by any state or federal government entity or any insurance company, and the Company will not establish a sinking fund for the Notes. The Company generally may transfer, sell or substitute collateral for the Notes. The Company may modify the interest rate to be paid on subsequently issued Notes. The Company will use good faith efforts to prepay Notes upon receipt of written request, but the Company will not be obligated to do so. The Notes may be redeemed by the Company prior to maturity upon notice at a price equal to the principal amount of the Notes plus accrued interest to the date of redemption. See "Description of Securities - Note Terms." Default may occur with respect to one Note and not another. The Notes may be purchased directly from the Company without commission. The Company intends to offer the Notes on a continuous basis until the earlier of (a) the sale of the maximum offering, or (b) two years from the date of this memorandum, provided, however, the Company reserves the right to amend, modify and/or terminate this offering if the Company changes its operations or method of offering in any material respect. See "Description of Securities" and "Plan of Distribution."

THE NOTES ARE SPECULATIVE AND INVESTMENT IN THE NOTES INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS."

THE NOTES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE REGULATORY AUTHORITY REVIEWED, APPROVED OR DISAPPROVED THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM OR ENDORSED THE MERITS OF THE PLACEMENT OF NOTES. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE NOTES ARE OFFERED PURSUANT TO EXEMPTIONS PROVIDED BY SECTION 4(2) OF THE ACT, REGULATION D THEREUNDER, CERTAIN STATE SECURITIES LAWS AND CERTAIN RULES AND REGULATIONS PROMULGATED PURSUANT THERETO. THE NOTES MAY NOT BE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

	Offering Price (1)	Underwriting Commissions (2)	Proceeds to the Company (3)
Note	\$50,000	-0-	\$50,000
Total Minimum Offering	\$500,000	-0-	\$475,000
Offering Maximum	\$50,000,000	-0-	\$49,975,000

- (1) The Notes are offered in \$50,000 initial investment with additional increments with a minimum of at least \$10,000. All subscriptions for Notes are subject to review and acceptance by the Company.
- (2) The Company's President, Denny J. Chittick, is making the private placement of the Notes on behalf of the Company. Mr. Chittick will not receive any sales commission in connection with the placement of the Notes. The Company reserves the right to pay costs and commission to a licensed broker-dealer with an approved custodian to facilitate procedures by investors using qualified funds (i.e., IRA, SEP IRA, ROTH IRA and KEOGH Plans), up to one percent (1%) of the principal Note amount.
- (3) Offering expenses, estimated at \$25,000, will be paid from the Company's general operating funds.

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6122 W. Victoria Place
Chandler, Arizona 85226
(t) 602-469-3001
(f) 602-532-7737

THE NOTES ARE OFFERED ONLY TO PERSONS WHO ARE: (1) "ACCREDITED INVESTORS" WITHIN THE MEANING OF RULE 501(a) OF REGULATION D PROMULGATED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAW; (2) ABLE TO BEAR THE ECONOMIC RISK OF AN INVESTMENT IN THE NOTES, INCLUDING A LOSS OF THE ENTIRE INVESTMENT; AND (3) SUFFICIENTLY KNOWLEDGEABLE AND EXPERIENCED IN FINANCIAL AND BUSINESS MATTERS TO BE ABLE TO EVALUATE THE MERITS AND RISKS OF AN INVESTMENT IN THE NOTES EITHER ALONE OR WITH A PURCHASER REPRESENTATIVE. SEE "INVESTOR SUITABILITY." THE NOTES ARE NOT OFFERED AND WILL NOT BE SOLD TO ANY PROSPECTIVE INVESTOR UNLESS SUCH INVESTOR HAS ESTABLISHED TO THE SATISFACTION OF DENNY J. CHITTICK, THAT THE INVESTOR MEETS ALL OF THE FOREGOING CRITERIA. EACH INVESTOR MUST ACQUIRE THE NOTES FOR HIS, HER OR ITS OWN ACCOUNT, FOR INVESTMENT PURPOSES ONLY, AND WITHOUT ANY INTENTION OF DISTRIBUTING OR RESELLING ANY OF THE NOTES, EITHER IN WHOLE OR IN PART.

THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO ANYONE IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED. IN ADDITION, THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM CONSTITUTES AN OFFER ONLY TO THE PERSON WHOSE IDENTITY APPEARS IN THE APPROPRIATE SPACE PROVIDED ON THE COVER PAGE HEREOF. THE RIGHT TO PURCHASE NOTES AS DESCRIBED HEREIN IS NOT ASSIGNABLE.

TO ENSURE COMPLIANCE WITH CIRCULAR 230 GOVERNING STANDARDS OF PRACTICE BEFORE THE INTERNAL REVENUE SERVICE, POTENTIAL INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED BY A POTENTIAL INVESTOR, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A POTENTIAL INVESTOR UNDER THE INTERNAL REVENUE CODE; (B) SUCH

DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE NOTES OFFERED HEREBY; AND (C) POTENTIAL INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

CERTAIN "REPORTABLE TRANSACTIONS" REQUIRE THAT PARTICIPANTS AND CERTAIN OTHER PERSONS FILE DISCLOSURE STATEMENTS WITH THE IRS, AND IMPOSE SIGNIFICANT PENALTIES FOR THE FAILURE TO DO SO. AN INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE, OR OTHER AGENT OF THE INVESTOR) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF AN INVESTMENT IN THE NOTES AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTOR RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE, EXCEPT TO THE EXTENT THAT SUCH DISCLOSURE IS RESTRICTED BY APPLICABLE SECURITIES LAWS.

THE OBLIGATIONS AND REPRESENTATIONS OF THE PARTIES TO THIS TRANSACTION WILL BE SET FORTH ONLY IN THE DOCUMENTS DESCRIBED HEREIN. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS CONCERNING THE COMPANY OTHER THAN AS CONTAINED IN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON. THE DELIVERY OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM DOES NOT IMPLY THAT THE INFORMATION SET FORTH IN IT IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF CERTAIN INVESTORS TO WHOM IT HAS BEEN DIRECTED. A PROSPECTIVE INVESTOR, BY ACCEPTING DELIVERY OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, AGREES TO

RETURN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM AND ALL ENCLOSED DOCUMENTS TO THE COMPANY IF THE HOLDER DOES NOT UNDERTAKE TO PURCHASE ANY OF THE NOTES OFFERED HEREBY.

PRIOR TO THE SALE OF ANY NOTES OFFERED HEREBY, THE COMPANY WILL MAKE AVAILABLE TO EACH INVESTOR THE OPPORTUNITY TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM MR. CHITTICK CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND TO OBTAIN ADDITIONAL INFORMATION NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED HEREIN, TO THE EXTENT THE COMPANY OR MR. CHITTICK POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

ANY REPRODUCTION OR DISTRIBUTION OF THE CONFIDENTIAL PRIVATE OFFERING MEMORANDUM IN WHOLE OR IN PART, OR THE DISCLOSURE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF MR. CHITTICK IS STRICTLY PROHIBITED.

REFERENCE IS MADE TO THE SUBSCRIPTION AGREEMENT AND SUITABILITY QUESTIONNAIRE ATTACHED HERETO FOR COMPLETE INFORMATION CONCERNING THE RIGHTS AND OBLIGATIONS OF INVESTORS WHO PURCHASE THE NOTES OFFERED HEREBY. CERTAIN PROVISIONS OF AGREEMENTS AND DOCUMENTS ARE SUMMARIZED IN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, AND THE SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE DETAILED INFORMATION OR AGREEMENT OR DOCUMENT APPEARING ELSEWHERE. IN CASE OF A CONFLICT BETWEEN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM AND SUCH AGREEMENTS OR DOCUMENTS, THE AGREEMENT OR DOCUMENT, AS THE CASE MAY BE, SHALL GOVERN. REFERENCE IS MADE HEREBY TO THE COMPLETE TEXT OF ALL DOCUMENTS RELATING TO THIS PLACEMENT THAT ARE DESCRIBED HEREIN. A COPY OF ALL DOCUMENTS AND AGREEMENTS SO DESCRIBED BUT NOT INCLUDED HEREIN WILL BE MADE

AVAILABLE TO A PROSPECTIVE INVESTOR AND ITS COUNSEL, ACCOUNTANT AND ADVISER(S) UPON REQUEST.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE COMPANY OR MR. CHITTICK OR THEIR AFFILIATES AS LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN COUNSEL, ACCOUNTANT AND OTHER ADVISERS AS TO TAX MATTERS AND RELATED MATTERS CONCERNING AN INVESTMENT IN THE COMPANY'S NOTES.

NOTWITHSTANDING ANYTHING CONTAINED IN THIS CONFIDENTIAL OFFERING MEMORANDUM TO THE CONTRARY, EXCEPT AS REASONABLY NECESSARY TO COMPLY WITH APPLICABLE SECURITIES LAWS, INVESTORS (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF THE INVESTORS) MAY NOT DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE U.S. FEDERAL INCOME TAX TREATMENT AND TAX STRUCTURE OF THIS OFFERING AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTORS RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. FOR THIS PURPOSE, "TAX STRUCTURE" IS LIMITED TO FACTS RELEVANT TO THE U.S. FEDERAL INCOME TAX TREATMENT OF THIS OFFERING AND DOES NOT INCLUDE INFORMATION RELATING TO THE IDENTITY OF THE ISSUER, ITS AFFILIATES, AGENTS OR ADVISORS.

TABLE OF CONTENTS

MEMORANDUM SUMMARY.....	1
BUSINESS.....	4
RISK FACTORS.....	11
FORWARD-LOOKING STATEMENTS.....	30
USE OF PROCEEDS.....	31
PRIOR PERFORMANCE.....	34
MANAGEMENT.....	38
PRINCIPAL SHAREHOLDER.....	41
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.....	42
DESCRIPTION OF SECURITIES.....	43
PLAN OF DISTRIBUTION.....	47
DETERMINATION OF OFFERING PRICE.....	49
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS.....	50
INVESTOR SUITABILITY.....	57

MEMORANDUM SUMMARY

The following summary should be read in conjunction with, and is qualified in its entirety by the more detailed information appearing elsewhere in this Confidential Private Offering Memorandum.

The Company

DenSCO Investment Corporation, an Arizona corporation (the "Company"), is an Arizona corporation, which has been in operation since April, 2001. In the ten years of operation from April, 2001 through _____, 2011, the Company has engaged in _____ loan transactions. The Company has been and will continue to be engaged primarily in the business of making high-interest loans with defined loan-to-value ratios to residential property remodelers ("Foreclosure Specialists") who purchase houses through pro-foreclosure process and foreclosure sales, all of which are secured by real estate deeds of trust ("Trust Deeds") recorded against Arizona residential properties, but the Company will not limit its efforts to this niche. In connection with its business, the Company will seek to maintain a diversity of builders, loan size, back-office commercial properties, medical offices, strip commercial centers, high-end specialty and custom residential properties and construction locations. The Company does not intend to exceed a maximum loan size of \$1,000,000.00. The Company intends to maintain a loan-to-value ratio below 70% percent in the aggregate for all loans in the loan portfolio.

The Company's office is currently located at 6132 W. Victoria Place, Chandler, Arizona 85226. Its current telephone number is 602-469-3001.

The Offering

Securities: The Company is offering the first \$500,000 in principal amount of Notes on an "all-or-none, best efforts basis" and on a "best efforts" basis with respect to the remaining \$49.5 million in principal amount of Notes. In addition to the Company's President's (Denny Chittick) initial capital contribution to the Company, Mr. Chittick maintains a \$1 million

investment in the Company at all times. This investment takes the form of Notes. Therefore, depending on the maturity of the Notes currently held by Mr. Chittick, the minimum offering may be met with his investment only. The interest rates of the Notes will vary and will depend on the denomination of the Note and the term selected by the investor. The Notes are offered in denominations ranging from \$50,000 to \$1,000,000.00, increasing in additional increments, with a minimum of \$10,000. The Notes are paid "interest only" during their terms, with principal payable only at maturity. Investors may elect to have interest paid monthly, quarterly or at maturity. If interest is paid other than monthly, interest will compound monthly. The Notes are not transferable without obtaining the prior written consent of the Company. The Notes are general obligations of the Company and are not directly secured by any specific asset of the Company. At any particular point in time, the assets of the Company will consist primarily of Trust Deeds in an aggregate principal amount approximately equal to the amount of the outstanding Notes. See "Use of Proceeds" and "Description of Securities."

Restricted Nature of

Securities: The Notes are not registered and are restricted securities. This is a private placement intended to be exempt from the registration requirements under federal and applicable state securities laws, and may only be made personally by a principal of the Company to a qualified investor who intends to hold the investment to maturity. See "Description of Securities."

Risk Factors: An investment in the Notes involves a significant degree of risk. Only investors who can bear the economic risk of such an investment should purchase the Notes. See "Risk Factors" and "Investor Suitability."

Use of Proceeds: The proceeds of the offering will be used as working capital primarily for lending secured by, and the purchase of, Trust Deeds within the guidelines set by the Company. See "Use of Proceeds" and "Business."

Plan of Distribution: Notes may be purchased directly from the Company without commission. The Company intends to make a continuous offering of the Notes until the earlier of two years from the date of this memorandum or upon the sale of the maximum offering of \$50 million; provided, however, the Company reserves the right to amend, modify or terminate this offering if the Company changes its operations or method of offering in any material respect. See "Description of Securities" and "Plan of Distribution."

BUSINESS

The Company was incorporated in Arizona on April 30, 2001 and is engaged primarily in the business of funding Foreclosure Specialists, who purchase houses through the preforeclosure process, and at foreclosure sales and through a sale of REO properties (Real Estate Owned by a financial institution after a foreclosure) or short sale transactions.

Target Markets and Potential Future Markets

The Company will target the funding and purchasing of Trust Deeds to qualified purchasers of foreclosed homes and qualified builders of Arizona commercial and residential projects. The primary focus is to lend money to qualified borrowers who can fulfill their loan obligation on highly marketable real properties with sufficient equity. When purchasing Trust Deeds, the Company intends to consider Trust Deeds that the loan-to-value ratio does not exceed 70 percent (70%) and the current yield is 18 percent (18%) or greater. Most of these purchased loans will have short-term maturities (less than one year), and under certain circumstances, Company may charge a higher interest rate or pass through additional costs incurred on short-term loans. Most Trust Deeds will range in size from \$25,000 to \$500,000, and the largest loan size is not intended to exceed \$1,000,000. Each loan will be secured by its underlying real property (or in rare instances, separate real properties) as well as by personal property involved in the construction projects and personal guaranties (as determined on a case by case basis). The loans are written to be repaid in six months and all loans are structured to require monthly interest payments. A majority of the loans are paid back within three months, however, some loans are allowed to be extended on a case by case basis.

For lending to Foreclosure Specialists who purchase foreclosed homes prior to or at the foreclosure sale, the Company will target remodelers, contractors and other entities engaged in this niche real estate market, but the Company will not limit its efforts to this niche. The Company intends to have these Trust Deeds have loan-to-value ratios, no greater than 70 percent but with an objective goal of 50 percent to 60 percent. The Company anticipates that the minimum loan size will continue to be \$25,000, and the maximum loan size will continue to be

\$1,000,000. The values of these homes are determined to be based on the value to which they will appraise at or sell for on the retail market.

For lending on commercial projects, the Company will target established, reputable contractors and developers who are developing back-office commercial properties, medical and other professional offices, strip and pre-sold commercial centers, multi-unit apartment complexes, build-outs and high-end specialty projects on Arizona land they own or have rights to purchase. The Company intends to have these Trust Deeds have loan-to-value ratios, no greater than 65 percent but with an objective goal of 50 percent to 60 percent. The maximum loan size is intended to be \$1,000,000, with subordinated participation from other lenders for larger projects, which will probably obligate the Company to act on behalf of the other participating lenders. The Company intends to directly (through an officer or employee) or indirectly (through a real estate consultant) perform due diligence to verify certain information in connection with funding a Trust Deed. The loan-to-value ratio is determined by calculating the reasonable market value of the property at the end of the construction project.

For residential loans, the Company will seek reputable, licensed contractors who have pre-sold homes to build for qualified buyers. The Company also plans to finance builders' models, builders' "spec" homes and those projects that are highly marketable and have substantial builder equity. Most of these borrowers may qualify for conventional bank financing but they may use the company because of the faster financing, competitive over all costs, better service and personal relationships with Mr. Chittick. The Company will not lend to natural persons for personal, family or household purposes.

The Company may elect to participate as an equity partner in some projects should the benefits warrant the risk. From time to time, a default occurs on a loan and the Company needs to conduct a Trustee's Sale or accept a Deed In Lieu of Foreclosure on the real property securing a loan. As such, if the Trustee conducting the Trustee's Sale does not receive a bid in excess of the Company's credit bid (in the amount of the loan, accrued interest and costs) at the Trustee's Sale, the Company becomes the owner of the subject real property. The Company intends to sell such properties as quickly as possible in an effort to minimize resulting costs and losses, and to maintain a diversified financing operation. However, the Company reserves the right to lease

any property obtained through a Trustee's Sale or a Deed in Lieu of Foreclosure until the Company determines that the property can be sold at a sufficient price. The Company may diversify its financing operations in the future to include other areas of finance. The Company does not anticipate entering any non-Arizona market without first attempting to contact the significant Note holders and discussing this market with them.

Cash Flow

The Company uses a proprietary cash flow-management model for balancing the terms of the Trust Deeds the Company makes to its borrowers with the terms of the Notes purchased by the Company's investors. The Company's objective is to have sufficient cash coming in from Trust Deed payoffs to be able to redeem all Notes as they come due and maintain reserves without any need to sell assets or issue new Notes to repay the earlier maturing Notes. See "Risk Factors - Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes."

Limited Due Diligence

To the extent Trust Deeds are purchased, Trust Deeds will be purchased through a network of consultants, mortgage brokers and title companies that the Company believes are reliable referral sources. Prior to purchasing a Trust Deed or funding a direct loan, the Company intends to have an officer, employee or an authorized representative conduct a due diligence review by interviewing its owner, verifying the documentation and performing limited credit investigations as are deemed appropriate by the Company and visiting the subject property in a timely manner. For purchases of foreclosed homes, the properties are inspected after purchase, before or during rehabilitation and after rehabilitation to insure the property is improved to a marketable condition. The Company will not make residential loans to natural persons for personal, family or household purposes.

Funding and Purchase of Loans

The Company reserves the right to approve or decline the funding of each direct loan or the purchase of each Trust Deed submitted for purchase.

Collections

The Company services the contracts it purchases and originates. If a customer misses a payment without making satisfactory arrangement prior to the due date, the Company's policy will be to contact the customer within three to five days and watch the account closely until the payment or satisfactory arrangement has been made. At the discretion of the Company, the Company's normal documents provide that a late charge of ten percent of the interest amount due is to be assessed on a delinquent payment that is not cured within five days. If payment on a Trust Deed is thirty (30) days delinquent, an accelerated default rate goes into effect and foreclosure proceedings may begin under the Deed of Trust; provided, however, the Company may elect not to begin foreclosure proceedings if the property secured by the loan is under contract for sale or is in the process of being refinanced. The goal of the Company is to recover the principal of a loan and any interest and or any late fees assessed. If the borrower is unable in a timely manner to sell or refinance the subject property, the Company may request that the borrower execute a Deed in Lieu of Foreclosure (a "Deed in Lieu") to the Company so that the Company will gain immediate control of the subject property rather than going through the ninety (90) day process and expense associated with a Trustee's Sale. Upon the Company gaining control of the property through a Deed in Lieu or a Trustee's Sale, the Company will decide either to market the subject property at retail, which may require additional monies to improve the property to retail ready condition, or to wholesale the subject property "as is." The Company may also decide to rent the subject property as an investment property. If applicable, the management of the rental properties will be maintained by a professional management company chosen by the Company.

Regulation

The financing of construction loans and other types of real estate transactions are regulated by various federal and state government agencies, including the Arizona Department of Financial Institutions. Arizona Revised Statutes §§ 6-901 to 910, §§ 6-941 to 948 and 6-971 to 985, and regulations issued thereunder, have specific mortgage broker and mortgage banker licensing and operating requirements. The Company's Management believes that it is not required to be licensed by the Arizona Department of Financial Institutions as a mortgage broker or a mortgage banker nor under certain federal laws, such as Truth-in-Lending Act or the Real Estate Settlement Procedures Act. The Company intends to take the necessary steps to ensure that the borrowers it lends to and the projects covered by such loans will not fall within the requirements imposed by the foregoing agency and acts.

The Company will not receive any points, commissions, bonuses, referral fees, loan origination fees or other similar fees in connection with its real estate loans. The Company will only receive periodic interest resulting from the application of the note rate of interest to the outstanding principal balance remaining unpaid from time to time. By limiting its compensation in this manner, the Company's Management believes it does not need a license from the Arizona Department of Financial Institutions as either a mortgage loan broker or mortgage banker; provided, however, the Company reserves the right to work with and to pay a reasonable and customary mortgage broker fee to a licensed mortgage loan broker or mortgage banker for services in connection with its loans or to other third-party professionals in connection with due diligence for its loans.

Certain federal laws and regulations, such as the Truth-in-Lending Act, Real Estate Settlement Procedures Act and others contain specific requirements for lenders seeking to make loans to certain types of borrowers, which may or may not be secured by certain types of residential real property. Most of these statutes and regulations apply to transactions only if the loans are made to natural persons for personal, family or household purposes. The Company will not lend to natural persons for these purposes.

If new regulations are issued by the U.S. Federal Housing Administration (the "FHA") or if a more strict interpretation of the current FHA regulations is implemented in the future, such regulations could reduce the demand for the Company's loans from Foreclosure Specialists which could impair the Company's ability to keep all of the proceeds from this offering fully invested in loans with borrowers.

Other states in the West have instituted additional restrictions concerning loans secured by private real estate, which are commonly referred to as "predatory mortgage lending laws." Although Arizona has not passed a similar statute, such provisions may come into effect in Arizona either through law or regulation during this offering. The Company's Management believes that its practices will not need to change in order to comply with any of the current proposals if they should go into effect. However, there can be no assurance that such will be the case.

The Company's Management believes that it is not required to register or be licensed as an investment adviser with the State of Arizona or with the U.S. Securities Exchange Commission ("SEC") pursuant to the Investment Advisers Act of 1940 (the "Advisers Act"), as amended. The Advisers Act and the analogous Arizona law generally requires all persons that are engaged in the business of providing investment advice for compensation to register with the SEC or Arizona, provided that such adviser is not exempt from registration. The Company's Management believes that it is not engaged in the business of providing investment advice for compensation, and as such is not required to register as an investment adviser with either the SEC and/or the State of Arizona. In addition, even if the Company were deemed to be engaged in the business of providing investment advice for compensation, the Company anticipates that it would exempt from registration as a "private investment adviser" under rules and regulations of the SEC and/or the State of Arizona given that the Company has fewer than the threshold number of clients that would trigger registration with the SEC and/or the State of Arizona.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), the "private investment adviser" exemption was eliminated and replaced by a number of other specific exemptions. As directed by the Dodd-Frank Act, the SEC is currently preparing

the final rules (the "Rules") that will provide guidance as to the applicability of the additional specific exemptions that replace the "private investment adviser" exemption. The Company expects that the SEC will issue the Rules during this offering; however, until this occurs, the Company cannot determine whether it will be required to register as a result of the Dodd-Frank Act and the Rules promulgated thereunder. Should the Rules require the Company to register as an investment adviser, the Company intends to take the necessary steps to register as an investment adviser with the State of Arizona and/or the SEC within the time frame outlined in such Rules.

Diversity of Risk

The Company will attempt to maintain a diverse portfolio of Trust Deeds and loans by seeking a large borrowing base, participating in several local markets, acquiring Trust Deeds for any lending into residential and commercial projects, establishing loan-to-value guidelines and limiting financing to short terms. Currently, the Company's base of borrowers exceed _____ approved and qualified borrowers. It is the Company's plan that the base of borrowers eventually will exceed _____ qualified contractors and foreclosure specialists. The Company will maintain loans throughout the Phoenix metropolitan area to reduce its risk to fluctuations in values and conditions in markets within the metropolitan area. The Company also believes that it can reduce risk by participation in various types of financing: Trust Deeds on foreclosed properties, residential Trust Deeds and lending from \$50,000 tract homes and condominiums to \$1,000,000 custom "spec" homes, and commercial investments for flex-office, back-office, medical/general office and retail. In addition, the Company intends to maintain general loan-to-value guidelines that currently range from 50 percent to 65 percent (but it is intended not to exceed 70%), to help protect the Company's portfolio of loans. Further, all loans are relatively short term.

Because of these varying degrees of diversification, the relatively short duration of each of the loans, and Management's knowledge of the Phoenix metropolitan area market, the Company's Management anticipates that it will not experience a significant amount of losses; however, there can be no assurance that the Company will not experience such losses. Mr. Chittick, individually, has made or participated in approximately _____ loans secured by real

estate over the last fourteen (14) years. As of the date of this Memorandum, Mr. Chittick and the Company have collectively experienced _____ loan defaults that required initiating a Trustee's sale process, with _____ of such loans being settled prior to the Trustee Sale auction. Various borrowers have conveyed _____ properties to the Company pursuant to a Deed in Lieu. To the extent the Company deems necessary, the Company intends to use the services of outside real estate lending consultants to assist in evaluating any loan or the security for the loan to reduce the risk of a loss of principal due to the default of a real estate loan by a borrower and the resulting foreclosure upon the security for the loan.

The Company will make available to each prospective investor, prior to the consummation of the offering and sale of a Note to such investor and such investor's representative and advisers, the opportunity to ask questions and receive answers concerning the terms and conditions of this offering and to obtain any additional information that the Company may possess or may be able to obtain without unreasonable effort or expense, and which may be necessary to verify the accuracy of the information furnished to such prospective investor.

Executive Offices

The Company's office is currently located at 6132 W. Victoria Place, Chandler, Arizona 85226. Its current telephone number is 602-469-3001.

RISK FACTORS

An investment in the Notes offered by the Company involves a significant degree of risk. The securities offered hereby should not be purchased by anyone who cannot tolerate significant risk, including the possibility of losing their total investment in the Notes. In analyzing a possible investment in the Notes, prospective investors should consider carefully the following factors, together with the information contained elsewhere in this Memorandum.

Operating History

In the Company's ten year operating history through _____, 2011, the Company has completed in excess of _____ loan transactions. However, even with these number of loans over ten years, the evaluation of prior company performance set forth in Prior Performance is limited in time. Accordingly, there can be no assurance that the Company will be able to continue to operate and achieve these results on a going-forward basis, which could limit the Company's ability to repay the Notes as planned.

Competition

The Company is engaged in a highly competitive industry. The Company competes with banks, savings and loan institutions, credit unions, mortgage brokers, finance companies and other private investors that are established in the finance business. Competition in the finance business is based upon the lowest overall loan cost, which consists of interest rates, fees, closing costs, document fees, reputation, and availability of funds and the length of time it takes to approve a loan. The cost of funds to many of our competitors is typically lower than the Company's, allowing them to compete for borrowers on better terms, such as interest rates, which is a significant component of loan cost. The competition usually has lower costs on longer-term loans. The Company's higher cost of capital and lending rates may result, in part, in the Company acquiring Trust Deeds and lending to borrowers who are unable to obtain financing from these larger competitors. In some cases, these types of borrowers have weaker credit worthiness than other borrowers, which could expose the Company to a greater risk of

nonpayment of its loans by borrowers. See "Business-Target Markets and Potential Future Markets."

Ability to Generate Sufficient Cash Flow to Service the Outstanding Notes

The Company's ability to generate cash in amounts sufficient to pay interest on the Notes and to repay or otherwise refinance the Notes as they mature depends upon the Company's receipt of payments due under the loans that are in the Company's portfolio. The Company's financial performance and cash flow depends upon prevailing economic conditions and certain financial, business and other factors that are beyond the Company's control. These factors include, among others, economic and competitive conditions, particularly in areas in which the borrowers operate their businesses, and general economic conditions that affect the financial strength of developers and real estate investors in the areas that the Company intends to make investments. In recent years the decline of real estate values has been the largest challenge facing the real estate finance industry. This development is something new to the industry that typically sees a slow rising in values of properties or at least a stability of prices. The dramatic and prolonged decrease in values has forced the Company to change how it operates, which is requiring monthly interest payments under its loans rather than allowing the interest to compound. The Company has also shortened the maturity of loans to borrowers in some cases and is only extending the loans to a few borrowers under strict conditions. Accordingly, an investment in the Notes offered hereby involves substantial risk and Notes should not be purchased by anyone who cannot tolerate substantial risk, including the possibility of losing their total investment in the Notes. There can be no assurance that the Company will be able to continue to operate and repay the Notes as planned.

Decrease in Value of Collateral for the Loans in Company's Portfolio

The Company is responsible for collecting payments from loan obligors and for foreclosing under an applicable Trust Deed in the event of default by an obligor. If the Company is forced to conduct a Trustee's Sale to obtain ownership and possession of a property securing a loan, the value of the property may have decreased between the time that the outstanding loan

was initially made to the time of repossession pursuant to a Deed in Lieu or a Trustee's Sale. Consequently, the Company's sale of such property may result in a loss as a result of the amount owed to the Company being in excess of the value received by the Company pursuant to a subsequent sale of the property. Accordingly, an investment in the Notes offered hereby involves substantial risk and Notes should not be purchased by anyone who cannot tolerate substantial risk, including the possibility of losing their total investment in the Notes. There can be no assurance that the Company will be able to continue to operate and repay the Notes as planned.

Expansion of Real Estate Loan Base

After giving effect to this offering and the application of the net proceeds, the Company will have significant outstanding indebtedness. The Company's ability to make scheduled principal and interest payments on the Notes will depend upon the Company's ability to generate adequate revenues from its real estate lending operations. The Company has historically received approximately ____% effective interest on its real estate loans but minimal interest on its cash accounts at its bank. Therefore, in order to pay the principal and interest due on the Notes, the Company will need to loan a significant amount of its capital to its real estate loan borrowers and reloan any repayment proceeds in a timely manner. As the Company receives the proceeds from this offering, the Company intends to expand its real estate loan base in order to keep its capital loaned to its real estate loan borrowers as opposed to being in its cash accounts at the bank. If the Company cannot continue to expand its real estate loan base, it may not generate enough revenues to service its debt obligations, including the Notes. Accordingly, the Company will continue to rely upon repeat borrowers, word of mouth referrals and the referral network of outside mortgage brokers and consultants that Mr. Chittick has developed. See "Business-Target Markets and Potential Future Markets."

Demand for Real Estate Loans

The Company's success depends, in part, upon its ability to continue to develop and achieve growth in its real estate lending operations and to manage this growth effectively. In

formulating and implementing its business plan, the Company relied on the judgment of its officer and consultants, and on their research and collective experience to determine customers, marketing strategy and procedure. The Company has not planned, conducted or contracted for any independent market studies concerning the anticipated demand for the Company's real estate lending services. Although the Company has reviewed general reports concerning the number of houses being built, houses for sale, jobs created and people relocating to Metropolitan Phoenix, the Company has not reviewed any specific analysis concerning the demand for its niche in real estate lending. Although Mr. Chittick and the Company have developed a network of qualified borrowers and referral sources of current borrowers and escrow officers, there can be no assurance that there will continue to be sufficient demand for loans by qualified borrowers. To the extent that there is insufficient demand for loans by qualified borrowers, this could have an adverse effect on the anticipated demand for the Company's real estate lending services and limit the Company in its efforts to generate sufficient revenues to make scheduled interest and principal payments on the Notes needed for growth. See "Business-Target Markets and Potential Future Markets."

Management of Rapid Growth

The Company's success depends, to a large extent, on its ability to achieve growth in the number of loan applications and closings, the due diligence and servicing of these loans and the ability to manage this growth effectively. This growth will challenge the Company's management, resources and systems. As part of its business strategy, the Company intends to pursue continued growth through its business contacts, marketing capabilities and marketing alliances. As the Company continues to grow, the Company will need to expand its resources and systems to manage future growth, but there can be no assurance that the Company will continue to be able to grow in the future or to even manage this growth effectively. Failure to do so could materially and adversely affect the Company's business and financial performance. See "Business," and "Management."

No Sinking Fund Provision; No Separate Loan Loss Reserve; Lack of Governmental Insurance

The Notes represent general obligations of the Company and will not be subject to redemption through a sinking fund. Although the Company does not currently maintain a loan loss reserve fund, the Company's Management tries to maintain an allowance for losses as part of the Company's general assets at a level that Management believes is adequate to absorb any anticipated losses. At this time, the Company reserves the right to maintain such reserve in the Company's discretion, but the Company has no plans to currently implement a separate loan loss reserve fund. As a result, the risk of loss on the Notes is greater than would be the case if the Notes were backed by a sinking fund or if the Company funded and maintained a separate loan loss reserve fund. Repayment of the Notes by the Company is not secured by any property owned by the Company or any third party. There will be no limitation on the amount of future indebtedness that the Company may issue, create or incur, and the Company will not be prohibited from permitting liens to be placed on or creating senior liens on its property for any purpose, including for the purpose of securing payments on additional indebtedness. Furthermore, neither the Federal Deposit Insurance Corporation nor any other state or federal government agency insures the Notes. See "Description of Securities."

Terms of Notes

The Company expects to redeem the Notes as they mature, including the initial principal balance of each Note and all accrued and unpaid interest. However, the Company has the right to redeem the Notes at any time prior to maturity upon 30 days' written notice to the Noteholder. In the case of early redemption, the Company has the absolute discretion to select the Notes that it will redeem, and there is no requirement that Notes be redeemed from Noteholders on a pro rata or any other basis. Notes redeemed prior to maturity would prevent Noteholders of the Notes called for redemption from receiving the anticipated return on such Notes. See "Description of Securities."

Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes

The Company may be dependent upon the proceeds of subsequently issued Notes to repay earlier maturing Notes. If sufficient proceeds from such subsequently issued Notes are not raised, the Company would rely on its cash reserves, its operating capital and proceeds from the sale of Trust Deeds to repay the earlier maturing Notes. Such funds may be insufficient to repay the earlier maturing Notes, in which event the Company may be unable to repay such Notes or the subsequently issued Notes. The ability of a Noteholder to obtain payment of principal and interest on a Note in these circumstances could be limited to the extremely unlikely event that the Noteholder gains control over and sell assets of the Company. See "Use of Proceeds" and "Description of Securities."

Variable Rates and Maturities of Notes

Each Note bears a fixed rate of interest from the date of its issuance until maturity or early redemption. However, Notes issued subsequent to those purchased by an investor may be issued at higher or lower interest rates and shorter or longer maturities, depending upon market conditions and other factors. Notes outstanding at any given time will not be modified to reflect the terms and conditions of such subsequently issued Notes. Therefore, any particular investor risks investing in the Notes on terms less favorable than may be available at later dates to future investors. See "Description of Securities."

Management anticipates that the interest rate on each Note will be determined and agreed upon on the date of issuance, in significant part, by the demand for funds and the competitive environment in the foreseeable future by the Company. Since the interest rate the Company may charge for its loans to its customers is limited by competitive and other factors, the Company may not be able to increase the interest rates charged on its loans to compensate for increases in its funding rate to investors. Similarly, the Company may not be able to decrease the funding rate to its investors to compensate for decreases in the interest rates charged on its loans to its customers. Also, market forces could eliminate the interest rate difference between the interest rate paid to investors and the interest rate charged to the Company's customers. See "Description of Securities."

Value of Company's Assets

The Notes, together with all other outstanding Notes and all other advances or liabilities owed by the Company to any holder of an outstanding Note, will be unsecured as to any and all assets owned by or later acquired by the Company (the "Company's Assets"). There can be no assurance that the proceeds of any sale of the Company's Assets pursuant to and following an Event of Default (as defined in "Description of Securities") would be sufficient to repay the Notes. In addition, investors in the Notes will have no ability to cause a sale of Company assets. See "Use of Proceeds," "Business" and "Description of Securities."

Collections and Foreclosures

The Company is responsible for collecting payments from loan obligors and for foreclosing under the applicable Trust Deed in the event of default by an obligor. If the Company must complete a project repossessed by it, the Company may have to inject additional capital, which it may not be able to fully recover. Further, the completion time may be in excess of one year, causing a severe strain on the cash flow of the Company, depending upon the project size. The Company also is subject to strict state law requirements in the collection and repossession of its collateral securing each loan. Although the Company will make every effort to comply with all applicable laws, any failure to comply may subject the Company to severe monetary damages or penalties and may result in administrative or judicial action against the Company. See "Business-Regulation."

No Assurance of Conventional Financing for the Company's Operations

In addition to Note proceeds, the Company may establish lines of credit or obtain various forms of financing from a financial institution or any other person or entity. The Company's Management believes that during the past few years, conventional financing for speculative business enterprises, such as the Company's lending operations, has become more difficult to obtain. If regular, continued sale of the Notes is not successful, and the Company is not able to

obtain sufficient financing from other sources, the Company may be forced to sell Trust Deeds and/or loans in its portfolio to pay maturing Notes as they come due. Mr. Chittick has provided liquidity to the Company through an equity line of credit in the past and he intends to do so in the future. When Mr. Chittick advances funds to the Company from this equity line of credit, Mr. Chittick draws an interest rate of ___% per annum from the Company. Funds advanced in this manner are generally only short term (3-5 days). If the Company were to require additional conventional financing, the lender will probably secure its loan through Mr. Chittick to the Company by requiring a lien on the Company's assets, including the Trust Deeds. The lender's lien would have priority to any claims of any of the investors in the Notes, which puts these investors at risk. There can be no assurance the Company would be able to receive sufficient proceeds from the sale of the loans or Trust Deeds to repay any additional financing, if applicable, and to repay all of the outstanding Notes. See "Use of Proceeds," "Business" and "Description of Securities."

Regulation

Because it will not make loans for personal, family or household purposes, the Company believes it has structured its operations to be exempt from various federal and state regulations, and particularly from regulations affecting lending and financial institutions. If it is determined that the Company has not structured its operations so that it is exempt from regulation, the Company could become subject to extensive regulation, including the Truth in Lending Act, the Homeownership and Equity Protection Act of 1994, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Real Estate Settlement Procedures Act and the Home Mortgage Disclosure Act, as well as various state laws and regulations. Failure to comply with any of these requirements, or any similar state law requirement, may result in, among other results, demands for indemnification or repurchase, rescission rights, lawsuits, administrative enforcement actions and civil and criminal liability. In addition, there can be no assurance that existing regulations will not be revised to govern the activities of the Company as currently structured. Compliance with existing or future regulation could be costly and could materially and adversely affect the operations of the Company. See "Business - Regulation," including the predatory mortgage lending discussion contained therein.

FHA Regulations

If new regulations are issued by the Federal Housing Administration or if a more strict interpretation of any of its regulations is implemented in the future, such regulations could reduce the demand for the Company's loans from prospective borrowers, which could impair the Company's ability to keep all of the proceeds from this offering fully invested. See "Business – Regulation."

No Assurance of Successful Placement of the Notes

The Notes are being privately placed by the Company to qualified investors who intend to hold them for their own account until maturity. There is no underwriter, and there is no assurance that the Company will be successful in the continued placement of the Notes in a manner sufficient to satisfy its cash flow requirements to continue funding loans to its borrowers. See "Use of Proceeds" and "Business."

Absence of Public Market/Non-Transferability of Notes

The Notes have not been registered under the Act or any state securities law and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Act and applicable state securities laws. The Company does not intend to register the Notes under the Act or any state securities law. In addition, the Notes are non-transferable without the prior written consent of the Company, which consent may be withheld in the Company's sole discretion. Accordingly, there is no public or private trading market for the Notes, and it is highly unlikely that a trading market will develop. The Company has no obligation to make any effort to cause a trading market to develop and does not intend to take any actions to cause a trading market to develop. Accordingly, and because the restricted nature of the security prohibits the purchase of the Notes

for any purpose other than holding to maturity, an investor in the Notes must anticipate holding the Notes to maturity. See "Description of Securities."

Impact of Change in Economic Conditions

An unforeseen change of general economic conditions, and particularly in Arizona and the southwestern United States, may adversely impact the Company's business and its ability to generate sufficient operating income to satisfy its debt obligations, including its obligations under the Notes as they become due. The Company maintains the right to adjust the interest paid in subsequently offered Notes and on the Notes offered hereby with 30 days written notice. In the past, Arizona's real estate market has been cyclical and has experienced severe fluctuations. Investors should anticipate that these real estate markets might experience cyclical fluctuations in the future. The Company would adjust its operations in response to changing conditions, but there can be no assurance that the Company will be able to operate as planned during periods of such fluctuation or adjust its operations to avoid the impact of such changed conditions. See "Business-Target Markets and Potential Future Markets."

Dependence on Key Personnel

The Company is dependent on the continued services of Mr. Chittick. The Company's ability to continue its lending operations would be significantly and adversely affected by the loss of Mr. Chittick if a qualified replacement could not be found without undue delay. Although Mr. Chittick occasionally uses the services of outside consultants who have assisted Mr. Chittick in limited absences, it is unlikely that an outside consultant would be able to perform Mr. Chittick's duties as successfully as Mr. Chittick has done. If Mr. Chittick is disabled or unavailable for a long period of time, Mr. Chittick has developed a contingency plan for a consultant to wind down the Company's business, but there can be no assurance that such plan will be successful. See "Management-Contingency Plan in the Event of the Death or Disability of Mr. Chittick."

Management's Outside Interests and Conflicts of Interest

Mr. Chittick may maintain some activity in personal investments outside of the Company and he may manage similar types of outside portfolios as those maintained by the Company. Some of the Company's outside consultants who occasionally assist Mr. Chittick also make investments in loans secured by deeds of trust. In addition, Mr. Chittick invests in similar instruments on his own behalf. Since the Company plans to invest in portfolios similar to those of some of its consultants and Mr. Chittick, and because of the past (and limited present) consulting relationships between and among Mr. Chittick and some consultants, conflicts of interest exist and will continue to exist between the Company and the outside interests of Mr. Chittick and some consultants. See "Management."

No Protections From Investment Company Act Registration

The Company is not registered, and does not intend to register, under the Investment Company Act of 1940 in reliance upon an exclusion from the definition of an investment company provided in Section 3(c)(5) thereof. As a result, the operation and conduct of the Company's business will be subject to substantially less federal and state regulation and supervision than a registered investment company. If the Company was subject to the Investment Company Act of 1940, the Company would be required to comply with significant, ongoing regulation which would have an adverse impact on its operations. This could occur if a significant proportion of the proceeds from the sale of the Notes were invested in short-term debt instruments for longer than a one-year period. The Company intends to take all reasonable steps to avoid such classification. See "Business."

No Protections From Investment Advisers Act of 1940 or Analogous Arizona Law

The Company is not registered or licensed, and does not intend to register or become licensed as an investment adviser with the State of Arizona or with the SEC pursuant to the Investment Advisers Act of 1940 because the Company's Management believes that the Company is not engaged in the business of providing investment advice for compensation.

Accordingly, the operation and conduct of the Company's business will be subject to less federal and state regulation and supervision than a registered investment adviser. If the Company was subject to the Investment Advisers Act of 1940 or the analogous Arizona law, the Company would be required to comply with significant, ongoing regulation which could cause the Company to incur additional costs, adversely impacting its operations. This could occur if the Company were deemed to be engaged in the business of providing investment advice for compensation and the Company cannot avail itself of the private investment adviser exemption under Arizona law or the forthcoming exemptions under the Rules to be promulgated by the SEC pursuant to the Dodd-Frank Act. The Company intends to take all reasonable steps to avoid such classification. See "Business."

Control by and Benefits to Insiders

Noteholders will not be able to influence the management of the Company because Mr. Chittick owns all of the outstanding shares of common stock of the Company. See "Management" and "Principal Shareholder."

Difficulties and Costs of Continuous Offering

Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this Memorandum unless the Company changes its operations or method of offering in any material respect prior to the expiration of the two year offering period. See "Plan of Distribution." In order to continue offering the Notes during this period, the Company will need to update this Memorandum from time to time. Keeping the information in the Memorandum current will cause the Company to incur additional costs. A failure to update this Memorandum as required could result in the Company being subject to a claim under Section 10b-5 of the Securities Act for employing a manipulative or deceptive device in the sale of securities, subjecting the Company, and possibly the management of the Company, to claims from regulators and investors. In addition, an investor might seek to have the sale of the Notes hereunder rescinded which would have a serious adverse effect on the Company's operations.

Certain Charter Provisions

Arizona law provides that Arizona corporations may include provisions in their articles of incorporation or bylaws relieving directors and officers of monetary liability for breach of their fiduciary duty as director or officers, respectively, except for the liability of a director or officer resulting from: (i) any transaction from which the director derives an improper personal benefit; (ii) acts or omissions involving intentional misconduct or the absence of good faith; (iii) acts or omissions showing reckless disregard for the director's or officer's duty; or (iv) the making of an illegal distribution to shareholders or an illegal loan or guaranty.

The Company's Articles of Incorporation provide that the Company's directors are not liable to the Company or its shareholders for monetary damages for the breach of their fiduciary duties to the fullest extent permitted by Arizona law. The Company's Bylaws provide that the Company may indemnify its directors and officers as to those liabilities and on terms and conditions permitted by Arizona law including the payment of expenses incurred by a director or

officer in advance of final disposition of the proceeding following the furnishing of certain written representations.

Notes Are Unsecured General Obligations

The Notes are unsecured obligations of the Company, and Noteholders will be general unsecured creditors of the Company. The Notes do not limit the Company's ability to obtain additional capital from other sources and do not limit the Company's ability to grant such other financing sources liens or other security interests in the Company's assets and other property. If a bankruptcy proceeding is commenced by or against the Company, creditors of the Company who were granted a security interest in the Company's property will be entitled to repayment prior to any general unsecured creditors of the Company, including the Noteholders. The Company may also incur additional unsecured obligations which could reduce the funds available for repayment of the Notes in a bankruptcy or other liquidation scenario. Title 11 of the United States Code (the Bankruptcy Code) also specifies that certain other creditors be entitled to repayment prior to general unsecured creditors. There can be no assurance that the Noteholders will receive any payments in respect of the Notes if the indebtedness of any secured creditors of the Company exceeds the value of such secured creditors' collateral.

Changes in Investment and Financing Policies Without Noteholder Approval

The major business decisions and policies of the Company, including its investment and lending policies and other policies with respect to growth, operations, debt and distributions, will be determined by the Company's Management. The Company's Management will be able to amend or revise these and other policies, or approve transactions that deviate from these policies, from time to time without a vote of the Noteholders. Accordingly, the Noteholders will have no control over changes in strategies and policies of the Company, and such changes may not serve the interests of all the Noteholders and could materially and adversely affect the Company's financial condition or results of operations.

Issuance of Additional Debt and Equity Securities

The Company will have authority to offer additional debt and equity securities for cash, in exchange for property, services or otherwise. The Noteholders will have no preemptive right to acquire any such securities. Further, the Company is not subject to any agreement that limits or restricts the amount or the terms of additional debt that the Company may incur in the future. To the extent that the Company incurs debt and grants its creditors security interests in or other liens upon the Company's assets or other collateral, those other creditors would enjoy priority in right of payment compared to the Noteholders, up to the value realizable from such collateral.

Concentration of Loans in Arizona

The Company's portfolio of loans is concentrated in Arizona. Consequently, the Company's operations and financial condition are dependent upon general trends in the Arizona market in which such concentration exists and, more specifically, its respective real estate market. A decline in a market in which the Company has a concentration may adversely affect the values of properties securing the Company's loans, such that the principal balance of such loans may equal or exceed the value of the underlying properties, making the Company's ability to recover losses in the event of a borrower's default unlikely. In addition, uninsured disasters such as floods, terrorism and acts of war may adversely impact the borrowers' ability to repay loans, which could have a material adverse effect on the Company's results of operations and financial condition.

Possible Inadequacy of Allowances for Loan Losses

The Company's allowance for losses related to the loans is maintained at a level considered adequate by Management to absorb anticipated losses, based upon historical experience and upon Management's assessment of the collectibility of loans in the Company's portfolio from time to time. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates that may be beyond the

Company's control and such losses may exceed current estimates. Although Management believes that the Company's allowance for losses related to the loans is adequate to absorb any losses on existing loans that may become uncollectible, there can be no assurance that the allowance will prove sufficient to cover actual losses related to the loans in the future.

Broad Management Discretion as to Use of Proceeds

The net proceeds to be received by the Company in connection with this offering will be used for working capital and general corporate purposes, including the funding of loans. Accordingly, Management will have broad discretion with respect to the expenditure of such proceeds. Purchasers of the Notes will be entrusting their funds to the Company's Management, upon whose judgment they must depend, with limited information concerning the specific working capital requirements and general corporate purposes to which the funds will ultimately be applied. See "Use of Proceeds."

Company Is Exposed to Risks of Being a Lender

The current economic downturn could severely disrupt the market for real estate loans and adversely affect the value of any outstanding real estate loans made by the Company, and in turn the Notes. Non-performing real estate loans may require substantial negotiations by the Company with the borrower in order for the Company to ultimately obtain the underlying property used as collateral for the loan. The Company may incur additional expenses to the extent it is required to negotiate with the borrower in order to obtain the underlying property. In the event the Company is unable to obtain the underlying property, because of the unique and customized nature of a real estate loan, certain real estate loans may not be sold easily. One or more non-performing real estate loans secured by property that the Company is unable to obtain could have a negative affect on the performance of the Company and the return on your investment.

Governmental Action May Reduce Recoveries on Non-Performing Real Estate Loans

In the event the Company decides to foreclose on a real estate loan, legislative or regulatory initiatives by federal, state or local legislative bodies or administrative agencies, if enacted or adopted, could delay foreclosure, provide new defenses to foreclosure or otherwise impair the ability of the Company to foreclose on a real estate loan in default. Various jurisdictions have considered or are currently considering such actions, and the nature or extent of the limitation on foreclosure that may be enacted cannot be predicted. Bankruptcy courts could, if this legislation is enacted, reduce the amount of the principal balance on a real estate loan, reduce the interest rate, extend the term to maturity or otherwise modify the terms of a bankrupt borrower's real estate loan.

Property Owners Filing for Bankruptcy May Adversely Affect the Company and the Notes

The filing of a petition in bankruptcy automatically stops or "stays" any actions to enforce the terms of a real estate loan. Further, the bankruptcy court may take other actions that prevent the Company from foreclosing on the underlying property. A court may require modifications of the terms of a real estate loan, including reducing the amount of each monthly payment, changing the rate of interest and altering the payment schedule, thus allowing the borrower to keep the underlying property and thus preventing foreclosure by the Company and/or making the sale of the real estate less profitable. A court may also permit a borrower to cure a monetary default relating to a real estate loan by paying arrearages within a reasonable period and reinstating the original real estate loan payment schedule, even if a final judgment of foreclosure has been entered in a state court. Any bankruptcy proceeding will, at a minimum, delay the Company in achieving its investment objectives and may adversely affect the Company's profitability.

Violation of Various Federal, State and Local Laws May Result in Losses

Violations of certain federal, state or local laws and regulations relating to the protection of consumers, unfair and deceptive practices and debt collection practices may subject the

Company to damages and administrative enforcement. In the event that a real estate loan issued by the Company was not originated in compliance with applicable federal, state and local law, the Company may be subject to monetary penalties and could result in the borrowers rescinding the affected real estate loan. As a result, the Company may not be able to achieve its financial projections with respect to the particular underlying property.

Delays in Liquidation Due to State and Local Laws

Property foreclosure actions are regulated by state and local statutes and rules and are subject to many of the delays and expenses of other lawsuits, sometimes requiring several years to complete. As a result, if the Company is not able to obtain the property voluntarily from the borrower, the Company may not be able to quickly foreclose on and subsequently sell a property securing a real estate loan.

An Investment in the Notes May Not Be Consistent With Section 404 of ERISA

Persons acting as fiduciaries on behalf of a qualified profit sharing, pension or other retirement trusts subject to the Employee Retirement Income Security Act of 1974 ("ERISA") should satisfy themselves that an investment in the Notes is consistent with Section 404 of ERISA and that the investment is prudent, taking into consideration cash flow and other objectives of the investor.

There Can Be no Assurance of Confidentiality

As part of the subscription process, investors will provide significant amounts of information about themselves to the Company. Pursuant to applicable laws, such information may be made available to third parties that have dealings with the Company, and governmental authorities (including by means of securities law-required information statements that are open to public inspection). Investors that are highly sensitive to such issues should consider taking steps

to mitigate the impact upon them of such disclosures (such as by investing in the Notes through an intermediary entity).

Legal Counsel to the Company and Its President Does Not Represent the Noteholders

Each investor must acknowledge and agree in the Subscription Agreement that legal counsel representing the Company and its President does not represent, and shall not be deemed under the applicable codes of professional responsibility, to have represented or to be representing, any or all of the investors.

Legal Counsel to the Company Will Represent the Interests Solely of the Company and Its President

Documents relating to the purchase of Notes, including the Subscription Agreement to be completed by each investor, will be detailed and often technical in nature. Legal counsel to the Company will represent the interests solely of the Company and its President, and will not represent the interests of any investor. Accordingly, each prospective investor is urged to consult with its own legal counsel before investing in the Company and the purchase of the Notes. Finally, in advising as to matters of law (including matters of law described in this Memorandum), legal counsel has relied, and will rely, upon representations of fact made by the Company's President. Such advice may be materially inaccurate or incomplete if any such representations are themselves inaccurate or incomplete, and legal counsel generally will not undertake independent investigation with regard to such representations.

Federal Income Tax Risks

The discussion entitled "Certain United States Federal Income Tax Considerations" includes a discussion of certain U.S. income tax risks involved in an investment in the Notes. The section does not discuss all aspects of U.S. federal income taxation that may be relevant to any particular investor and cannot address any investor's specific investment circumstances. In

addition, the section does not include a discussion of state, local or foreign tax laws. Each investor should consult its own tax advisor with respect to these and other tax consequences of an investment in the Notes.

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FORWARD-LOOKING STATEMENTS

This Confidential Private Offering Memorandum, including information incorporated by reference in this Memorandum, contains forward-looking statements regarding the Company's plans, expectations, estimates and beliefs. Actual results could differ materially from those discussed in, or implied by, these forward-looking statements. When used in this Memorandum, the words "anticipate," "intend," "believe," "estimate," and other similar expressions generally identify forward-looking statements, which are found throughout this Memorandum whenever statements are made that are not historical facts. Accordingly, such forward-looking statements might not accurately predict future events or the actual performance of an investment in the Notes. In addition, you must disregard any projections and representations, written or oral, which do not conform to those contained in this Confidential Private Offering Memorandum.

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USE OF PROCEEDS

The Company intends to use the net proceeds received from the sale of the Notes, primarily for operating capital, to purchase and fund Trust Deeds and to acquire interests in properties or notes, which the Company's Management anticipates to be able to resell or collect as applicable. The proceeds from the sale of Notes may be used to repay earlier maturing Notes; provided, however, the Company will limit the amount of money that may be raised for this purpose so that the Company will not become subject to the Investment Company Act of 1940. See "Risk Factors – Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes."

The Company may use proceeds from this private placement for general business purposes, including rent, advertising, labor and administrative expenses, if needed, investment, expansion or the purchase of capital assets and to fund loans to borrowers and purchase Trust Deeds. However, the Company expects that no more than .05 percent of the proceeds of the offering will be allocated to general business purposes. The Company is not required to maintain reserves or to deposit any of the proceeds of the offering, into a reserve account, for the purpose of providing liquidity to service interest payments on, and redemption of, the Notes as they mature. The Company does not intend to maintain reserves from the proceeds of the offering in a cash reserve account. The remaining proceeds, net of cash reserves, if any, should be available to fund and purchase Trust Deeds. The Company is not required or obligated to give Noteholders notice of any changes in the Company's intended use of proceeds of the offering. See "Business."

The following table sets forth the Company's best estimates of the use of the minimum and maximum target gross proceeds from the sale of the Notes.

	<i>Minimum Amount Raised</i>	<i>Percent of Offering</i>	<i>Target Amount Raised</i>	<i>Percent of Offering</i>
<i>Gross Offering Proceeds</i>	\$500,000	100%	\$50,000,000	100%
<i>Commissions & Costs (1)</i>	-0-	0%	-0-	0%
<i>Cash Reserve (2)</i>	-0-	0%	-0-	0%
<i>General Business (3)</i>	\$25,000	5%	\$25,000	.05%
<i>Proceeds Available For Funding/ Purchase of Construction Loans (4)</i>	\$475,000	95%	\$49,975,000	99.95%

- (1) The Company does not anticipate paying costs and commissions in excess of the costs associated with this offering. The Notes may be purchased directly from the Company without commission. Notes maturing more than two years also may be purchased by investors using qualified funds (i.e., IRA, SEP IRA, ROTH IRA and Keogh Plans), through a licensed broker-dealer and with an approved custodian, provided, that such investments meet the investor suitability requirement. Transaction costs for Notes purchased with qualified funds may be paid, solely at the Company's discretion, by the Company up to one percent (1%) of the principal Note amount.
- (2) Company intends (but is not required) to maintain cash reserves (or access to other funds) approximately equal to a minimum of one percent of the aggregate balance of Notes outstanding in its general accounts to provide funds to service interest payments and to facilitate redemption of the Notes. This amount will be calculated using a proprietary cash-flow management model. Interest accruing in the general accounts will belong to the Company.
- (3) Company anticipates that its current facilities are adequate to fund real estate loans and to service the volume of contracts that would be purchased at the minimum level of proceeds. If its business is significantly increased, the Company may invest in additional personnel, computer equipment and facilities capable of processing increased data. General business expenses may also include the offering expenses.

- (4) This use of the proceeds is only an estimate and the Company reserves the right to allocate the proceeds in a different manner consistent with the Confidential Private Offering Memorandum.

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PRIOR PERFORMANCE

Mr. Chittick organized the Company in April of 2001 to provide a short-term funding source for primarily real estate developers and foreclosure specialists. Mr. Chittick has arranged for the funding and administration of real estate loans since that time. The chart set forth below indicates the Company's history in raising money from investors, the number of loans made, the aggregate amount of such loans, the underlying values of the security for such loans and any problems with respect to such loans.

Mr. Chittick initially capitalized the company with one million dollars of his personal funds. From July 2001 through December 2001, an additional \$500,000 was raised from investors. In 2002, an additional \$930,000 was raised from investors. In 2003, an additional \$1,550,000 was raised from existing and new investors. In 2004, the amount from both old and new investors increased to an additional \$2,450,000. In 2005, an additional \$2,670,000 was raised from existing and new investors. In 2006, an additional \$2,800,000 was raised from existing and new investors. In 2007, an additional \$2,400,000 was raised from existing and new investors. In 2008, an additional \$3,000,000 was raised from existing and new investors. In 2009, an additional \$_____ was raised from existing and new investors. In 2010, an additional \$_____ was raised from existing and new investors. From January 2011 to _____, 2011, an additional \$_____ was raised from existing and new investors. Mr. Chittick uses an equity line of credit to help facilitate cash flow for the Company. All of the money raised from investors has been through the sale of promissory notes like those being offered in this placement. Such notes were for terms of 6 to 60 months and have, to date, drawn interest at the rate of 8 to 12% per annum. The Company has never defaulted on either interest or principal for any of such notes.

The money raised by the Company from investors has historically been divided into a large portfolio of loans secured by marketable properties with varying values and locations in the Phoenix metro area. The Company is currently lending in approximately _____ cities in the Phoenix metro area, which includes Maricopa and Pinal Counties. The Company will have loans secured by properties in many of these cities simultaneously. The Company has endeavored to maintain a large and diverse base of borrowers as well as a diverse selection of properties as

collateral for its loans to the borrowers. However, in response to the more recent challenging conditions in the real estate market, the Company has focused on maintaining relationships with borrowers that have a proven track record with a good payment history and performance. The Company continues to strive to achieve a diverse borrower base by attempting to ensure that one borrower will not comprise more than 10 to 15 percent of the total portfolio.

All real estate loans funded by the Company have been and are intended to be secured through first position trust deeds. The loan to value ratio of the Company's overall portfolio has averaged less than 70% and the Company intends to maintain a loan to value ratio of 50% to 65%.

In 2001, the Company funded 37 loans in its first year of operation. The aggregate amount of these loans totaled \$3,378,000, with the value of underlying homes totaling \$6,393,000. Of those 37 loans, 15 were repaid in 2001. The repaid loans totaled \$1,452,000, with the value of the underlying homes equaling \$2,431,000. All interest due from all loans was collected.

In 2002, the Company funded 69 loans in its first full year of operation. The aggregate amount of these loans totaled \$5,685,000, with the value of the underlying homes totaling \$8,780,000. Of the 69 new loans in 2002 and the remaining unpaid loans from late 2001, 66 were repaid in 2002. These repaid loans totaled \$5,267,000, with the value of the underlying homes equaling \$9,076,300. All interest due from all loans was collected.

In 2003, the Company funded 124 loans. The aggregate amount of these loans totaled \$11,673,000, with the value of the underlying homes totaling \$17,530,500. Of the 124 new loans in 2003 and the remaining unpaid loans from late 2002, 106 were repaid in 2003. These repaid loans totaled \$9,693,500, with the value of the underlying homes equaling \$14,488,500. All interest due from all loans was collected.

In 2004, the Company funded 185 loans. The aggregate amount of these loans totaled \$19,907,000, with the value of the underlying homes totaling \$30,422,600. Of the 185 new loans in 2004 and the remaining unpaid loans from late 2003, 170 were repaid in 2004. These

repaid loans totaled \$17,951,700, with the value of the underlying homes equaling \$26,939,500. All interest due from all loans was collected.

In 2005, the Company funded 236 loans. The aggregate amount of these loans totaled \$34,955,700, with the value of the underlying homes totaling \$50,487,300. Of the 236 new loans in 2005 and the remaining unpaid loans from late 2004, 232 were repaid in 2005. These repaid loans totaled \$31,001,940, with the value of the underlying homes equaling \$45,111,500. All interest due from all loans was collected.

In 2006, the Company funded 215 loans. The aggregate amount of these loans totaled \$34,468,100, with the value of the underlying homes totaling \$52,784,000. Of the 215 new loans in 2006 and the remaining unpaid loans from 2005, 212 were repaid in 2006. These repaid loans totaled \$35,301,250, with the value of the underlying homes equaling \$53,057,200. One loan that was foreclosed on, and successfully resold, did not pay all the interest due. However, the small uncollected amount was absorbed by the Company.

In 2007, the Company funded 271 loans. The aggregate amount of these loans totaled \$42,269,767, with the value of the underlying homes totaling \$65,574,500. Of the 271 new loans in 2007 and the remaining unpaid loans from 2006, 257 were repaid in 2007. These repaid loans totaled \$41,424,815, with the value of the underlying homes equaling \$65,482,800. One condominium loan, two house loans, and one land loan were foreclosed. While the condominium and houses were sold with minimal principal loss, much of the interest was collected on all four loans. The loss was absorbed by the Company.

In 2008, the Company funded 364 loans. The aggregate amount of these loans totaled \$47,329,758, with the value of the underlying homes totaling \$77,616,000. Of the 364 new loans in 2008 and the remaining unpaid loans from 2007, 257 were repaid in 2008. Such repaid loans totaled \$34,578,755 with the value of the underlying homes equaling \$56,255,500. While one condominium and six homes were sold with minimal principal loss, much of the interest was collected on all the loans. The loss was absorbed by the Company. There were 15 more homes that were either foreclosed on or ownership was acquired through the deed in lieu process.

These houses are presently either for sale on the retail market, or have been rented and are for sale on the investor market.

In 2009, the Company funded ____ loans. The aggregate amount of these loans totaled \$_____, with the value of the underlying homes totaling \$_____. Of the _____ new loans in 2009 and the remaining unpaid loans from 2008 _____ were repaid in 2009. Such repaid loans totaled \$_____ with the value of the underlying homes equaling \$_____.

In 2010, the Company funded ____ loans. The aggregate amount of these loans totaled \$_____, with the value of the underlying homes totaling \$_____. Of the _____ new loans in 2010 and the remaining unpaid loans from 2009, _____ were repaid in 2010. Such repaid loans totaled \$_____ with the value of the underlying homes equaling \$_____.

From January 1, 2011, through _____, 2011, the Company has funded ____ loans for a total of \$_____ with the underlying homes valued at \$_____. There have been _____ loans repaid in 2011 for a total of \$_____, and house values of \$_____.

Since inception through _____, 2011, the Company has participated in _____ loans, with an average loan amount of \$_____, with the highest single loan being \$_____ and lowest being \$_____. The aggregate amount of loans funded is \$_____ with property values totaling \$_____. The total amount of loans that have funded and closed is \$_____ with home values equaling \$_____. These loans have borne interest rates of ____% to ____% per annum. The interest rate paid to noteholders has ranged from ____% to ____% per annum through such date. Each and every Noteholder has been paid the interest and principle due to that Noteholder in accordance with the respective terms of the Noteholder's Notes. Despite any losses incurred by the Company from its borrowers, no Noteholder has sustained any diminished return or loss on their investment in a Note from the Company.

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MANAGEMENT

Directors and Executive Officers

The Director and Executive Officer of the Company are: Denny J. Chittick, 4_, President, Vice President, Treasurer, and Secretary.

Denny J. Chittick worked at Insight Enterprises, Inc. a publicly traded company, for nearly 10 years, holding many different positions from finance, accounting, operations and held the position of Sr. Vice President and CIO when he left the company in 1997. Since leaving Insight, he has been involved in several different companies, including a software company, internet company and finance company. Mr. Chittick holds a degree in Finance from Arizona State University.

Real Estate Consultant

The Company will have only one employee, which will require the Company to use outside consultants on a periodic basis to provide various services. These consultants may be retained to assist with any necessary due diligence in connection with these loans and, to the extent necessary, to assist with the closing of a loan.

Employees

With the assistance of outside consultants on an as-needed basis, Mr. Chittick intends to operate the Company as its primary employee, analyzing, negotiating, originating, purchasing and servicing Trust Deeds by himself. As the portfolio of contracts increases, the Company may add additional personnel.

Contingency Plan in the Event of Death or Disability of Mr. Chittick

In the event that Mr. Chittick is unable to perform his duties to continue the operation of the Company in any capacity, Mr. Chittick has a written agreement with Robert Koehler, an owner of RLS Capital, Inc. to provide or arrange for any necessary services for the Company. Robert has twelve (12) years of experience supporting real estate loan portfolios similar to the portfolio of the Company. Robert holds a real estate license in Arizona and has worked as a loan officer in the residential and commercial transactions and has conducted due diligence effort for hundreds of private purchase of notes and trust deeds. Robert is respected as a member of the Arizona real estate investment community by investors, borrowers, mortgage brokers, escrow officers and real estate agents. As part of this contingency plan, Robert is a signatory on the Company's bank account. On a weekly basis, Robert receives an updated spreadsheet of all properties currently being used as collateral for a loan. On a monthly basis, Robert receives a spreadsheet of all the investors and what is owed to each of them, and receives the monthly statements for all investors. Pursuant to the agreement with Robert, upon Robert's receipt of instructions from Denny Chittick, or from other designated individuals, or upon medical confirmation that Mr. Chittick is unable to continue to perform his duties as President of the Company for an extended period of time, Robert will act to close down the Company's business by collecting all of the monies due on the Trust Deeds and Robert will return all of the principal and interest owed to the investors pursuant to the Notes.

Management Compensation

As the sole shareholder, Mr. Chittick receives a salary consistent with IRS guidelines. Salary adjustments are made at year-end in order for Mr. Chittick to fund his 401(K) and to pay his income taxes. Year-end profits are taxed to Mr. Chittick pursuant to the U.S. Internal Revenue Code rules applicable to Subchapter S corporations. Therefore, year-end profits may be distributed to Mr. Chittick. In addition, Mr. Chittick is paid interest on Notes funded by Mr. Chittick in the same manner as the other investors. See "Management - Management Compensation." As the Company expands its lending operations and increases the workload of

Mr. Chittick, he reserves the right to receive an increased salary so long as there is no current default under the Notes.

Ownership Compensation

The Company receives its revenue primarily from interest earned on trust deeds, rents on properties owned by the Company, interest on cash reserve accounts, and interest earned on investments made by the Company after subtracting interest paid on its debts. The amount of profits, and therefore, compensation to Mr. Chittick, will be dependent upon the amount of Notes sold, Trust Deeds acquired, loans made and the terms of such loans. After payment of its principal and interest obligations under the Notes, the Company distributes the balance to Mr. Chittick; provided, however, the Company may (but is not required to) retain earnings in the Company up to a level of "reserve" or "retained earnings" goals that the Company deems adequate. Subject to the need to adjust these goals due to special liquidity needs due to plans to repay Notes or to fund future Trust Deeds, the Company anticipates that it will be able to achieve and maintain adequate reserve goals to meet the Company's obligations.

Mr. Chittick may have significant investments in the Notes, for which the Company will pay him monthly interest on the same basis as other Noteholders which investment amount will be subordinated to all other Notes placed pursuant to this Memorandum. (Mr. Chittick currently has invested approximately \$2,200,000 in Notes, but this amount varies from \$1.9 million to \$3.2 million.) See "Description of Securities." The Company intends to pay to Mr. Chittick all retained earnings in excess of any reserves deemed necessary or desirable by Mr. Chittick to meet the Company's obligations.

PRINCIPAL SHAREHOLDER

The following table sets forth the beneficial ownership of shares of the Company's outstanding common stock.

Name and Address	Number of Shares	Percent
Denny J. Chittick 6132 W. Victoria Place Chandler, AZ 85226	500,000	100%

The Company is authorized to issue up to 25,000,000 shares of common stock, but has no intent to issue additional common stock at this time.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Ownership

Based on his 100 percent ownership of the Company's common stock, Denny J. Chittick maintains the exclusive ability to elect directors, appoint officers and manage the operations of the Company.

Competing Businesses

During the four years prior to forming the Company, Denny Chittick personally invested in companies and in real estate loans that are substantially similar to the Company's investments in Trust Deeds. In addition to his activities on behalf of the Company, Mr. Chittick reserves the right to continue his personal investments in real estate and instruments similar to Trust Deeds, which are considered competing businesses of the Company. See "Risk Factors – Management's Outside Interests and Conflicts of Interest."

DESCRIPTION OF SECURITIES

The Company is offering up to \$50 million in Notes. The minimum denomination is \$50,000, and the maximum denomination is \$1,000,000 in a single note. An investor may purchase more than \$1,000,000 in Notes, but it will be distributed over different Notes. Denominations increase from the minimum to the maximum in additional increments with a minimum incremental increase of \$10,000. Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this Memorandum. Absent an earlier termination, the offering will continue for so long as the Company has not changed its operations or method of offering in any material respect. If the Company changes its operations or method of offering in any material respect, the Company will update the Memorandum as necessary to provide correct information to investors. The Company may experience difficulties in conducting a continuous offering of Notes. See "Risk Factors - Difficulties and Costs of Continuous Offering."

The Notes are general obligations of the Company and are superior in priority and liquidation preference to any Notes payable to Mr. Chittick. Mr. Chittick has agreed to subordinate any Notes to which he subscribes to Notes with similar maturities placed with other investors. Although the Company has never defaulted with respect to a Note, including any regular interest payment or the principal and interest due upon the maturity of the Note, if the Company should ever be in default with respect to any Note, Mr. Chittick will subordinate any Notes he may hold until the default is cured and Mr. Chittick will also defer any compensation until the default is cured. While Mr. Chittick has agreed and will act as set forth above in this Memorandum, such agreement is not evidenced in a separate writing signed by Mr. Chittick.

The Notes will bear interest at the rates stated for the term selected. The investor may elect to have interest paid monthly, quarterly or accrue and be paid at maturity. If the investor elects to have interest paid at maturity or quarterly, the interest will accrue monthly and earn compounded interest. Interest is payable on the last day of each period to the investors of the Notes at the principal office of the Company in Chandler, Arizona. At the option of the

Company, interest payments may be paid by check mailed to the address of the investor entitled thereto as it appears on the Subscription Agreement for the Notes. An investor may request in writing to the Company that a deposit be made to a designated bank or investment account.

The Notes are not transferable without the prior written consent of the Company, which the Company may withhold in its sole discretion. The Company anticipates withholding its consent if the transfer could jeopardize the Company's exemption under Regulation D or any applicable state blue-sky law or the Company's exclusion from the definition of an investment company under the Investment Company Act of 1940.

The Notes are unsecured and are not insured or guaranteed by any state or federal government entity or any insurance company. In event of default, an investor could look only to the Trust Deeds or other assets of the Company for repayment.

As unsecured, general obligations of the Company, the Notes will not have any specific collateral. The Company's Assets include all of the Company's right, title and interest in Trust Deeds owned by the Company, together with all payments and instruments received thereto, real estate owned by the Company as a result of a deed-in-lieu of foreclosure due to a borrower default, and all proceeds of the conversion of any of the foregoing into cash or other liquid property. So long as the Company is not in default on the Notes, the Company is permitted to freely transfer, sell or substitute, in the normal course of business, any Trust Deeds it owns, subject to general restrictions concerning transfers of property; provided, however, the Company may transfer, sell or substitute one or more Trust Deeds if such transfer, sale or substitution is done in connection with a plan to cure a default.

On an annual basis, the Company will retain an independent accounting firm to prepare the 1099's to be issued by the Company to the investors and to prepare the tax return for the Company. On an annual basis and upon written request from an investor, the Company will certify to the requesting investor(s) that the aggregate outstanding principal amount of all cash accounts, other property and Trust Deeds is at least equal to the principal amount of outstanding Notes as of the date of the request.

The Company may, in its discretion, modify the interest rate paid on subsequently issued Notes or the term of such Notes. Any such modification of the interest rate or term will not affect Notes then issued and outstanding.

Notes are initially being offered at the following rates and maturities:

Note Amount (1)	<u>Note Terms (2)(3)</u>		
	6 Months	1 Year	2 Years to 5 Years
\$50,000 and up	8% ⁽⁴⁾	10% ⁽⁴⁾	12% ⁽⁴⁾

- (1) Note amounts are issued in varied denominations from \$50,000 to \$1,000,000, and in additional increases with a minimum of \$10,000. For qualified funds, the Company will accept minimum contributions in such amounts as reasonably determined by the Company.
- (2) Although the Company intends to use its good faith efforts to accommodate written requests from an investor to prepay any Note prior to maturity and the Company has in fact been able to satisfy such requests in a timely manner with interest paid in full, the Company has no obligation to do so and the investor has no right to require the Company to redeem the Note prior to maturity. Upon the Company's election to honor an investor's request to prepay any Note prior to maturity, the Company reserves the right to adjust any interest payable to the investor to the interest rate that would have been payable for the actual outstanding term of the Note.
- (3) The Notes may be redeemed by the Company at any time prior to maturity upon 30 days written notice to the investor at a price equal to the principal amount of the Note plus accrued interest to the date of redemption.
- (4) The Company also reserves the right, in its sole discretion, to adjust the interest paid on outstanding Notes on 30 days written notice to Noteholders.

The Company has the right to sell, encumber, mortgage, create a lien on or otherwise dispose of any or all of its property, or in any manner secure an indebtedness so that such indebtedness shall have a claim against the assets of the Company securing such indebtedness, all without the consent of the investors of the outstanding Notes provided no Notes are in default. Any security interest granted in any of the Company's assets to secure an indebtedness will be superior in priority to the general claim of a Noteholder.

Default may occur with respect to one Note and not another. The Company shall be in default of a particular Note if any of the following events ("Event of Default") occurs with respect to that Note: (a) default for 30 days in any payment of interest on a Note when due; (b) default for 15 days in any payment of principal on a Note when due after maturity; (c) a filing for protection by the Company under Chapters 11 or 7 of the U.S. Bankruptcy Code or a filing for the Company under the U.S. Bankruptcy Code by creditors of the Company which filing is not dismissed within 90 days of the filing date; or (d) default for 90 days after receiving appropriate notice of a breach of any other covenant applicable to a Note. Notwithstanding the events listed above, Mr. Chittick may defer any payment of interest or principal due to Mr. Chittick or an entity controlled by him on any of the Notes subscribed to personally by Mr. Chittick without creating an Event of Default.

The Company may not consolidate with or merge into any corporation, or transfer substantially all of its assets to any person, unless the successor corporation or transferee assumes the Company's obligations on the Notes. The Company has no present intention of merging with another company or consolidating with another company or transferring its assets.

PLAN OF DISTRIBUTION

The Notes may be purchased directly from the Company without commission. Notes maturing in two through five years also may be purchased with qualified monies (such as IRA, SEP IRA, ROTH IRA and KEOGH plans) through a licensed broker-dealer and with an approved custodian; provided, that such investments meet the investor suitability requirements. Transaction costs for Notes purchased with qualified funds will be paid by the Company up to one percent of the Note's face amount. The principal amount of the Note will be equal to the amount paid by the investor, and interest would be calculated on that amount.

The Notes are not registered with the SEC or any other state or federal regulatory agency. No state or federal agency has made any finding of determination as to the fairness of this offering for investment, the adequacy or accuracy of the disclosures, nor any recommendation or endorsement of the Notes.

The offering and sale of the Notes is intended to be exempt from registration under the Act by virtue of one or more of the following exemptions provided by: (i) Section 4(2) of the Act; and (ii) Regulation D promulgated under the Act. See "Investor Suitability." In accordance therewith, substantial restrictions are placed on the offering and purchase of the Notes, including, but not limited to, the following:

- (1) The transaction may not include any public offering. The offer to sell Notes must be directly communicated to the investor by an officer of the Company and at no time may the Company advertise or solicit by means of any leaflet, public promotional meeting, newspaper or magazine article, radio or television advertisement or any other form of general advertising or general promotion.
- (2) The Notes may be purchased only for the investor's own account, for investment purposes only and not with a view to distribution, assignment, hypothecation, resale or to fractionalization in whole or in part.
- (3) An investor must meet certain suitability requirements, which are set forth under "Investor Suitability."

- (4) The Company must have furnished and made available for inspection all documents and information that the investor has reasonably requested relating to an investment in the Company, including its Articles of Incorporation, stock records and financial account records.

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DETERMINATION OF OFFERING PRICE

The rate of return for the Notes offered hereby will be set from time to time by Management of the Company to approximate a rate of return competitive with similar securities of other companies engaged in the finance industry. The Company has been in operation since April 2001. There is no market for the Company's securities and none is expected to develop. Accordingly, the rate of return on any Note bears no relation to the results of the Company, to any market price for the Company's securities, to the level of risk involved, or to any recognized measure of valuation or return on investment.

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CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of certain U.S. federal tax considerations and consequences that may be relevant to a decision to acquire, own and dispose of Notes by an initial holder thereof. This summary only applies to Notes held as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). Except as set forth below, this summary does not address all of the tax consequences that may be relevant to a particular Noteholder and it is not intended to be applicable to Noteholders that are subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, U.S. expatriates, partnerships or other pass-through entities, tax-exempt organizations or dealers or traders in securities or currencies, or to Noteholders that will hold Notes as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes or that have a functional currency other than the U.S. dollar. Moreover, except as set forth below, this summary does not address the U.S. federal estate and gift tax law, the tax laws of any state, local or foreign government or alternative minimum tax consequences of the acquisition, ownership or other disposition of Notes and does not address the U.S. federal income tax treatment of Noteholders that do not acquire Notes as part of the initial distribution at their initial issue price. Each prospective investor should consult its tax advisor, attorney and accountant with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and disposing of Notes.

This summary is based on current provisions of the Code, as amended, existing and proposed U.S. Treasury Regulations, current administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. No advance tax ruling has been sought or obtained from the Internal Revenue Service regarding the tax consequences of the transactions described herein. This discussion does not address tax considerations arising under the laws of any particular state, local or foreign jurisdiction.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS, ATTORNEYS AND ACCOUNTANTS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES THAT MAY ARISE UNDER THE LAWS OF ANY FOREIGN, STATE, LOCAL OR OTHER TAXING JURISDICTION.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Notes who for U.S. federal income tax purposes is (i) a citizen or resident (or is treated as a resident for U.S. federal income tax purposes) of the United States; (ii) a corporation created or organized in or under the laws of the United States or any State or political subdivision thereof; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2) (a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control. A "Non-U.S. Holder" is a beneficial owner of Notes who for U.S. federal income tax purposes is (i) a non-resident alien individual; (ii) a foreign corporation; or (iii) a foreign estate or trust the fiduciary of which is a nonresident alien.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such partner should consult its own tax adviser as to its consequences of holding and disposing of the Notes.

U.S. Holders

Interest

Except as set forth below, interest paid on a Note generally will be includible in a U.S. Holder's gross income as ordinary interest income at the time it is paid or accrued in accordance with the U.S. Holder's usual method of tax accounting for U.S. federal income tax purposes.

Market Discount

A holder of Notes may in very limited circumstances, transfer their Notes to third parties. If the Company authorizes such a transfer, Notes sold on a secondary market after their original issue for a price lower than their stated redemption price at maturity are generally said to be acquired at market discount. Code Section 1278 defines "market discount" as the excess, if any, of the stated redemption price at maturity of the Note, over the purchaser's initial adjusted basis in the Note. If, however, the market discount with respect to a Note is less than 1/4th of one percent (.0025) of the stated redemption price at maturity of the Note multiplied by the number of complete years to maturity from the date the subsequent purchaser has acquired the Note, then the market discount is considered to be zero. Notes acquired by holders at original issue and Notes maturing not more than one year from the date of issue are not subject to the market discount rules.

Gain on the sale, redemption or other disposition of a Note, including full or partial redemption thereof, having "market discount" will be treated as interest income to the extent the gain does not exceed the accrued market discount on the Note at the time of the disposition. A holder may elect to include market discount in taxable income for the taxable years to which it is attributable. The amount included is treated as interest income. If this election is made, the rule requiring interest income treatment of all or a portion of the gain upon disposition is inapplicable. Once the election is made to include market discount in income currently, it cannot be revoked without the consent of the IRS. The election applies to all market discount notes acquired by the holder on or after the first day of the first taxable year to which such election applies.

Sale, Exchange or Disposition of Notes

A U.S. Holder's adjusted tax basis in a Note generally will equal the cost of the Note to such U.S. Holder, increased by any original issue discount ("OID") or market discount previously included by the holder in income with respect to the Note. Upon the sale, exchange or other disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other disposition (less an amount equal to the accrued but unpaid interest which will be taxable as ordinary income) and such U.S. Holder's adjusted tax basis in the Note. Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder, capital gains derived in respect of a Note that is held as a capital asset and that is held for more than one year are eligible for reduced income tax rates and may be deemed a long-term capital gain. The deductibility of capital losses is subject to limitations.

Non-U.S. Holders

Interest

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," payments of principal of, and interest on (including any OID), a Note to (i) a controlled foreign corporation, as such term is defined in Section 957 of the Code, which is related to the Company, directly or indirectly, through stock ownership, (ii) a person owning, actually or constructively, securities representing at least more than 50% of the total combined outstanding voting power of all classes of the Company's voting stock and (iii) banks which acquire such Note in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. withholding tax provided that the beneficial owner of the Note provides certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "U.S. Backup Withholding and Information Reporting," or an exemption is otherwise established.

If a Non-U.S. Holder cannot satisfy the requirements above, payments of interest made to a Non-U.S. Holder will be subject to a U.S. withholding tax equal to 30% of the gross payments

made to the Non-U.S. Holder unless the Non-U.S. Holder provides the Company or the Company's paying agent, as the case may be, with a properly executed (1) IRS Form W-8BEN claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty or (2) IRS Form W-8ECI stating that interest paid on the note is not subject to withholding tax because it is effectively connected with the beneficial owner's conduct of a trade or business in the United States. Alternative documentation may be applicable in certain situations.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a note is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from withholding as discussed above (provided the certification requirements described above are satisfied), will be subject to U.S. federal income tax on such interest (including OID) on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. In addition, if such Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lesser rate under an applicable income tax treaty) of such amount, subject to adjustments.

Sale, Exchange or Other Disposition of Notes

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," any gain realized by a Non-U.S. Holder upon the sale, exchange or other disposition of a Note generally will not be subject to U.S. federal income tax or withholding tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States or (ii) in the case of any gain realized by an individual Non-U.S. Holder such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of such sale, exchange or disposition and certain other conditions are met. Special rules may apply upon the sale, exchange or disposition of a Note to certain Non-U.S. Holders, such as "controlled foreign corporations," "passive foreign investment companies," "foreign personal holding companies" and certain expatriates, that are subject to special treatment under the Code. Such entities and individuals should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

U.S. Federal Estate Taxes

A Note that is held by an individual who at the time of death is not a citizen or resident (as specially defined for United States federal estate tax purposes) of the United States will not generally be subject to U.S. federal estate tax as a result of such individual's death, provided that such individual is not a shareholder owning actually or constructively more than 10% of the total combined voting power of all classes of our stock entitled to vote and, at the time of such individual's death, payments of interest with respect to such note would not have been effectively connected with the conduct by such individual of a trade or business in the United States.

U.S. Backup Withholding and Information Reporting

U.S. Holders

Information reporting requirements will apply to certain payments of principal and interest and the accrual of OID, if any, on an obligation and to proceeds of the sale, exchange or other disposition of an obligation to certain U.S. Holders. This obligation, however, does not apply with respect to certain U.S. Holders including, corporations, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts. In general, the Company is required to file with the IRS each year a Form 1099 information return reporting the amount of interest that was paid or that is considered earned by a U.S. Holder with respect to the Notes held during each calendar year, and a U.S. Holder is required to report such amount as income on its federal income tax return for that year. A U.S. backup withholding tax currently at a rate of 28% will apply to such payments if a U.S. Holder fails to provide a correct taxpayer identification number or certification of other tax-exempt status or fails to report in full dividend and interest income. Any amount withheld under the backup withholding rules is allowable as a credit against the taxpayer's U.S. federal income tax liability, provided that the required information is furnished to the IRS.

Non-U.S. Holders

Information reporting will generally apply to payments of interest on a Note to a Non-U.S. Holder and the amount of tax, if any, withheld with respect to such payments. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty. Payments of principal and interest on any Notes to Non-U.S. Holders will not be subject to any U.S. backup withholding tax if the beneficial owner of the Note (or a financial institution holding the note on behalf of the beneficial owner in the ordinary course of its trade or business) provides an appropriate certification to the payor and the payor does not have actual knowledge or reason to know, that the certification is incorrect. Payments of principal and interest on Notes not excluded from U.S. backup withholding tax discussed above generally will be subject to United States withholding tax at a rate of 28%, except where an applicable United States income tax treaty provides for the reduction or elimination of such withholding tax.

In addition, information reporting and, depending on the circumstances, backup withholding, will apply to the proceeds of the sale of a Note within the United States or conducted through United States-related financial intermediaries unless the beneficial owner provides the payor with an appropriate certification as to its non-U.S. status and the payor does not have actual knowledge or reason to know that the certification is incorrect.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a Non-U.S. Holder's U.S. federal income tax liability provided the required information is furnished to the Internal Revenue Service.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE ACQUISITION, OWNERSHIP, DISPOSITION OR RETIREMENT OF THE NOTES. PROSPECTIVE INVESTORS OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS, ATTORNEYS AND ACCOUNTANTS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.

INVESTOR SUITABILITY

General

An investment in the Notes involves significant risks and is suitable only for persons of adequate financial means who have no need for liquidity with respect to this investment and who can bear the economic risk of a complete loss of their investment. This private placement is made in reliance on exemptions from the registration requirements of the Act and applicable state securities laws and regulations.

The suitability standards discussed below represent minimum suitability standards for prospective investors. The satisfaction of such standards by a prospective investor does not necessarily mean that the Notes are a suitable investment for such prospective investor. Prospective investors are encouraged to consult their personal financial advisors to determine whether an investment in the Notes is appropriate. The Company may reject subscriptions, in whole or in part, in its absolute discretion.

The Company will require each investor to represent in writing, among other things, that (i) by reason of the investor's business or financial experience, or that of the investor's professional advisor, the investor is capable of evaluating the merits and risks of an investment in the Notes and of protecting its own interest in connection with the transaction, (ii) the investor is acquiring the Notes for its own account for investment only and not with a view toward the resale or distribution thereof, (iii) the investor is aware that the Notes have not been registered under the Act or any state securities laws and that there is no market for the Notes, (iv) such investor meets the suitability requirements set forth below and (v) they have read and taken full cognizance of the Risk Factors and other information set forth in this Confidential Private Offering Memorandum.

Suitability Requirements

Except as set forth below, each investor must represent in writing that it: (a) is "sophisticated" in so far as it is sufficiently knowledgeable and experienced in financial and business matters to be able to evaluate the merits and risks of an investment in the Notes either alone or with a purchaser representative; (b) is able to bear the economic risk of an investment in the Notes, including a loss of the entire investment; and (c) qualifies as an "accredited investor," as such term is defined in Rule 501(a) of Regulation D under the Act and must demonstrate the basis for such qualification. To be an accredited investor, an investor must fall within any of the following categories at the time of sale of Notes to that investor:

- (1) A bank as defined in Section 3(a)(2) of the Act or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; an insurance company as defined in Section 2(13) of the Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; a Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- (2) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;
- (3) An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Notes, with total assets in excess of \$5,000,000;

- (4) Any director, executive officer, or general partner of the Company, or any director, executive officer, or general partner of a general partner of the Company;
- (5) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of such person's purchase of the Notes exceeds \$1,000,000 (excluding the value of such person's primary residence);
- (6) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- (7) Any trust with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring the Notes, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; and
- (8) An entity in which all of the equity owners are accredited investors (as defined above).

As used in this Memorandum, the term "net worth" means the excess of total assets over total liabilities. In determining income an investor should add to the investor's adjusted gross income any amounts attributable to tax exempt income received, losses claimed as limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA, KEOGH, SEP IRA or ROTH IRA retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

Exhibit No. 53

Beauchamp
EXH. NO. 124
7-19-18
Kelly S. Oglesby CR 50178

Confidential Private Offering Memorandum

DenSco Investment Corporation

May __, 2013

No: _____

Name of Payee: _____

Confidential Private Offering Memorandum

DenSco Investment Corporation

General Obligations Notes

Minimum Purchase \$50,000

The General Obligation Notes (the "Notes") are general obligations of DenSco Investment Corporation, an Arizona corporation (the "Company"). The Notes, together with all other outstanding notes and all other advances or liabilities owed by the Company to any holder of an outstanding note will be secured by a general pledge of all assets owned by or later acquired by the Company. The Company's largest assets will be the Trust Deeds, as defined herein, acquired by the Company and the Notes will be superior in priority and liquidation preference to Notes subscribed for by officers and shareholders of the Company. Interest will be paid monthly, quarterly or at maturity. The Notes are not insured or guaranteed by any state or federal government entity or any insurance company, and the Company will not establish a sinking fund for the Notes. The Company generally may transfer, sell or substitute collateral for the Notes. The Company may modify the interest rate to be paid on subsequently issued Notes. The Company will use good faith efforts to prepay Notes upon receipt of written request, but the Company will not be obligated to do so. The Notes may be redeemed by the Company prior to maturity upon notice at a price equal to the principal amount of the Notes plus accrued interest to the date of redemption. See "Description of Securities – Note Terms." Default may occur with respect to one Note and not another. The Notes may be purchased directly from the Company without commission. The Company intends to offer the Notes on a continuous basis until the earlier of (a) the sale of the maximum offering, or (b) two years from the date of this memorandum; provided, however, the Company reserves the right to amend, modify and/or terminate this offering if the Company changes its operations or method of offering in any material respect. See "Description of Securities" and "Plan of Distribution."

THE NOTES ARE SPECULATIVE AND INVESTMENT IN THE NOTES INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS."

THE NOTES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE REGULATORY AUTHORITY REVIEWED, APPROVED OR DISAPPROVED THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM OR ENDORSED THE MERITS OF THE PLACEMENT OF NOTES. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE NOTES ARE OFFERED PURSUANT TO EXEMPTIONS PROVIDED BY SECTION 4(2) OF THE ACT, REGULATION D THEREUNDER, CERTAIN STATE SECURITIES LAWS AND CERTAIN RULES AND REGULATIONS PROMULGATED PURSUANT THERETO. THE NOTES MAY NOT BE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

	Offering Price (1)	Underwriting Commissions (2)	Proceeds to the Company (3)
Note	\$50,000	-0-	\$50,000
Total Minimum Offering	\$500,000	-0-	\$475,000
Offering Maximum	\$50,000,000	-0-	\$49,975,000

- (1) The Notes are offered in \$50,000 initial investment with additional increments with a minimum of at least \$10,000. All subscriptions for Notes are subject to review and acceptance by the Company.
- (2) The Company's President, Denny J. Chittick, is making the private placement of the Notes on behalf of the Company. Mr. Chittick will not receive any sales commission in connection with the placement of the Notes. The Company reserves the right to pay costs and commission to a licensed broker-dealer with an approved custodian to facilitate procedures by investors using qualified funds (i.e., IRA, SEP IRA, ROTH IRA and KEOGH Plans), up to one percent (1%) of the principal Note amount.
- (3) Offering expenses, estimated at \$25,000, will be paid from the Company's general operating funds.

DenSco Investment Corporation
6132 W. Victoria Place
Chandler, Arizona 85226
(t) 602-469-3001
(f) 602-532-7737

THE NOTES ARE OFFERED ONLY TO PERSONS WHO ARE: (1) "ACCREDITED INVESTORS" WITHIN THE MEANING OF RULE 501(a) OF REGULATION D PROMULGATED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAW; (2) ABLE TO BEAR THE ECONOMIC RISK OF AN INVESTMENT IN THE NOTES, INCLUDING A LOSS OF THE ENTIRE INVESTMENT; AND (3) SUFFICIENTLY KNOWLEDGEABLE AND EXPERIENCED IN FINANCIAL AND BUSINESS MATTERS TO BE ABLE TO EVALUATE THE MERITS AND RISKS OF AN INVESTMENT IN THE NOTES EITHER ALONE OR WITH A PURCHASER REPRESENTATIVE. SEE "INVESTOR SUITABILITY." THE NOTES ARE NOT OFFERED AND WILL NOT BE SOLD TO ANY PROSPECTIVE INVESTOR UNLESS SUCH INVESTOR HAS ESTABLISHED TO THE SATISFACTION OF DENNY J. CHITTICK, THAT THE INVESTOR MEETS ALL OF THE FOREGOING CRITERIA. EACH INVESTOR MUST ACQUIRE THE NOTES FOR HIS, HER OR ITS OWN ACCOUNT, FOR INVESTMENT PURPOSES ONLY, AND WITHOUT ANY INTENTION OF DISTRIBUTING OR RESELLING ANY OF THE NOTES, EITHER IN WHOLE OR IN PART.

THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO ANYONE IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED. IN ADDITION, THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM CONSTITUTES AN OFFER ONLY TO THE PERSON WHOSE IDENTITY APPEARS IN THE APPROPRIATE SPACE PROVIDED ON THE COVER PAGE HEREOF. THE RIGHT TO PURCHASE NOTES AS DESCRIBED HEREIN IS NOT ASSIGNABLE.

TO ENSURE COMPLIANCE WITH CIRCULAR 230 GOVERNING STANDARDS OF PRACTICE BEFORE THE INTERNAL REVENUE SERVICE, POTENTIAL INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED BY A POTENTIAL INVESTOR, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A POTENTIAL INVESTOR UNDER THE INTERNAL REVENUE CODE; (B) SUCH

DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE NOTES OFFERED HEREBY; AND (C) POTENTIAL INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

CERTAIN "REPORTABLE TRANSACTIONS" REQUIRE THAT PARTICIPANTS AND CERTAIN OTHER PERSONS FILE DISCLOSURE STATEMENTS WITH THE IRS, AND IMPOSE SIGNIFICANT PENALTIES FOR THE FAILURE TO DO SO. AN INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE, OR OTHER AGENT OF THE INVESTOR) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF AN INVESTMENT IN THE NOTES AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTOR RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE, EXCEPT TO THE EXTENT THAT SUCH DISCLOSURE IS RESTRICTED BY APPLICABLE SECURITIES LAWS.

THE OBLIGATIONS AND REPRESENTATIONS OF THE PARTIES TO THIS TRANSACTION WILL BE SET FORTH ONLY IN THE DOCUMENTS DESCRIBED HEREIN. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS CONCERNING THE COMPANY OTHER THAN AS CONTAINED IN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON. THE DELIVERY OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM DOES NOT IMPLY THAT THE INFORMATION SET FORTH IN IT IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF CERTAIN INVESTORS TO WHOM IT HAS BEEN DIRECTED. A PROSPECTIVE INVESTOR, BY ACCEPTING DELIVERY OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, AGREES TO

RETURN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM AND ALL ENCLOSED DOCUMENTS TO THE COMPANY IF THE HOLDER DOES NOT UNDERTAKE TO PURCHASE ANY OF THE NOTES OFFERED HEREBY.

PRIOR TO THE SALE OF ANY NOTES OFFERED HEREBY, THE COMPANY WILL MAKE AVAILABLE TO EACH INVESTOR THE OPPORTUNITY TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM MR. CHITTICK CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND TO OBTAIN ADDITIONAL INFORMATION NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED HEREIN, TO THE EXTENT THE COMPANY OR MR. CHITTICK POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

ANY REPRODUCTION OR DISTRIBUTION OF THE CONFIDENTIAL PRIVATE OFFERING MEMORANDUM IN WHOLE OR IN PART, OR THE DISCLOSURE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF MR. CHITTICK IS STRICTLY PROHIBITED.

REFERENCE IS MADE TO THE SUBSCRIPTION AGREEMENT AND SUITABILITY QUESTIONNAIRE ATTACHED HERETO FOR COMPLETE INFORMATION CONCERNING THE RIGHTS AND OBLIGATIONS OF INVESTORS WHO PURCHASE THE NOTES OFFERED HEREBY. CERTAIN PROVISIONS OF AGREEMENTS AND DOCUMENTS ARE SUMMARIZED IN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, AND THE SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE DETAILED INFORMATION OR AGREEMENT OR DOCUMENT APPEARING ELSEWHERE. IN CASE OF A CONFLICT BETWEEN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM AND SUCH AGREEMENTS OR DOCUMENTS, THE AGREEMENT OR DOCUMENT, AS THE CASE MAY BE, SHALL GOVERN. REFERENCE IS MADE HEREBY TO THE COMPLETE TEXT OF ALL DOCUMENTS RELATING TO THIS PLACEMENT THAT ARE DESCRIBED HEREIN. A COPY OF ALL DOCUMENTS AND AGREEMENTS SO DESCRIBED BUT NOT INCLUDED HEREIN WILL BE MADE

AVAILABLE TO A PROSPECTIVE INVESTOR AND ITS COUNSEL, ACCOUNTANT AND ADVISER(S) UPON REQUEST.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE COMPANY OR MR. CHITTICK OR THEIR AFFILIATES AS LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN COUNSEL, ACCOUNTANT AND OTHER ADVISERS AS TO TAX MATTERS AND RELATED MATTERS CONCERNING AN INVESTMENT IN THE COMPANY'S NOTES.

NOTWITHSTANDING ANYTHING CONTAINED IN THIS CONFIDENTIAL OFFERING MEMORANDUM TO THE CONTRARY, EXCEPT AS REASONABLY NECESSARY TO COMPLY WITH APPLICABLE SECURITIES LAWS, INVESTORS (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF THE INVESTORS) MAY NOT DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE U.S. FEDERAL INCOME TAX TREATMENT AND TAX STRUCTURE OF THIS OFFERING AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTORS RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. FOR THIS PURPOSE, "TAX STRUCTURE" IS LIMITED TO FACTS RELEVANT TO THE U.S. FEDERAL INCOME TAX TREATMENT OF THIS OFFERING AND DOES NOT INCLUDE INFORMATION RELATING TO THE IDENTITY OF THE ISSUER, ITS AFFILIATES, AGENTS OR ADVISORS.

TABLE OF CONTENTS

MEMORANDUM SUMMARY.....	1
BUSINESS.....	4
RISK FACTORS	11
FORWARD-LOOKING STATEMENTS.....	30
USE OF PROCEEDS	31
PRIOR PERFORMANCE	34
MANAGEMENT.....	38
PRINCIPAL SHAREHOLDER.....	41
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.....	42
DESCRIPTION OF SECURITIES.....	43
PLAN OF DISTRIBUTION.....	47
DETERMINATION OF OFFERING PRICE.....	49
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS.....	50
INVESTOR SUITABILITY.....	57

MEMORANDUM SUMMARY

The following summary should be read in conjunction with, and is qualified in its entirety by the more detailed information appearing elsewhere in this Confidential Private Offering Memorandum.

The Company

DenSco Investment Corporation, an Arizona corporation (the "Company"), is an Arizona corporation, which has been in operation since April, 2001. In the ten years of operation from April, 2001 through _____, 2011, the Company has engaged in _____ loan transactions. The Company has been and will continue to be engaged primarily in the business of making high-interest loans with defined loan-to-value ratios to residential property remodelers ("Foreclosure Specialists") who purchase houses through pre-foreclosure process and foreclosure sales, all of which are secured by real estate deeds of trust ("Trust Deeds") recorded against Arizona residential properties, but the Company will not limit its efforts to this niche. In connection with its business, the Company will seek to maintain a diversity of builders, loan size, back-office commercial properties, medical offices, strip commercial centers, high-end specialty and custom residential properties and construction locations. The Company does not intend to exceed a maximum loan size of \$1,000,000.00. The Company intends to maintain a loan-to-value ratio below 70% percent in the aggregate for all loans in the loan portfolio.

The Company's office is currently located at 6132 W. Victoria Place, Chandler, Arizona 85226. Its current telephone number is 602-469-3001.

The Offering

Securities:

The Company is offering the first \$500,000 in principal amount of Notes on an "all-or-none, best efforts basis" and on a "best efforts" basis with respect to the remaining \$49.5 million in principal amount of Notes. In addition to the Company's President's (Denny Chittick) initial capital contribution to the Company, Mr. Chittick maintains a \$1 million

investment in the Company at all times. This investment takes the form of Notes. Therefore, depending on the maturity of the Notes currently held by Mr. Chittick, the minimum offering may be met with his investment only. The interest rates of the Notes will vary and will depend on the denomination of the Note and the term selected by the investor. The Notes are offered in denominations ranging from \$50,000 to \$1,000,000.00, increasing in additional increments, with a minimum of \$10,000. The Notes are paid "interest only" during their terms, with principal payable only at maturity. Investors may elect to have interest paid monthly, quarterly or at maturity. If interest is paid other than monthly, interest will compound monthly. The Notes are not transferable without obtaining the prior written consent of the Company. The Notes are general obligations of the Company and are not directly secured by any specific asset of the Company. At any particular point in time, the assets of the Company will consist primarily of Trust Deeds in an aggregate principal amount approximately equal to the amount of the outstanding Notes. See "Use of Proceeds" and "Description of Securities."

Restricted Nature of Securities:

The Notes are not registered and are restricted securities. This is a private placement intended to be exempt from the registration requirements under federal and applicable state securities laws, and may only be made personally by a principal of the Company to a qualified investor who intends to hold the investment to maturity. See "Description of Securities."

Risk Factors:

An investment in the Notes involves a significant degree of risk. Only investors who can bear the economic risk of such an investment should purchase the Notes. See "Risk Factors" and "Investor Suitability."

Use of Proceeds: The proceeds of the offering will be used as working capital primarily for lending secured by, and the purchase of, Trust Deeds within the guidelines set by the Company. See "Use of Proceeds" and "Business."

Plan of Distribution: Notes may be purchased directly from the Company without commission. The Company intends to make a continuous offering of the Notes until the earlier of two years from the date of this memorandum or upon the sale of the maximum offering of \$50 million; provided, however, the Company reserves the right to amend, modify or terminate this offering if the Company changes its operations or method of offering in any material respect. See "Description of Securities" and "Plan of Distribution."

BUSINESS

The Company was incorporated in Arizona on April 30, 2001 and is engaged primarily in the business of funding Foreclosure Specialists, who purchase houses through the preforeclosure process, and at foreclosure sales and through a sale of REO properties (Real Estate Owned by a financial institution after a foreclosure) or short sale transactions.

Target Markets and Potential Future Markets

The Company will target the funding and purchasing of Trust Deeds to qualified purchasers of foreclosed homes and qualified builders of Arizona commercial and residential projects. The primary focus is to lend money to qualified borrowers who can fulfill their loan obligation on highly marketable real properties with sufficient equity. When purchasing Trust Deeds, the Company intends to consider Trust Deeds that the loan-to-value ratio does not exceed 70 percent (70%) and the current yield is 18 percent (18%) or greater. Most of these purchased loans will have short-term maturities (less than one year), and under certain circumstances, Company may charge a higher interest rate or pass through additional costs incurred on short-term loans. Most Trust Deeds will range in size from \$25,000 to \$500,000, and the largest loan size is not intended to exceed \$1,000,000. Each loan will be secured by its underlying real property (or in rare instances, separate real properties) as well as by personal property involved in the construction projects and personal guaranties (as determined on a case by case basis). The loans are written to be repaid in six months and all loans are structured to require monthly interest payments. A majority of the loans are paid back within three months, however, some loans are allowed to be extended on a case by case basis.

For lending to Foreclosure Specialists who purchase foreclosed homes prior to or at the foreclosure sale, the Company will target remodelers, contractors and other entities engaged in this niche real estate market, but the Company will not limit its efforts to this niche. The Company intends to have these Trust Deeds have loan-to-value ratios, no greater than 70 percent but with an objective goal of 50 percent to 60 percent. The Company anticipates that the minimum loan size will continue to be \$25,000, and the maximum loan size will continue to be

\$1,000,000. The values of these homes are determined to be based on the value to which they will appraise at or sell for on the retail market.

For lending on commercial projects, the Company will target established, reputable contractors and developers who are developing back-office commercial properties, medical and other professional offices, strip and pre-sold commercial centers, multi-unit apartment complexes, build-outs and high-end specialty projects on Arizona land they own or have rights to purchase. The Company intends to have these Trust Deeds have loan-to-value ratios, no greater than 65 percent but with an objective goal of 50 percent to 60 percent. The maximum loan size is intended to be \$1,000,000, with subordinated participation from other lenders for larger projects, which will probably obligate the Company to act on behalf of the other participating lenders. The Company intends to directly (through an officer or employee) or indirectly (through a real estate consultant) perform due diligence to verify certain information in connection with funding a Trust Deed. The loan-to-value ratio is determined by calculating the reasonable market value of the property at the end of the construction project.

For residential loans, the Company will seek reputable, licensed contractors who have pre-sold homes to build for qualified buyers. The Company also plans to finance builders' models, builders' "spec" homes, and those projects that are highly marketable and have substantial builder equity. Most of these borrowers may qualify for conventional bank financing but they may use the Company because of the faster financing, competitive over all costs, better service and personal relationships with Mr. Chittick. The Company will not lend to natural persons for personal, family or household purposes.

The Company may elect to participate as an equity partner in some projects should the benefits warrant the risk. From time to time, a default occurs on a loan and the Company needs to conduct a Trustee's Sale or accept a Deed In Lieu of Foreclosure on the real property securing a loan. As such, if the Trustee conducting the Trustee's Sale does not receive a bid in excess of the Company's credit bid (in the amount of the loan, accrued interest and costs) at the Trustee's Sale, the Company becomes the owner of the subject real property. The Company intends to sell such properties as quickly as possible in an effort to minimize resulting costs and losses, and to maintain a diversified financing operation. However, the Company reserves the right to lease

any property obtained through a Trustee's Sale or a Deed in Lieu of Foreclosure until the Company determines that the property can be sold at a sufficient price. The Company may diversify its financing operations in the future to include other areas of finance. The Company does not anticipate entering any non-Arizona market without first attempting to contact the significant Note holders and discussing this market with them.

Cash Flow

The Company uses a proprietary cash flow-management model for balancing the terms of the Trust Deeds the Company makes to its borrowers with the terms of the Notes purchased by the Company's investors. The Company's objective is to have sufficient cash coming in from Trust Deed payoffs to be able to redeem all Notes as they come due and maintain reserves without any need to sell assets or issue new Notes to repay the earlier maturing Notes. See "Risk Factors - Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes."

Limited Due Diligence

To the extent Trust Deeds are purchased, Trust Deeds will be purchased through a network of consultants, mortgage brokers and title companies that the Company believes are reliable referral sources. Prior to purchasing a Trust Deed or funding a direct loan, the Company intends to have an officer, employee or an authorized representative conduct a due diligence review by interviewing its owner, verifying the documentation and performing limited credit investigations as are deemed appropriate by the Company and visiting the subject property in a timely manner. For purchases of foreclosed homes, the properties are inspected after purchase, before or during rehabilitation and after rehabilitation to insure the property is improved to a marketable condition. The Company will not make residential loans to natural persons for personal, family or household purposes.

Funding and Purchase of Loans

The Company reserves the right to approve or decline the funding of each direct loan or the purchase of each Trust Deed submitted for purchase.

Collections

The Company services the contracts it purchases and originates. If a customer misses a payment without making satisfactory arrangement prior to the due date, the Company's policy will be to contact the customer within three to five days and watch the account closely until the payment or satisfactory arrangement has been made. At the discretion of the Company, the Company's normal documents provide that a late charge of ten percent of the interest amount due is to be assessed on a delinquent payment that is not cured within five days. If payment on a Trust Deed is thirty (30) days delinquent, an accelerated default rate goes into effect and foreclosure proceedings may begin under the Deed of Trust, provided, however, the Company may elect not to begin foreclosure proceedings if the property secured by the loan is under contract for sale or is in the process of being refinanced. The goal of the Company is to recover the principal of a loan and any interest and or any late fees assessed. If the borrower is unable in a timely manner to sell or refinance the subject property, the Company may request that the borrower execute a Deed in Lieu of Foreclosure (a "Deed in Lieu") to the Company so that the Company will gain immediate control of the subject property rather than going through the ninety (90) day process and expense associated with a Trustee's Sale. Upon the Company gaining control of the property through a Deed in Lieu or a Trustee's Sale, the Company will decide either to market the subject property at retail, which may require additional monies to improve the property to retail ready condition, or to wholesale the subject property "as is." The Company may also decide to rent the subject property as an investment property. If applicable, the management of the rental properties will be maintained by a professional management company chosen by the Company.

Regulation

The financing of construction loans and other types of real estate transactions are regulated by various federal and state government agencies, including the Arizona Department of Financial Institutions. Arizona Revised Statutes §§ 6-901 to 910, §§ 6-941 to 948 and 6-971 to 985, and regulations issued thereunder, have specific mortgage broker and mortgage banker licensing and operating requirements. The Company's Management believes that it is not required to be licensed by the Arizona Department of Financial Institutions as a mortgage broker or a mortgage banker nor under certain federal laws, such as Truth-in-Lending Act or the Real Estate Settlement Procedures Act. The Company intends to take the necessary steps to ensure that the borrowers it lends to and the projects covered by such loans will not fall within the requirements imposed by the foregoing agency and acts.

The Company will not receive any points, commissions, bonuses, referral fees, loan origination fees or other similar fees in connection with its real estate loans. The Company will only receive periodic interest resulting from the application of the note rate of interest to the outstanding principal balance remaining unpaid from time to time. By limiting its compensation in this manner, the Company's Management believes it does not need a license from the Arizona Department of Financial Institutions as either a mortgage loan broker or mortgage banker; provided, however, the Company reserves the right to work with and to pay a reasonable and customary mortgage broker fee to a licensed mortgage loan broker or mortgage banker for services in connection with its loans or to other third-party professionals in connection with due diligence for its loans.

Certain federal laws and regulations, such as the Truth-in-Lending Act, Real Estate Settlement Procedures Act and others contain specific requirements for lenders seeking to make loans to certain types of borrowers, which may or may not be secured by certain types of residential real property. Most of these statutes and regulations apply to transactions only if the loans are made to natural persons for personal, family or household purposes. The Company will not lend to natural persons for these purposes.

If new regulations are issued by the U.S. Federal Housing Administration (the "FHA") or if a more strict interpretation of the current FHA regulations is implemented in the future, such regulations could reduce the demand for the Company's loans from Foreclosure Specialists which could impair the Company's ability to keep all of the proceeds from this offering fully invested in loans with borrowers.

Other states in the West have instituted additional restrictions concerning loans secured by private real estate, which are commonly referred to as "predatory mortgage lending laws." Although Arizona has not passed a similar statute, such provisions may come into effect in Arizona either through law or regulation during this offering. The Company's Management believes that its practices will not need to change in order to comply with any of the current proposals if they should go into effect. However, there can be no assurance that such will be the case.

The Company's Management believes that it is not required to register or be licensed as an investment adviser with the State of Arizona or with the U.S. Securities Exchange Commission ("SEC") pursuant to the Investment Advisers Act of 1940 (the "Advisers Act"), as amended. The Advisers Act and the analogous Arizona law generally requires all persons that are engaged in the business of providing investment advice for compensation to register with the SEC or Arizona provided that such adviser is not exempt from registration. The Company's Management believes that it is not engaged in the business of providing investment advice for compensation, and as such is not required to register as an investment adviser with either the SEC and/or the State of Arizona. In addition, even if the Company were deemed to be engaged in the business of providing investment advice for compensation, the Company anticipates that it would exempt from registration as a "private investment adviser" under rules and regulations of the SEC and/or the State of Arizona given that the Company has fewer than the threshold number of clients that would trigger registration with the SEC and/or the State of Arizona.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), the "private investment adviser" exemption was eliminated and replaced by a number of other specific exemptions. As directed by the Dodd-Frank Act, the SEC is currently preparing

the final rules (the "Rules") that will provide guidance as to the applicability of the additional specific exemptions that replace the "private investment adviser" exemption. The Company expects that the SEC will issue the Rules during this offering; however, until this occurs, the Company cannot determine whether it will be required to register as a result of the Dodd-Frank Act and the Rules promulgated thereunder. Should the Rules require the Company to register as an investment adviser, the Company intends to take the necessary steps to register as an investment adviser with the State of Arizona and/or the SEC within the time frame outlined in such Rules.

Diversity of Risk

The Company will attempt to maintain a diverse portfolio of Trust Deeds and loans by seeking a large borrowing base, participating in several local markets, acquiring Trust Deeds for any lending into residential and commercial projects, establishing loan-to-value guidelines and limiting financing to short terms. Currently, the Company's base of borrowers exceed _____ approved and qualified borrowers. It is the Company's plan that the base of borrowers eventually will exceed _____ qualified contractors and foreclosure specialists. The Company will maintain loans throughout the Phoenix metropolitan area to reduce its risk to fluctuations in values and conditions in markets within the metropolitan area. The Company also believes that it can reduce risk by participation in various types of financing: Trust Deeds on foreclosed properties, residential Trust Deeds, and lending from \$50,000 tract homes and condominiums to \$1,000,000 custom "spec" homes; and commercial investments for flex-office, back-office, medical/general office and retail. In addition, the Company intends to maintain general loan-to-value guidelines that currently range from 50 percent to 65 percent (but it is intended not to exceed 70%), to help protect the Company's portfolio of loans. Further, all loans are relatively short term.

Because of these varying degrees of diversification, the relatively short duration of each of the loans, and Management's knowledge of the Phoenix metropolitan area market, the Company's Management anticipates that it will not experience a significant amount of losses; however, there can be no assurance that the Company will not experience such losses. Mr. Chittick, individually, has made or participated in approximately _____ loans secured by real

estate over the last fourteen (14) years. As of the date of this Memorandum, Mr. Chittick and the Company have collectively experienced _____ loan defaults that required initiating a Trustee's sale process, with _____ of such loans being settled prior to the Trustee Sale auction. Various borrowers have conveyed _____ properties to the Company pursuant to a Deed in Lieu. To the extent the Company deems necessary, the Company intends to use the services of outside real estate lending consultants to assist in evaluating any loan or the security for the loan to reduce the risk of a loss of principal due to the default of a real estate loan by a borrower and the resulting foreclosure upon the security for the loan.

The Company will make available to each prospective investor, prior to the consummation of the offering and sale of a Note to such investor and such investor's representative and advisers, the opportunity to ask questions and receive answers concerning the terms and conditions of this offering and to obtain any additional information that the Company may possess or may be able to obtain without unreasonable effort or expense, and which may be necessary to verify the accuracy of the information furnished to such prospective investor.

Executive Offices

The Company's office is currently located at 6132 W. Victoria Place, Chandler, Arizona 85226. Its current telephone number is 602-469-3001.

RISK FACTORS

An investment in the Notes offered by the Company involves a significant degree of risk. The securities offered hereby should not be purchased by anyone who cannot tolerate significant risk, including the possibility of losing their total investment in the Notes. In analyzing a possible investment in the Notes, prospective investors should consider carefully the following factors, together with the information contained elsewhere in this Memorandum.

Operating History

In the Company's ten year operating history through _____, 2011, the Company has completed in excess of _____ loan transactions. However, even with these number of loans over ten years, the evaluation of prior company performance set forth in Prior Performance is limited in time. Accordingly, there can be no assurance that the Company will be able to continue to operate and achieve these results on a going-forward basis, which could limit the Company's ability to repay the Notes as planned.

Competition

The Company is engaged in a highly competitive industry. The Company competes with banks, savings and loan institutions, credit unions, mortgage brokers, finance companies and other private investors that are established in the finance business. Competition in the finance business is based upon the lowest overall loan cost, which consists of interest rates, fees, closing costs, document fees, reputation, and availability of funds and the length of time it takes to approve a loan. The cost of funds to many of our competitors is typically lower than the Company's, allowing them to compete for borrowers on better terms, such as interest rates, which is a significant component of loan cost. The competition usually has lower costs on longer-term loans. The Company's higher cost of capital and lending rates may result, in part, in the Company acquiring Trust Deeds and lending to borrowers who are unable to obtain financing from these larger competitors. In some cases, these types of borrowers have weaker credit worthiness than other borrowers, which could expose the Company to a greater risk of

nonpayment of its loans by borrowers. See "Business-Target Markets and Potential Future Markets."

Ability to Generate Sufficient Cash Flow to Service the Outstanding Notes

The Company's ability to generate cash in amounts sufficient to pay interest on the Notes and to repay or otherwise refinance the Notes as they mature depends upon the Company's receipt of payments due under the loans that are in the Company's portfolio. The Company's financial performance and cash flow depends upon prevailing economic conditions and certain financial, business and other factors that are beyond the Company's control. These factors include, among others, economic and competitive conditions, particularly in areas in which the borrowers operate their businesses, and general economic conditions that affect the financial strength of developers and real estate investors in the areas that the Company intends to make investments. In recent years the decline of real estate values has been the largest challenge facing the real estate finance industry. This development is something new to the industry that typically sees a slow rising in values of properties or at least a stability of prices. The dramatic and prolonged decrease in values has forced the Company to change how it operates, which is requiring monthly interest payments under its loans rather than allowing the interest to compound. The Company has also shortened the maturity of loans to borrowers in some cases and is only extending the loans to a few borrowers under strict conditions. Accordingly, an investment in the Notes offered hereby involves substantial risk and Notes should not be purchased by anyone who cannot tolerate substantial risk, including the possibility of losing their total investment in the Notes. There can be no assurance that the Company will be able to continue to operate and repay the Notes as planned.

Decrease in Value of Collateral for the Loans in Company's Portfolio

The Company is responsible for collecting payments from loan obligors and for foreclosing under an applicable Trust Deed in the event of default by an obligor. If the Company is forced to conduct a Trustee's Sale to obtain ownership and possession of a property securing a loan, the value of the property may have decreased between the time that the outstanding loan

was initially made to the time of repossession pursuant to a Deed in Lieu or a Trustee's Sale. Consequently, the Company's sale of such property may result in a loss as a result of the amount owed to the Company being in excess of the value received by the Company pursuant to a subsequent sale of the property. Accordingly, an investment in the Notes offered hereby involves substantial risk and Notes should not be purchased by anyone who cannot tolerate substantial risk, including the possibility of losing their total investment in the Notes. There can be no assurance that the Company will be able to continue to operate and repay the Notes as planned.

Expansion of Real Estate Loan Base

After giving effect to this offering and the application of the net proceeds, the Company will have significant outstanding indebtedness. The Company's ability to make scheduled principal and interest payments on the Notes will depend upon the Company's ability to generate adequate revenues from its real estate lending operations. The Company has historically received approximately ___% effective interest on its real estate loans but minimal interest on its cash accounts at its bank. Therefore, in order to pay the principal and interest due on the Notes, the Company will need to loan a significant amount of its capital to its real estate loan borrowers and reloan any repayment proceeds in a timely manner. As the Company receives the proceeds from this offering, the Company intends to expand its real estate loan base in order to keep its capital loaned to its real estate loan borrowers as opposed to being in its cash accounts at the bank. If the Company cannot continue to expand its real estate loan base, it may not generate enough revenues to service its debt obligations, including the Notes. Accordingly, the Company will continue to rely upon repeat borrowers, word of mouth referrals and the referral network of outside mortgage brokers and consultants that Mr. Chittick has developed. See "Business-Target Markets and Potential Future Markets."

Demand for Real Estate Loans

The Company's success depends, in part, upon its ability to continue to develop and achieve growth in its real estate lending operations and to manage this growth effectively. In

formulating and implementing its business plan, the Company relied on the judgment of its officer and consultants, and on their research and collective experience to determine customers, marketing strategy and procedure. The Company has not planned, conducted or contracted for any independent market studies concerning the anticipated demand for the Company's real estate lending services. Although the Company has reviewed general reports concerning the number of houses being built, houses for sale, jobs created and people relocating to Metropolitan Phoenix, the Company has not reviewed any specific analysis concerning the demand for its niche in real estate lending. Although Mr. Chittick and the Company have developed a network of qualified borrowers and referral sources of current borrowers and escrow officers, there can be no assurance that there will continue to be sufficient demand for loans by qualified borrowers. To the extent that there is insufficient demand for loans by qualified borrowers, this could have an adverse effect on the anticipated demand for the Company's real estate lending services and limit the Company in its efforts to generate sufficient revenues to make scheduled interest and principal payments on the Notes needed for growth. See "Business-Target Markets and Potential Future Markets."

Management of Rapid Growth

The Company's success depends, to a large extent, on its ability to achieve growth in the number of loan applications and closings, the due diligence and servicing of these loans and the ability to manage this growth effectively. This growth will challenge the Company's management, resources and systems. As part of its business strategy, the Company intends to pursue continued growth through its business contacts, marketing capabilities and marketing alliances. As the Company continues to grow, the Company will need to expand its resources and systems to manage future growth, but there can be no assurance that the Company will continue to be able to grow in the future or to even manage this growth effectively. Failure to do so could materially and adversely affect the Company's business and financial performance. See "Business," and "Management."

No Sinking Fund Provision; No Separate Loan Loss Reserve; Lack of Governmental Insurance

The Notes represent general obligations of the Company and will not be subject to redemption through a sinking fund. Although the Company does not currently maintain a loan loss reserve fund, the Company's Management tries to maintain an allowance for losses as part of the Company's general assets at a level that Management believes is adequate to absorb any anticipated losses. At this time, the Company reserves the right to maintain such reserve in the Company's discretion, but the Company has no plans to currently implement a separate loan loss reserve fund. As a result, the risk of loss on the Notes is greater than would be the case if the Notes were backed by a sinking fund or if the Company funded and maintained a separate loan loss reserve fund. Repayment of the Notes by the Company is not secured by any property owned by the Company or any third party. There will be no limitation on the amount of future indebtedness that the Company may issue, create or incur, and the Company will not be prohibited from permitting liens to be placed on or creating senior liens on its property for any purpose, including for the purpose of securing payments or additional indebtedness. Furthermore, neither the Federal Deposit Insurance Corporation nor any other state or federal government agency insures the Notes. See "Description of Securities."

Terms of Notes

The Company expects to redeem the Notes as they mature, including the initial principal balance of each Note and all accrued and unpaid interest. However, the Company has the right to redeem the Notes at any time prior to maturity upon 30 days' written notice to the Noteholder. In the case of early redemption, the Company has the absolute discretion to select the Notes that it will redeem, and there is no requirement that Notes be redeemed from Noteholders on a pro rata or any other basis. Notes redeemed prior to maturity would prevent Noteholders of the Notes called for redemption from receiving the anticipated return on such Notes. See "Description of Securities."

Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes

The Company may be dependent upon the proceeds of subsequently issued Notes to repay earlier maturing Notes. If sufficient proceeds from such subsequently issued Notes are not raised, the Company would rely on its cash reserves, its operating capital and proceeds from the sale of Trust Deeds to repay the earlier maturing Notes. Such funds may be insufficient to repay the earlier maturing Notes, in which event the Company may be unable to repay such Notes or the subsequently issued Notes. The ability of a Noteholder to obtain payment of principal and interest on a Note in these circumstances could be limited to the extremely unlikely event that the Noteholder gains control over and sell assets of the Company. See "Use of Proceeds" and "Description of Securities."

Variable Rates and Maturities of Notes

Each Note bears a fixed rate of interest from the date of its issuance until maturity or early redemption. However, Notes issued subsequent to those purchased by an investor may be issued at higher or lower interest rates and shorter or longer maturities, depending upon market conditions and other factors. Notes outstanding at any given time will not be modified to reflect the terms and conditions of such subsequently issued Notes. Therefore, any particular investor risks investing in the Notes on terms less favorable than may be available at later dates to future investors. See "Description of Securities."

Management anticipates that the interest rate on each Note will be determined and agreed upon on the date of issuance, in significant part, by the demand for funds and the competitive environment in the foreseeable future by the Company. Since the interest rate the Company may charge for its loans to its customers is limited by competitive and other factors, the Company may not be able to increase the interest rates charged on its loans to compensate for increases in its funding rate to investors. Similarly, the Company may not be able to decrease the funding rate to its investors to compensate for decreases in the interest rates charged on its loans to its customers. Also, market forces could eliminate the interest rate difference between the interest rate paid to Investors and the interest rate charged to the Company's customers. See "Description of Securities."

Value of Company's Assets

The Notes, together with all other outstanding Notes and all other advances or liabilities owed by the Company to any holder of an outstanding Note, will be unsecured as to any and all assets owned by or later acquired by the Company (the "Company's Assets"). There can be no assurance that the proceeds of any sale of the Company's Assets pursuant to and following an Event of Default (as defined in "Description of Securities") would be sufficient to repay the Notes. In addition, investors in the Notes will have no ability to cause a sale of Company assets. See "Use of Proceeds," "Business" and "Description of Securities."

Collections and Foreclosures

The Company is responsible for collecting payments from loan obligors and for foreclosing under the applicable Trust Deed in the event of default by an obligor. If the Company must complete a project repossessed by it, the Company may have to inject additional capital, which it may not be able to fully recover. Further, the completion time may be in excess of one year, causing a severe strain on the cash flow of the Company, depending upon the project size. The Company also is subject to strict state law requirements in the collection and repossession of its collateral securing each loan. Although the Company will make every effort to comply with all applicable laws, any failure to comply may subject the Company to severe monetary damages or penalties and may result in administrative or judicial action against the Company. See "Business-Regulation."

No Assurance of Conventional Financing for the Company's Operations

In addition to Note proceeds, the Company may establish lines of credit or obtain various forms of financing from a financial institution or any other person or entity. The Company's Management believes that during the past few years, conventional financing for speculative business enterprises, such as the Company's lending operations, has become more difficult to obtain. If regular, continued sale of the Notes is not successful, and the Company is not able to

obtain sufficient financing from other sources, the Company may be forced to sell Trust Deeds and/or loans in its portfolio to pay maturing Notes as they come due. Mr. Chittick has provided liquidity to the Company through an equity line of credit in the past and he intends to do so in the future. When Mr. Chittick advances funds to the Company from this equity line of credit, Mr. Chittick draws an interest rate of ___% per annum from the Company. Funds advanced in this manner are generally only short term (3-5 days). If the Company were to require additional conventional financing, the lender will probably secure its loan through Mr. Chittick to the Company by requiring a lien on the Company's assets, including the Trust Deeds. The lender's lien would have priority to any claims of any of the investors in the Notes, which puts these investors at risk. There can be no assurance the Company would be able to receive sufficient proceeds from the sale of the loans or Trust Deeds to repay any additional financing, if applicable, and to repay all of the outstanding Notes. See "Use of Proceeds," "Business" and "Description of Securities."

Regulation

Because it will not make loans for personal, family or household purposes, the Company believes it has structured its operations to be exempt from various federal and state regulations, and particularly from regulations affecting lending and financial institutions. If it is determined that the Company has not structured its operations so that it is exempt from regulation, the Company could become subject to extensive regulation, including the Truth in Lending Act, the Homeownership and Equity Protection Act of 1994, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Real Estate Settlement Procedures Act and the Home Mortgage Disclosure Act, as well as various state laws and regulations. Failure to comply with any of these requirements, or any similar state law requirement, may result in, among other results, demands for indemnification or repurchase, rescission rights, lawsuits, administrative enforcement actions and civil and criminal liability. In addition, there can be no assurance that existing regulations will not be revised to govern the activities of the Company as currently structured. Compliance with existing or future regulation could be costly and could materially and adversely affect the operations of the Company. See "Business - Regulation," including the predatory mortgage lending discussion contained therein.

FHA Regulations

If new regulations are issued by the Federal Housing Administration or if a more strict interpretation of any of its regulations is implemented in the future, such regulations could reduce the demand for the Company's loans from prospective borrowers, which could impair the Company's ability to keep all of the proceeds from this offering fully invested. See "Business – Regulation."

No Assurance of Successful Placement of the Notes

The Notes are being privately placed by the Company to qualified investors who intend to hold them for their own account until maturity. There is no underwriter, and there is no assurance that the Company will be successful in the continued placement of the Notes in a manner sufficient to satisfy its cash flow requirements to continue funding loans to its borrowers. See "Use of Proceeds" and "Business."

Absence of Public Market/ Non-Transferability of Notes

The Notes have not been registered under the Act or any state securities law and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Act and applicable state securities laws. The Company does not intend to register the Notes under the Act or any state securities law. In addition, the Notes are non-transferable without the prior written consent of the Company, which consent may be withheld in the Company's sole discretion. Accordingly, there is no public or private trading market for the Notes, and it is highly unlikely that a trading market will develop. The Company has no obligation to make any effort to cause a trading market to develop and does not intend to take any actions to cause a trading market to develop. Accordingly, and because the restricted nature of the security prohibits the purchase of the Notes

for any purpose other than holding to maturity, an investor in the Notes must anticipate holding the Notes to maturity. See "Description of Securities."

Impact of Change in Economic Conditions

An unforeseen change of general economic conditions, and particularly in Arizona and the southwestern United States, may adversely impact the Company's business and its ability to generate sufficient operating income to satisfy its debt obligations, including its obligations under the Notes as they become due. The Company maintains the right to adjust the interest paid in subsequently offered Notes and on the Notes offered hereby with 30 days' written notice. In the past, Arizona's real estate market has been cyclical and has experienced severe fluctuations. Investors should anticipate that these real estate markets might experience cyclical fluctuations in the future. The Company would adjust its operations in response to changing conditions, but there can be no assurance that the Company will be able to operate as planned during periods of such fluctuation or adjust its operations to avoid the impact of such changed conditions. See "Business-Target Markets and Potential Future Markets."

Dependence on Key Personnel

The Company is dependent on the continued services of Mr. Chittick. The Company's ability to continue its lending operations would be significantly and adversely affected by the loss of Mr. Chittick if a qualified replacement could not be found without undue delay. Although Mr. Chittick occasionally uses the services of outside consultants who have assisted Mr. Chittick in limited absences, it is unlikely that an outside consultant would be able to perform Mr. Chittick's duties as successfully as Mr. Chittick has done. If Mr. Chittick is disabled or unavailable for a long period of time, Mr. Chittick has developed a contingency plan for a consultant to wind down the Company's business, but there can be no assurance that such plan will be successful. See "Management-Contingency Plan in the Event of the Death or Disability of Mr. Chittick."

Management's Outside Interests and Conflicts of Interest

Mr. Chittick may maintain some activity in personal investments outside of the Company and he may manage similar types of outside portfolios as those maintained by the Company. Some of the Company's outside consultants who occasionally assist Mr. Chittick also make investments in loans secured by deeds of trust. In addition, Mr. Chittick invests in similar instruments on his own behalf. Since the Company plans to invest in portfolios similar to those of some of its consultants and Mr. Chittick, and because of the past (and limited present) consulting relationships between and among Mr. Chittick and some consultants, conflicts of interest exist and will continue to exist between the Company and the outside interests of Mr. Chittick and some consultants. See "Management."

No Protections From Investment Company Act Registration

The Company is not registered, and does not intend to register, under the Investment Company Act of 1940 in reliance upon an exclusion from the definition of an investment company provided in Section 3(c)(5) thereof. As a result, the operation and conduct of the Company's business will be subject to substantially less federal and state regulation and supervision than a registered investment company. If the Company was subject to the Investment Company Act of 1940, the Company would be required to comply with significant, ongoing regulation which would have an adverse impact on its operations. This could occur if a significant proportion of the proceeds from the sale of the Notes were invested in short-term debt instruments for longer than a one-year period. The Company intends to take all reasonable steps to avoid such classification. See "Business."

No Protections From Investment Advisers Act of 1940 or Analogous Arizona Law

The Company is not registered or licensed, and does not intend to register or become licensed as an investment adviser with the State of Arizona or with the SEC pursuant to the Investment Advisers Act of 1940 because the Company's Management believes that the Company is not engaged in the business of providing investment advice for compensation.

Accordingly, the operation and conduct of the Company's business will be subject to less federal and state regulation and supervision than a registered investment adviser. If the Company was subject to the Investment Advisers Act of 1940 or the analogous Arizona law, the Company would be required to comply with significant, ongoing regulation which could cause the Company to incur additional costs, adversely impacting its operations. This could occur if the Company were deemed to be engaged in the business of providing investment advice for compensation and the Company cannot avail itself of the private investment adviser exemption under Arizona law or the forthcoming exemptions under the Rules to be promulgated by the SEC pursuant to the Dodd-Frank Act. The Company intends to take all reasonable steps to avoid such classification. See "Business."

Control by and Benefits to Insiders

Noteholders will not be able to influence the management of the Company because Mr. Chittick owns all of the outstanding shares of common stock of the Company. See "Management" and "Principal Shareholder."

Difficulties and Costs of Continuous Offering

Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this Memorandum unless the Company changes its operations or method of offering in any material respect prior to the expiration of the two year offering period. See "Plan of Distribution." In order to continue offering the Notes during this period, the Company will need to update this Memorandum from time to time. Keeping the information in the Memorandum current will cause the Company to incur additional costs. A failure to update this Memorandum as required could result in the Company being subject to a claim under Section 10b-5 of the Securities Act for employing a manipulative or deceptive device in the sale of securities, subjecting the Company, and possibly the management of the Company, to claims from regulators and investors. In addition, an investor might seek to have the sale of the Notes hereunder rescinded which would have a serious adverse effect on the Company's operations.

Certain Charter Provisions

Arizona law provides that Arizona corporations may include provisions in their articles of incorporation or bylaws relieving directors and officers of monetary liability for breach of their fiduciary duty as director or officers, respectively, except for the liability of a director or officer resulting from: (i) any transaction from which the director derives an improper personal benefit; (ii) acts or omissions involving intentional misconduct or the absence of good faith; (iii) acts or omissions showing reckless disregard for the director's or officer's duty; or (iv) the making of an illegal distribution to shareholders or an illegal loan or guaranty.

The Company's Articles of Incorporation provide that the Company's directors are not liable to the Company or its shareholders for monetary damages for the breach of their fiduciary duties to the fullest extent permitted by Arizona law. The Company's Bylaws provide that the Company may indemnify its directors and officers as to those liabilities and on terms and conditions permitted by Arizona law including the payment of expenses incurred by a director or

officer in advance of final disposition of the proceeding following the furnishing of certain written representations.

Notes Are Unsecured General Obligations

The Notes are unsecured obligations of the Company, and Noteholders will be general unsecured creditors of the Company. The Notes do not limit the Company's ability to obtain additional capital from other sources and do not limit the Company's ability to grant such other financing sources liens or other security interests in the Company's assets and other property. If a bankruptcy proceeding is commenced by or against the Company, creditors of the Company who were granted a security interest in the Company's property will be entitled to repayment prior to any general unsecured creditors of the Company, including the Noteholders. The Company may also incur additional unsecured obligations, which could reduce the funds available for repayment of the Notes in a bankruptcy or other liquidation scenario. Title 11 of the United States Code (the Bankruptcy Code) also specifies that certain other creditors be entitled to repayment prior to general unsecured creditors. There can be no assurance that the Noteholders will receive any payments in respect of the Notes if the indebtedness of any secured creditors of the Company exceeds the value of such secured creditors' collateral.

Changes in Investment and Financing Policies Without Noteholder Approval

The major business decisions and policies of the Company, including its investment and lending policies and other policies with respect to growth, operations, debt and distributions, will be determined by the Company's Management. The Company's Management will be able to amend or revise these and other policies, or approve transactions that deviate from these policies, from time to time without a vote of the Noteholders. Accordingly, the Noteholders will have no control over changes in strategies and policies of the Company, and such changes may not serve the interests of all the Noteholders and could materially and adversely affect the Company's financial condition or results of operations.

Issuance of Additional Debt and Equity Securities

The Company will have authority to offer additional debt and equity securities for cash, in exchange for property, services or otherwise. The Noteholders will have no preemptive right to acquire any such securities. Further, the Company is not subject to any agreement that limits or restricts the amount or the terms of additional debt that the Company may incur in the future. To the extent that the Company incurs debt and grants its creditors security interests in or other liens upon the Company's assets or other collateral, those other creditors would enjoy priority in right of payment compared to the Noteholders, up to the value realizable from such collateral.

Concentration of Loans in Arizona

The Company's portfolio of loans is concentrated in Arizona. Consequently, the Company's operations and financial condition are dependent upon general trends in the Arizona market in which such concentration exists and, more specifically, its respective real estate market. A decline in a market in which the Company has a concentration may adversely affect the values of properties securing the Company's loans, such that the principal balance of such loans may equal or exceed the value of the underlying properties, making the Company's ability to recover losses in the event of a borrower's default unlikely. In addition, uninsured disasters such as floods, terrorism, and acts of war may adversely impact the borrowers' ability to repay loans, which could have a material adverse effect on the Company's results of operations and financial condition.

Possible Inadequacy of Allowances for Loan Losses

The Company's allowance for losses related to the loans is maintained at a level considered adequate by Management to absorb anticipated losses, based upon historical experience and upon Management's assessment of the collectibility of loans in the Company's portfolio from time to time. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates that may be beyond the

Company's control and such losses may exceed current estimates. Although Management believes that the Company's allowance for losses related to the loans is adequate to absorb any losses on existing loans that may become uncollectible, there can be no assurance that the allowance will prove sufficient to cover actual losses related to the loans in the future.

Broad Management Discretion as to Use of Proceeds

The net proceeds to be received by the Company in connection with this offering will be used for working capital and general corporate purposes, including the funding of loans. Accordingly, Management will have broad discretion with respect to the expenditure of such proceeds. Purchasers of the Notes will be entrusting their funds to the Company's Management, upon whose judgment they must depend, with limited information concerning the specific working capital requirements and general corporate purposes to which the funds will ultimately be applied. See "Use of Proceeds."

Company Is Exposed to Risks of Being a Lender

The current economic downturn could severely disrupt the market for real estate loans and adversely affect the value of any outstanding real estate loans made by the Company, and in turn the Notes. Non-performing real estate loans may require substantial negotiations by the Company with the borrower in order for the Company to ultimately obtain the underlying property used as collateral for the loan. The Company may incur additional expenses to the extent it is required to negotiate with the borrower in order to obtain the underlying property. In the event the Company is unable to obtain the underlying property, because of the unique and customized nature of a real estate loan, certain real estate loans may not be sold easily. One or more non-performing real estate loans secured by property that the Company is unable to obtain could have a negative affect on the performance of the Company and the return on your investment.

Governmental Action May Reduce Recoveries on Non-Performing Real Estate Loans

In the event the Company decides to foreclose on a real estate loan, legislative or regulatory initiatives by federal, state or local legislative bodies or administrative agencies, if enacted or adopted, could delay foreclosure, provide new defenses to foreclosure or otherwise impair the ability of the Company to foreclose on a real estate loan in default. Various jurisdictions have considered or are currently considering such actions, and the nature or extent of the limitation on foreclosure that may be enacted cannot be predicted. Bankruptcy courts could, if this legislation is enacted, reduce the amount of the principal balance on a real estate loan, reduce the interest rate, extend the term to maturity or otherwise modify the terms of a bankrupt borrower's real estate loan.

Property Owners Filing for Bankruptcy May Adversely Affect the Company and the Notes

The filing of a petition in bankruptcy automatically stops or "stays" any actions to enforce the terms of a real estate loan. Further, the bankruptcy court may take other actions that prevent the Company from foreclosing on the underlying property. A court may require modifications of the terms of a real estate loan, including reducing the amount of each monthly payment, changing the rate of interest and altering the payment schedule, thus allowing the borrower to keep the underlying property and thus preventing foreclosure by the Company and/or making the sale of the real estate less profitable. A court may also permit a borrower to cure a monetary default relating to a real estate loan by paying arrearages within a reasonable period and reinstating the original real estate loan payment schedule, even if a final judgment of foreclosure has been entered in a state court. Any bankruptcy proceeding will, at a minimum, delay the Company in achieving its investment objectives and may adversely affect the Company's profitability.

Violation of Various Federal, State and Local Laws May Result in Losses

Violations of certain federal, state or local laws and regulations relating to the protection of consumers, unfair and deceptive practices and debt collection practices may subject the

Company to damages and administrative enforcement. In the event that a real estate loan issued by the Company was not originated in compliance with applicable federal, state and local law, the Company may be subject to monetary penalties and could result in the borrowers rescinding the affected real estate loan. As a result, the Company may not be able to achieve its financial projections with respect to the particular underlying property.

Delays in Liquidation Due to State and Local Laws

Property foreclosure actions are regulated by state and local statutes and rules and are subject to many of the delays and expenses of other lawsuits, sometimes requiring several years to complete. As a result, if the Company is not able to obtain the property voluntarily from the borrower, the Company may not be able to quickly foreclose on and subsequently sell a property securing a real estate loan.

An Investment in the Notes May Not Be Consistent With Section 404 of ERISA

Persons acting as fiduciaries on behalf of a qualified profit sharing, pension or other retirement trusts subject to the Employee Retirement Income Security Act of 1974 ("ERISA") should satisfy themselves that an investment in the Notes is consistent with Section 404 of ERISA and that the investment is prudent, taking into consideration cash flow and other objectives of the investor.

There Can Be no Assurance of Confidentiality

As part of the subscription process, investors will provide significant amounts of information about themselves to the Company. Pursuant to applicable laws, such information may be made available to third parties that have dealings with the Company, and governmental authorities (including by means of securities law-required information statements that are open to public inspection). Investors that are highly sensitive to such issues should consider taking steps

to mitigate the impact upon them of such disclosures (such as by investing in the Notes through an intermediary entity).

Legal Counsel to the Company and Its President Does Not Represent the Noteholders

Each investor must acknowledge and agree in the Subscription Agreement that legal counsel representing the Company and its President does not represent, and shall not be deemed under the applicable codes of professional responsibility, to have represented or to be representing, any or all of the investors.

Legal Counsel to the Company Will Represent the Interests Solely of the Company and Its President

Documents relating to the purchase of Notes, including the Subscription Agreement to be completed by each investor, will be detailed and often technical in nature. Legal counsel to the Company will represent the interests solely of the Company and its President, and will not represent the interests of any investor. Accordingly, each prospective investor is urged to consult with its own legal counsel before investing in the Company and the purchase of the Notes. Finally, in advising as to matters of law (including matters of law described in this Memorandum), legal counsel has relied, and will rely, upon representations of fact made by the Company's President. Such advice may be materially inaccurate or incomplete if any such representations are themselves inaccurate or incomplete, and legal counsel generally will not undertake independent investigation with regard to such representations.

Federal Income Tax Risks

The discussion entitled "Certain United States Federal Income Tax Considerations" includes a discussion of certain U.S. income tax risks involved in an investment in the Notes. The section does not discuss all aspects of U.S. federal income taxation that may be relevant to any particular investor and cannot address any investor's specific investment circumstances. In

addition, the section does not include a discussion of state, local or foreign tax laws. Each investor should consult its own tax advisor with respect to these and other tax consequences of an investment in the Notes.

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FORWARD-LOOKING STATEMENTS

This Confidential Private Offering Memorandum, including information incorporated by reference in this Memorandum, contains forward-looking statements regarding the Company's plans, expectations, estimates and beliefs. Actual results could differ materially from those discussed in, or implied by, these forward-looking statements. When used in this Memorandum, the words "anticipate," "intend," "believe," "estimate," and other similar expressions generally identify forward-looking statements, which are found throughout this Memorandum whenever statements are made that are not historical facts. Accordingly, such forward-looking statements might not accurately predict future events or the actual performance of an investment in the Notes. In addition, you must disregard any projections and representations, written or oral, which do not conform to those contained in this Confidential Private Offering Memorandum.

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USE OF PROCEEDS

The Company intends to use the net proceeds received from the sale of the Notes, primarily for operating capital, to purchase and fund Trust Deeds and to acquire interests in properties or notes, which the Company's Management anticipates to be able to resell or collect as applicable. The proceeds from the sale of Notes may be used to repay earlier maturing Notes; provided, however, the Company will limit the amount of money that may be raised for this purpose so that the Company will not become subject to the Investment Company Act of 1940. See "Risk Factors -- Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes."

The Company may use proceeds from this private placement for general business purposes, including rent, advertising, labor and administrative expenses, if needed, investment, expansion or the purchase of capital assets and to fund loans to borrowers and purchase Trust Deeds. However, the Company expects that no more than .05 percent of the proceeds of the offering will be allocated to general business purposes. The Company is not required to maintain reserves or to deposit any of the proceeds of the offering, into a reserve account, for the purpose of providing liquidity to service interest payments on, and redemption of, the Notes as they mature. The Company does not intend to maintain reserves from the proceeds of the offering in a cash reserve account. The remaining proceeds, net of cash reserves, if any, should be available to fund and purchase Trust Deeds. The Company is not required or obligated to give Noteholders notice of any changes in the Company's intended use of proceeds of the offering. See "Business."

The following table sets forth the Company's best estimates of the use of the minimum and maximum target gross proceeds from the sale of the Notes.

	<i>Minimum Amount Raised</i>	<i>Percent of Offering</i>	<i>Target Amount Raised</i>	<i>Percent of Offering</i>
<i>Gross Offering Proceeds</i>	\$500,000	100%	\$50,000,000	100%
<i>Commissions & Costs (1)</i>	-0-	0%	-0-	0%
<i>Cash Reserve (2)</i>	-0-	0%	-0-	0%
<i>General Business (3)</i>	\$25,000	5%	\$25,000	.05%
<i>Proceeds Available For Funding/ Purchase of Construction Loans (4)</i>	\$475,000	95%	\$49,975,000	99.95%

- (1) The Company does not anticipate paying costs and commissions in excess of the costs associated with this offering. The Notes may be purchased directly from the Company without commission. Notes maturing more than two years also may be purchased by investors using qualified funds (i.e., IRA, SEP IRA, ROTH IRA and Keogh Plans), through a licensed broker-dealer and with an approved custodian, provided, that such investments meet the investor suitability requirement. Transaction costs for Notes purchased with qualified funds may be paid, solely at the Company's discretion, by the Company up to one percent (1%) of the principal Note amount.
- (2) Company intends (but is not required) to maintain cash reserves (or access to other funds) approximately equal to a minimum of one percent of the aggregate balance of Notes outstanding in its general accounts to provide funds to service interest payments and to facilitate redemption of the Notes. This amount will be calculated using a proprietary cash-flow management model. Interest accruing in the general accounts will belong to the Company.
- (3) Company anticipates that its current facilities are adequate to fund real estate loans and to service the volume of contracts that would be purchased at the minimum level of proceeds. If its business is significantly increased, the Company may invest in additional personnel, computer equipment and facilities capable of processing increased data. General business expenses may also include the offering expenses.

- (4) This use of the proceeds is only an estimate and the Company reserves the right to allocate the proceeds in a different manner consistent with the Confidential Private Offering Memorandum.

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PRIOR PERFORMANCE

Mr. Chittick organized the Company in April of 2001 to provide a short-term funding source for primarily real estate developers and foreclosure specialists. Mr. Chittick has arranged for the funding and administration of real estate loans since that time. The chart set forth below indicates the Company's history in raising money from investors, the number of loans made, the aggregate amount of such loans, the underlying values of the security for such loans and any problems with respect to such loans.

Mr. Chittick initially capitalized the company with one million dollars of his personal funds. From July 2001 through December 2001, an additional \$500,000 was raised from investors. In 2002, an additional \$930,000 was raised from investors. In 2003, an additional \$1,550,000 was raised from existing and new investors. In 2004, the amount from both old and new investors increased to an additional \$2,450,000. In 2005, an additional \$2,670,000 was raised from existing and new investors. In 2006, an additional \$2,800,000 was raised from existing and new investors. In 2007, an additional \$2,400,000 was raised from existing and new investors. In 2008, an additional \$3,000,000 was raised from existing and new investors. In 2009, an additional \$_____ was raised from existing and new investors. In 2010, an additional \$_____ was raised from existing and new investors. From January 2011 to _____, 2011, an additional \$_____ was raised from existing and new investors. Mr. Chittick uses an equity line of credit to help facilitate cash flow for the Company. All of the money raised from investors has been through the sale of promissory notes like those being offered in this placement. Such notes were for terms of 6 to 60 months and have, to date, drawn interest at the rate of 8 to 12% per annum. The Company has never defaulted on either interest or principal for any of such notes.

The money raised by the Company from investors has historically been divided into a large portfolio of loans secured by marketable properties with varying values and locations in the Phoenix metro area. The Company is currently lending in approximately _____ cities in the Phoenix metro area, which includes Maricopa and Pinal Counties. The Company will have loans secured by properties in many of these cities simultaneously. The Company has endeavored to maintain a large and diverse base of borrowers as well as a diverse selection of properties as

collateral for its loans to the borrowers. However, in response to the more recent challenging conditions in the real estate market, the Company has focused on maintaining relationships with borrowers that have a proven track record with a good payment history and performance. The Company continues to strive to achieve a diverse borrower base by attempting to ensure that one borrower will not comprise more than 10 to 15 percent of the total portfolio.

All real estate loans funded by the Company have been and are intended to be secured through first position trust deeds. The loan to value ratio of the Company's overall portfolio has averaged less than 70% and the Company intends to maintain a loan to value ratio of 50% to 65%.

In 2001, the Company funded 37 loans in its first year of operation. The aggregate amount of these loans totaled \$3,378,000, with the value of underlying homes totaling \$6,393,000. Of those 37 loans, 15 were repaid in 2001. The repaid loans totaled \$1,452,000, with the value of the underlying homes equaling \$2,431,000. All interest due from all loans was collected.

In 2002, the Company funded 69 loans in its first full year of operation. The aggregate amount of these loans totaled \$5,685,000, with the value of the underlying homes totaling \$8,780,000. Of the 69 new loans in 2002 and the remaining unpaid loans from late 2001, 66 were repaid in 2002. These repaid loans totaled \$5,267,000, with the value of the underlying homes equaling \$9,076,300. All interest due from all loans was collected.

In 2003, the Company funded 124 loans. The aggregate amount of these loans totaled \$11,673,000, with the value of the underlying homes totaling \$17,530,500. Of the 124 new loans in 2003 and the remaining unpaid loans from late 2002, 106 were repaid in 2003. These repaid loans totaled \$9,693,500, with the value of the underlying homes equaling \$14,488,500. All interest due from all loans was collected.

In 2004, the Company funded 185 loans. The aggregate amount of these loans totaled \$19,907,000, with the value of the underlying homes totaling \$30,422,600. Of the 185 new loans in 2004 and the remaining unpaid loans from late 2003, 170 were repaid in 2004. These

repaid loans totaled \$17,951,700, with the value of the underlying homes equaling \$26,939,500. All interest due from all loans was collected.

In 2005, the Company funded 236 loans. The aggregate amount of these loans totaled \$34,955,700, with the value of the underlying homes totaling \$50,487,300. Of the 236 new loans in 2005 and the remaining unpaid loans from late 2004, 232 were repaid in 2005. These repaid loans totaled \$31,001,940, with the value of the underlying homes equaling \$45,111,500. All interest due from all loans was collected.

In 2006, the Company funded 215 loans. The aggregate amount of these loans totaled \$34,468,100, with the value of the underlying homes totaling \$52,784,000. Of the 215 new loans in 2006 and the remaining unpaid loans from 2005, 212 were repaid in 2006. These repaid loans totaled \$35,301,250, with the value of the underlying homes equaling \$53,057,200. One loan that was foreclosed on, and successfully resold, did not pay all the interest due. However, the small uncollected amount was absorbed by the Company.

In 2007, the Company funded 271 loans. The aggregate amount of these loans totaled \$42,269,767, with the value of the underlying homes totaling \$65,574,500. Of the 271 new loans in 2007 and the remaining unpaid loans from 2006, 257 were repaid in 2007. These repaid loans totaled \$41,424,815, with the value of the underlying homes equaling \$65,482,800. One condominium loan, two house loans, and one land loan were foreclosed. While the condominium and houses were sold with minimal principal loss, much of the interest was collected on all four loans. The loss was absorbed by the Company.

In 2008, the Company funded 364 loans. The aggregate amount of these loans totaled \$47,329,758, with the value of the underlying homes totaling \$77,616,000. Of the 364 new loans in 2008 and the remaining unpaid loans from 2007, 257 were repaid in 2008. Such repaid loans totaled \$34,578,755 with the value of the underlying homes equaling \$56,255,500. While one condominium and six homes were sold with minimal principal loss, much of the interest was collected on all the loans. The loss was absorbed by the Company. There were 15 more homes that were either foreclosed on or ownership was acquired through the deed in lieu process.

These houses are presently either for sale on the retail market, or have been rented and are for sale on the investor market.

In 2009, the Company funded ____ loans. The aggregate amount of these loans totaled \$_____, with the value of the underlying homes totaling \$_____. Of the _____ new loans in 2009 and the remaining unpaid loans from 2008, _____ were repaid in 2009. Such repaid loans totaled \$_____ with the value of the underlying homes equaling \$_____.

In 2010, the Company funded ____ loans. The aggregate amount of these loans totaled \$_____, with the value of the underlying homes totaling \$_____. Of the _____ new loans in 2010 and the remaining unpaid loans from 2009, _____ were repaid in 2010. Such repaid loans totaled \$_____ with the value of the underlying homes equaling \$_____.

From January 1, 2011, through _____, 2011, the Company has funded ____ loans for a total of \$_____ with the underlying homes valued at \$_____. There have been _____ loans repaid in 2011 for a total of \$_____, and house values of \$_____.

Since inception through _____, 2011, the Company has participated in _____ loans, with an average loan amount of \$_____, with the highest single loan being \$_____ and lowest being \$_____. The aggregate amount of loans funded is \$_____ with property values totaling \$_____. The total amount of loans that have funded and closed is \$_____ with home values equaling \$_____. These loans have borne interest rates of ____% to ____% per annum. The interest rate paid to noteholders has ranged from ____% to ____% per annum through such date. Each and every Noteholder has been paid the interest and principle due to that Noteholder in accordance with the respective terms of the Noteholder's Notes. Despite any losses incurred by the Company from its borrowers, no Noteholder has sustained any diminished return or loss on their investment in a Note from the Company.

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MANAGEMENT

Directors and Executive Officers

The Director and Executive Officer of the Company are: Denny J. Chittick, 4_, President, Vice President, Treasurer, and Secretary.

Denny J. Chittick worked at Insight Enterprises, Inc. a publicly traded company, for nearly 10 years, holding many different positions from finance, accounting, operations and held the position of Sr. Vice President and CIO when he left the company in 1997. Since leaving Insight, he has been involved in several different companies, including a software company, internet company and finance company. Mr. Chittick holds a degree in Finance from Arizona State University.

Real Estate Consultant

The Company will have only one employee, which will require the Company to use outside consultants on a periodic basis to provide various services. These consultants may be retained to assist with any necessary due diligence in connection with these loans and, to the extent necessary, to assist with the closing of a loan.

Employees

With the assistance of outside consultants on an as-needed basis, Mr. Chittick intends to operate the Company as its primary employee, analyzing, negotiating, originating, purchasing and servicing Trust Deeds by himself. As the portfolio of contracts increases, the Company may add additional personnel.

Contingency Plan in the Event of Death or Disability of Mr. Chittick

In the event that Mr. Chittick is unable to perform his duties to continue the operation of the Company in any capacity, Mr. Chittick has a written agreement with Robert Koehler, an owner of RLS Capital, Inc. to provide or arrange for any necessary services for the Company. Robert has twelve (12) years of experience supporting real estate loan portfolios similar to the portfolio of the Company. Robert holds a real estate license in Arizona and has worked as a loan officer in the residential and commercial transactions and has conducted due diligence effort for hundreds of private purchase of notes and trust deeds. Robert is respected as a member of the Arizona real estate investment community by investors, borrowers, mortgage brokers, escrow officers and real estate agents. As part of this contingency plan, Robert is a signatory on the Company's bank account. On a weekly basis, Robert receives an updated spreadsheet of all properties currently being used as collateral for a loan. On a monthly basis, Robert receives a spreadsheet of all the investors and what is owed to each of them, and receives the monthly statements for all investors. Pursuant to the agreement with Robert, upon Robert's receipt of instructions from Denny Chittick, or from other designated individuals, or upon medical confirmation that Mr. Chittick is unable to continue to perform his duties as President of the Company for an extended period of time, Robert will act to close down the Company's business by collecting all of the monies due on the Trust Deeds and Robert will return all of the principal and interest owed to the investors pursuant to the Notes.

Management Compensation

As the sole shareholder, Mr. Chittick receives a salary consistent with IRS guidelines. Salary adjustments are made at year-end in order for Mr. Chittick to fund his 401(K) and to pay his income taxes. Year-end profits are taxed to Mr. Chittick pursuant to the U.S. Internal Revenue Code rules applicable to Subchapter S corporations. Therefore, year-end profits may be distributed to Mr. Chittick. In addition, Mr. Chittick is paid interest on Notes funded by Mr. Chittick in the same manner as the other investors. See "Management -- Management Compensation." As the Company expands its lending operations and increases the workload of

Mr. Chittick, he reserves the right to receive an increased salary so long as there is no current default under the Notes.

Ownership Compensation

The Company receives its revenue primarily from interest earned on trust deeds, rents on properties owned by the Company, interest on cash reserve accounts, and interest earned on investments made by the Company after subtracting interest paid on its debts. The amount of profits, and therefore, compensation to Mr. Chittick, will be dependent upon the amount of Notes sold, Trust Deeds acquired, loans made and the terms of such loans. After payment of its principal and interest obligations under the Notes, the Company distributes the balance to Mr. Chittick; provided, however, the Company may (but is not required to) retain earnings in the Company up to a level of "reserve" or "retained earnings" goals that the Company deems adequate. Subject to the need to adjust these goals due to special liquidity needs due to plans to repay Notes or to fund future Trust Deeds, the Company anticipates that it will be able to achieve and maintain adequate reserve goals to meet the Company's obligations.

Mr. Chittick may have significant investments in the Notes, for which the Company will pay him monthly interest on the same basis as other Noteholders which investment amount will be subordinated to all other Notes placed pursuant to this Memorandum. (Mr. Chittick currently has invested approximately \$2,200,000 in Notes, but this amount varies from \$1.9 million to \$3.2 million.) See "Description of Securities." The Company intends to pay to Mr. Chittick all retained earnings in excess of any reserves deemed necessary or desirable by Mr. Chittick to meet the Company's obligations.

PRINCIPAL SHAREHOLDER

The following table sets forth the beneficial ownership of shares of the Company's outstanding common stock.

Name and Address	Number of Shares	Percent
Denny J. Chittick 6132 W. Victoria Place Chandler, AZ 85226	500,000	100%

The Company is authorized to issue up to 25,000,000 shares of common stock, but has no intent to issue additional common stock at this time.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Ownership

Based on his 100 percent ownership of the Company's common stock, Denny J. Chittick maintains the exclusive ability to elect directors, appoint officers and manage the operations of the Company.

Competing Businesses

During the four years prior to forming the Company, Denny Chittick personally invested in companies and in real estate loans that are substantially similar to the Company's investments in Trust Deeds. In addition to his activities on behalf of the Company, Mr. Chittick reserves the right to continue his personal investments in real estate and instruments similar to Trust Deeds, which are considered competing businesses of the Company. See "Risk Factors – Management's Outside Interests and Conflicts of Interest."

DESCRIPTION OF SECURITIES

The Company is offering up to \$50 million in Notes. The minimum denomination is \$50,000, and the maximum denomination is \$1,000,000 in a single note. An investor may purchase more than \$1,000,000 in Notes, but it will be distributed over different Notes. Denominations increase from the minimum to the maximum in additional increments with a minimum incremental increase of \$10,000. Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this Memorandum. Absent an earlier termination, the offering will continue for so long as the Company has not changed its operations or method of offering in any material respect. If the Company changes its operations or method of offering in any material respect, the Company will update the Memorandum as necessary to provide correct information to investors. The Company may experience difficulties in conducting a continuous offering of Notes. See "Risk Factors - Difficulties and Costs of Continuous Offering."

The Notes are general obligations of the Company and are superior in priority and liquidation preference to any Notes payable to Mr. Chittick. Mr. Chittick has agreed to subordinate any Notes to which he subscribes to Notes with similar maturities placed with other investors. Although the Company has never defaulted with respect to a Note, including any regular interest payment or the principal and interest due upon the maturity of the Note, if the Company should ever be in default with respect to any Note, Mr. Chittick will subordinate any Notes he may hold until the default is cured and Mr. Chittick will also defer any compensation until the default is cured. While Mr. Chittick has agreed and will act as set forth above in this Memorandum, such agreement is not evidenced in a separate writing signed by Mr. Chittick.

The Notes will bear interest at the rates stated for the term selected. The investor may elect to have interest paid monthly, quarterly or accrue and be paid at maturity. If the investor elects to have interest paid at maturity or quarterly, the interest will accrue monthly and earn compounded interest. Interest is payable on the last day of each period to the investors of the Notes at the principal office of the Company in Chandler, Arizona. At the option of the

Company, interest payments may be paid by check mailed to the address of the investor entitled thereto as it appears on the Subscription Agreement for the Notes. An investor may request in writing to the Company that a deposit be made to a designated bank or investment account.

The Notes are not transferable without the prior written consent of the Company, which the Company may withhold in its sole discretion. The Company anticipates withholding its consent if the transfer could jeopardize the Company's exemption under Regulation D or any applicable state blue-sky law or the Company's exclusion from the definition of an investment company under the Investment Company Act of 1940.

The Notes are unsecured and are not insured or guaranteed by any state or federal government entity or any insurance company. In event of default, an investor could look only to the Trust Deeds or other assets of the Company for repayment.

As unsecured, general obligations of the Company, the Notes will not have any specific collateral. The Company's Assets include all of the Company's right, title and interest in Trust Deeds owned by the Company, together with all payments and instruments received thereto, real estate owned by the Company as a result of a deed-in-lieu of foreclosure due to a borrower default, and all proceeds of the conversion of any of the foregoing into cash or other liquid property. So long as the Company is not in default on the Notes, the Company is permitted to freely transfer, sell or substitute, in the normal course of business, any Trust Deeds it owns, subject to general restrictions concerning transfers of property; provided, however, the Company may transfer, sell or substitute one or more Trust Deeds if such transfer, sale or substitution is done in connection with a plan to cure a default.

On an annual basis, the Company will retain an independent accounting firm to prepare the 1099's to be issued by the Company to the investors and to prepare the tax return for the Company. On an annual basis and upon written request from an investor, the Company will certify to the requesting investor(s) that the aggregate outstanding principal amount of all cash accounts, other property and Trust Deeds is at least equal to the principal amount of outstanding Notes as of the date of the request.

The Company may, in its discretion, modify the interest rate paid on subsequently issued Notes or the term of such Notes. Any such modification of the interest rate or term will not affect Notes then issued and outstanding.

Notes are initially being offered at the following rates and maturities:

Note Amount (1)	<u>Note Terms (2)(3)</u>		
	6 Months	1 Year	2 Years to 5 Years
\$50,000 and up	8% ⁽⁴⁾	10% ⁽⁴⁾	12% ⁽⁴⁾

- (1) Note amounts are issued in varied denominations from \$50,000 to \$1,000,000, and in additional increases with a minimum of \$10,000. For qualified funds, the Company will accept minimum contributions in such amounts as reasonably determined by the Company.
- (2) Although the Company intends to use its good faith efforts to accommodate written requests from an investor to prepay any Note prior to maturity and the Company has in fact been able to satisfy such requests in a timely manner with interest paid in full, the Company has no obligation to do so and the investor has no right to require the Company to redeem the Note prior to maturity. Upon the Company's election to honor an investor's request to prepay any Note prior to maturity, the Company reserves the right to adjust any interest payable to the investor to the interest rate that would have been payable for the actual outstanding term of the Note.
- (3) The Notes may be redeemed by the Company at any time prior to maturity upon 30 days written notice to the investor at a price equal to the principal amount of the Note plus accrued interest to the date of redemption.
- (4) The Company also reserves the right, in its sole discretion, to adjust the interest paid on outstanding Notes on 30 days written notice to Noteholders.

The Company has the right to sell, encumber, mortgage, create a lien on or otherwise dispose of any or all of its property, or in any manner secure an indebtedness so that such indebtedness shall have a claim against the assets of the Company securing such indebtedness, all without the consent of the investors of the outstanding Notes provided no Notes are in default. Any security interest granted in any of the Company's assets to secure an indebtedness will be superior in priority to the general claim of a Noteholder.

Default may occur with respect to one Note and not another. The Company shall be in default of a particular Note if any of the following events ("Event of Default") occurs with respect to that Note: (a) default for 30 days in any payment of interest on a Note when due; (b) default for 15 days in any payment of principal on a Note when due after maturity; (c) a filing for protection by the Company under Chapters 11 or 7 of the U.S. Bankruptcy Code or a filing for the Company under the U.S. Bankruptcy Code by creditors of the Company which filing is not dismissed within 90 days of the filing date; or (d) default for 90 days after receiving appropriate notice of a breach of any other covenant applicable to a Note. Notwithstanding the events listed above, Mr. Chittick may defer any payment of interest or principal due to Mr. Chittick or an entity controlled by him on any of the Notes subscribed to personally by Mr. Chittick without creating an Event of Default.

The Company may not consolidate with or merge into any corporation, or transfer substantially all of its assets to any person, unless the successor corporation or transferee assumes the Company's obligations on the Notes. The Company has no present intention of merging with another company or consolidating with another company or transferring its assets.

PLAN OF DISTRIBUTION

The Notes may be purchased directly from the Company without commission. Notes maturing in two through five years also may be purchased with qualified monies (such as IRA, SEP IRA, ROTH IRA and KEOGH plans) through a licensed broker-dealer and with an approved custodian; provided, that such investments meet the investor suitability requirements. Transaction costs for Notes purchased with qualified funds will be paid by the Company up to one percent of the Note's face amount. The principal amount of the Note will be equal to the amount paid by the investor, and interest would be calculated on that amount.

The Notes are not registered with the SEC or any other state or federal regulatory agency. No state or federal agency has made any finding or determination as to the fairness of this offering for investment, the adequacy or accuracy of the disclosures, nor any recommendation or endorsement of the Notes.

The offering and sale of the Notes is intended to be exempt from registration under the Act by virtue of one or more of the following exemptions provided by: (i) Section 4(2) of the Act; and (ii) Regulation D promulgated under the Act. See "Investor Suitability." In accordance therewith, substantial restrictions are placed on the offering and purchase of the Notes, including, but not limited to, the following:

- (1) The transaction may not include any public offering. The offer to sell Notes must be directly communicated to the investor by an officer of the Company and at no time may the Company advertise or solicit by means of any leaflet, public promotional meeting, newspaper or magazine article, radio or television advertisement or any other form of general advertising or general promotion.
- (2) The Notes may be purchased only for the investor's own account, for investment purposes only and not with a view to distribution, assignment, hypothecation, resale or to fractionalization in whole or in part.
- (3) An investor must meet certain suitability requirements, which are set forth under "Investor Suitability."

- (4) The Company must have furnished and made available for inspection all documents and information that the investor has reasonably requested relating to an investment in the Company, including its Articles of Incorporation, stock records and financial account records.

DRAFT

DETERMINATION OF OFFERING PRICE

The rate of return for the Notes offered hereby will be set from time to time by Management of the Company to approximate a rate of return competitive with similar securities of other companies engaged in the finance industry. The Company has been in operation since April 2001. There is no market for the Company's securities and none is expected to develop. Accordingly, the rate of return on any Note bears no relation to the results of the Company, to any market price for the Company's securities, to the level of risk involved, or to any recognized measure of valuation or return on investment.

DRAFT

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of certain U.S. federal tax considerations and consequences that may be relevant to a decision to acquire, own and dispose of Notes by an initial holder thereof. This summary only applies to Notes held as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). Except as set forth below, this summary does not address all of the tax consequences that may be relevant to a particular Noteholder and it is not intended to be applicable to Noteholders that are subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, U.S. expatriates, partnerships or other pass-through entities, tax-exempt organizations or dealers or traders in securities or currencies, or to Noteholders that will hold Notes as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes or that have a functional currency other than the U.S. dollar. Moreover, except as set forth below, this summary does not address the U.S. federal estate and gift tax law, the tax laws of any state, local or foreign government or alternative minimum tax consequences of the acquisition, ownership or other disposition of Notes and does not address the U.S. federal income tax treatment of Noteholders that do not acquire Notes as part of the initial distribution at their initial issue price. Each prospective investor should consult its tax advisor, attorney and accountant with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and disposing of Notes.

This summary is based on current provisions of the Code, as amended, existing and proposed U.S. Treasury Regulations, current administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. No advance tax ruling has been sought or obtained from the Internal Revenue Service regarding the tax consequences of the transactions described herein. This discussion does not address tax considerations arising under the laws of any particular state, local or foreign jurisdiction.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS, ATTORNEYS AND ACCOUNTANTS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES THAT MAY ARISE UNDER THE LAWS OF ANY FOREIGN, STATE, LOCAL OR OTHER TAXING JURISDICTION.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Notes who for U.S. federal income tax purposes is (i) a citizen or resident (or is treated as a resident for U.S. federal income tax purposes) of the United States; (ii) a corporation created or organized in or under the laws of the United States or any State or political subdivision thereof; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2) (a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control. A "Non-U.S. Holder" is a beneficial owner of Notes who for U.S. federal income tax purposes is (i) a non-resident alien individual; (ii) a foreign corporation; or (iii) a foreign estate or trust the fiduciary of which is a nonresident alien.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such partner should consult its own tax adviser as to its consequences of holding and disposing of the Notes.

U.S. Holders

Interest

Except as set forth below, interest paid on a Note generally will be includible in a U.S. Holder's gross income as ordinary interest income at the time it is paid or accrued in accordance with the U.S. Holder's usual method of tax accounting for U.S. federal income tax purposes.

Market Discount

A holder of Notes may in very limited circumstances, transfer their Notes to third parties. If the Company authorizes such a transfer, Notes sold on a secondary market after their original issue for a price lower than their stated redemption price at maturity are generally said to be acquired at market discount. Code Section 1278 defines "market discount" as the excess, if any, of the stated redemption price at maturity of the Note, over the purchaser's initial adjusted basis in the Note. If, however, the market discount with respect to a Note is less than 1/4th of one percent (.0025) of the stated redemption price at maturity of the Note multiplied by the number of complete years to maturity from the date the subsequent purchaser has acquired the Note, then the market discount is considered to be zero. Notes acquired by holders at original issue and Notes maturing not more than one year from the date of issue are not subject to the market discount rules.

Gain on the sale, redemption or other disposition of a Note, including full or partial redemption thereof, having "market discount" will be treated as interest income to the extent the gain does not exceed the accrued market discount on the Note at the time of the disposition. A holder may elect to include market discount in taxable income for the taxable years to which it is attributable. The amount included is treated as interest income. If this election is made, the rule requiring interest income treatment of all or a portion of the gain upon disposition is inapplicable. Once the election is made to include market discount in income currently, it cannot be revoked without the consent of the IRS. The election applies to all market discount notes acquired by the holder on or after the first day of the first taxable year to which such election applies.

Sale, Exchange or Disposition of Notes

A U.S. Holder's adjusted tax basis in a Note generally will equal the cost of the Note to such U.S. Holder, increased by any original issue discount ("OID") or market discount previously included by the holder in income with respect to the Note. Upon the sale, exchange or other disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other disposition (less an amount equal to the accrued but unpaid interest which will be taxable as ordinary income) and such U.S. Holder's adjusted tax basis in the Note. Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder, capital gains derived in respect of a Note that is held as a capital asset and that is held for more than one year are eligible for reduced income tax rates and may be deemed a long-term capital gain. The deductibility of capital losses is subject to limitations.

Non-U.S. Holders

Interest

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," payments of principal of, and interest on (including any OID), a Note to (i) a controlled foreign corporation, as such term is defined in Section 957 of the Code, which is related to the Company, directly or indirectly, through stock ownership, (ii) a person owning, actually or constructively, securities representing at least more than 50% of the total combined outstanding voting power of all classes of the Company's voting stock and (iii) banks which acquire such Note in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. withholding tax provided that the beneficial owner of the Note provides certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "U.S. Backup Withholding and Information Reporting," or an exemption is otherwise established.

If a Non-U.S. Holder cannot satisfy the requirements above, payments of interest made to a Non-U.S. Holder will be subject to a U.S. withholding tax equal to 30% of the gross payments

made to the Non-U.S. Holder unless the Non-U.S. Holder provides the Company or the Company's paying agent, as the case may be, with a properly executed (1) IRS Form W-8BEN claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty or (2) IRS Form W-8ECI stating that interest paid on the note is not subject to withholding tax because it is effectively connected with the beneficial owner's conduct of a trade or business in the United States. Alternative documentation may be applicable in certain situations.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a note is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from withholding as discussed above (provided the certification requirements described above are satisfied), will be subject to U.S. federal income tax on such interest (including OID) on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. In addition, if such Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lesser rate under an applicable income tax treaty) of such amount, subject to adjustments.

Sale, Exchange or Other Disposition of Notes

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," any gain realized by a Non-U.S. Holder upon the sale, exchange or other disposition of a Note generally will not be subject to U.S. federal income tax or withholding tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of such sale, exchange or disposition and certain other conditions are met. Special rules may apply upon the sale, exchange or disposition of a Note to certain Non-U.S. Holders, such as "controlled foreign corporations," "passive foreign investment companies," "foreign personal holding companies" and certain expatriates, that are subject to special treatment under the Code. Such entities and individuals should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

U.S. Federal Estate Taxes

A Note that is held by an individual who at the time of death is not a citizen or resident (as specially defined for United States federal estate tax purposes) of the United States will not generally be subject to U.S. federal estate tax as a result of such individual's death, provided that such individual is not a shareholder owning actually or constructively more than 10% of the total combined voting power of all classes of our stock entitled to vote and, at the time of such individual's death, payments of interest with respect to such note would not have been effectively connected with the conduct by such individual of a trade or business in the United States.

U.S. Backup Withholding and Information Reporting

U.S. Holders

Information reporting requirements will apply to certain payments of principal and interest and the accrual of OID, if any, on an obligation and to proceeds of the sale, exchange or other disposition of an obligation, to certain U.S. Holders. This obligation, however, does not apply with respect to certain U.S. Holders including, corporations, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts. In general, the Company is required to file with the IRS each year a Form 1099 information return reporting the amount of interest that was paid or that is considered earned by a U.S. Holder with respect to the Notes held during each calendar year, and a U.S. Holder is required to report such amount as income on its federal income tax return for that year. A U.S. backup withholding tax currently at a rate of 28% will apply to such payments if a U.S. Holder fails to provide a correct taxpayer identification number or certification of other tax-exempt status or fails to report in full dividend and interest income. Any amount withheld under the backup withholding rules is allowable as a credit against the taxpayer's U.S. federal income tax liability, provided that the required information is furnished to the IRS.

Non-U.S. Holders

Information reporting will generally apply to payments of interest on a Note to a Non-U.S. Holder and the amount of tax, if any, withheld with respect to such payments. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty. Payments of principal and interest on any Notes to Non-U.S. Holders will not be subject to any U.S. backup withholding tax if the beneficial owner of the Note (or a financial institution holding the note on behalf of the beneficial owner in the ordinary course of its trade or business) provides an appropriate certification to the payor and the payor does not have actual knowledge or reason to know, that the certification is incorrect. Payments of principal and interest on Notes not excluded from U.S. backup withholding tax discussed above generally will be subject to United States withholding tax at a rate of 28%, except where an applicable United States income tax treaty provides for the reduction or elimination of such withholding tax.

In addition, information reporting and, depending on the circumstances, backup withholding, will apply to the proceeds of the sale of a Note within the United States or conducted through United States-related financial intermediaries unless the beneficial owner provides the payor with an appropriate certification as to its non-U.S. status and the payor does not have actual knowledge or reason to know that the certification is incorrect.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a Non-U.S. Holder's U.S. federal income tax liability provided the required information is furnished to the Internal Revenue Service.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE ACQUISITION, OWNERSHIP, DISPOSITION OR RETIREMENT OF THE NOTES. PROSPECTIVE INVESTORS OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS, ATTORNEYS AND ACCOUNTANTS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.

INVESTOR SUITABILITY

General

An investment in the Notes involves significant risks and is suitable only for persons of adequate financial means who have no need for liquidity with respect to this investment and who can bear the economic risk of a complete loss of their investment. This private placement is made in reliance on exemptions from the registration requirements of the Act and applicable state securities laws and regulations.

The suitability standards discussed below represent minimum suitability standards for prospective investors. The satisfaction of such standards by a prospective investor does not necessarily mean that the Notes are a suitable investment for such prospective investor. Prospective investors are encouraged to consult their personal financial advisors to determine whether an investment in the Notes is appropriate. The Company may reject subscriptions, in whole or in part, in its absolute discretion.

The Company will require each investor to represent in writing, among other things, that (i) by reason of the investor's business or financial experience, or that of the investor's professional advisor, the investor is capable of evaluating the merits and risks of an investment in the Notes and of protecting its own interest in connection with the transaction, (ii) the investor is acquiring the Notes for its own account for investment only and not with a view toward the resale or distribution thereof, (iii) the investor is aware that the Notes have not been registered under the Act or any state securities laws and that there is no market for the Notes, (iv) such investor meets the suitability requirements set forth below and (v) they have read and taken full cognizance of the Risk Factors and other information set forth in this Confidential Private Offering Memorandum.

Suitability Requirements

Except as set forth below, each investor must represent in writing that it: (a) is "sophisticated" in so far as it is sufficiently knowledgeable and experienced in financial and business matters to be able to evaluate the merits and risks of an investment in the Notes either alone or with a purchaser representative; (b) is able to bear the economic risk of an investment in the Notes, including a loss of the entire investment; and (c) qualifies as an "accredited investor," as such term is defined in Rule 501(a) of Regulation D under the Act and must demonstrate the basis for such qualification. To be an accredited investor, an investor must fall within any of the following categories at the time of sale of Notes to that investor:

- (1) A bank as defined in Section 3(a)(2) of the Act or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; an insurance company as defined in Section 2(13) of the Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; a Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- (2) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;
- (3) An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Notes, with total assets in excess of \$5,000,000;

- (4) Any director, executive officer, or general partner of the Company, or any director, executive officer, or general partner of a general partner of the Company;
- (5) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of such person's purchase of the Notes exceeds \$1,000,000 (excluding the value of such person's primary residence);
- (6) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- (7) Any trust with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring the Notes, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; and
- (8) An entity in which all of the equity owners are accredited investors (as defined above).

As used in this Memorandum, the term "net worth" means the excess of total assets over total liabilities. In determining income an investor should add to the investor's adjusted gross income any amounts attributable to tax exempt income received, losses claimed as limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA, KEOGH, SEP IRA or ROTH IRA retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

Exhibit No. 54

/2013

Dani

USE this to mark up

ADD Updates/Forbearance, etc.

Schendek	
EXH. NO.	100
	6-19-18
Kelly S. Oglesby CR 50178	

Confidential Private Offering Memorandum

DenSco Investment Corporation

July 1, 2011

No: _____

Name of Payee: _____

Confidential Private Offering Memorandum

DenSco Investment Corporation

General Obligations Notes

Minimum Purchase \$50,000

The General Obligation Notes (the "Notes") are general obligations of DenSco Investment Corporation, an Arizona corporation (the "Company"). The Notes, together with all other outstanding notes and all other advances or liabilities owed by the Company to any holder of an outstanding note will be secured by a general pledge of all assets owned by or later acquired by the Company. The Company's largest assets will be the Trust Deeds, as defined herein, acquired by the Company and the Notes will be superior in priority and liquidation preference to Notes subscribed for by officers and shareholders of the Company. Interest will be paid monthly, quarterly or at maturity. The Notes are not insured or guaranteed by any state or federal government entity or any insurance company, and the Company will not establish a sinking fund for the Notes. The Company generally may transfer, sell or substitute collateral for the Notes. The Company may modify the interest rate to be paid on subsequently issued Notes. The Company will use good faith efforts to prepay Notes upon receipt of written request, but the Company will not be obligated to do so. The Notes may be redeemed by the Company prior to maturity upon notice at a price equal to the principal amount of the Notes plus accrued interest to the date of redemption. See "Description of Securities -- Note Terms." Default may occur with respect to one Note and not another. The Notes may be purchased directly from the Company without commission. The Company intends to offer the Notes on a continuous basis until the earlier of (a) the sale of the maximum offering, or (b) two years from the date of this memorandum; provided, however, the Company reserves the right to amend, modify and/or terminate this offering if the Company changes its operations or method of offering in any material respect. See "Description of Securities" and "Plan of Distribution."

THE NOTES ARE SPECULATIVE AND INVESTMENT IN THE NOTES INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS."

THE NOTES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE REGULATORY AUTHORITY REVIEWED, APPROVED OR DISAPPROVED THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM OR ENDORSED THE MERITS OF THE PLACEMENT OF NOTES. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE NOTES ARE OFFERED PURSUANT TO EXEMPTIONS PROVIDED BY SECTION 4(2) OF THE ACT, REGULATION D THEREUNDER, CERTAIN STATE SECURITIES LAWS AND CERTAIN RULES AND REGULATIONS PROMULGATED PURSUANT THERETO. THE NOTES MAY NOT BE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

	Offering Price (1)	Underwriting Commissions (2)	Proceeds to the Company (3)
Note	\$50,000	-0-	\$50,000
Total Minimum Offering	\$500,000	-0-	\$475,000
Offering Maximum	\$50,000,000	-0-	\$49,975,000

- (1) The Notes are offered in \$50,000 initial investment with additional increments with a minimum of at least \$10,000. All subscriptions for Notes are subject to review and acceptance by the Company.
- (2) The Company's President, Denny J. Chittick, is making the private placement of the Notes on behalf of the Company. Mr. Chittick will not receive any sales commission in connection with the placement of the Notes. The Company reserves the right to pay costs and commission to a licensed broker-dealer with an approved custodian to facilitate procedures by investors using qualified funds (e.g., IRA, SEP IRA, ROTH IRA and KEOGH Plans), up to one percent (1%) of the principal Note amount.
- (3) Offering expenses, estimated at \$25,000, will be paid from the Company's general operating funds.

DenSco Investment Corporation

6132 W. Victoria Place

Chandler, Arizona 85226

(c) 602-469-3001

(f) 602-532-7737

THE NOTES ARE OFFERED ONLY TO PERSONS WHO ARE: (1) "ACCREDITED INVESTORS" WITHIN THE MEANING OF RULE 501(a) OF REGULATION D PROMULGATED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAW; (2) ABLE TO BEAR THE ECONOMIC RISK OF AN INVESTMENT IN THE NOTES, INCLUDING A LOSS OF THE ENTIRE INVESTMENT; AND (3) SUFFICIENTLY KNOWLEDGEABLE AND EXPERIENCED IN FINANCIAL AND BUSINESS MATTERS TO BE ABLE TO EVALUATE THE MERITS AND RISKS OF AN INVESTMENT IN THE NOTES EITHER ALONE OR WITH A PURCHASER REPRESENTATIVE. SEE "INVESTOR SUITABILITY." THE NOTES ARE NOT OFFERED AND WILL NOT BE SOLD TO ANY PROSPECTIVE INVESTOR UNLESS SUCH INVESTOR HAS ESTABLISHED, TO THE SATISFACTION OF DENNY J. CHITTICK, THAT THE INVESTOR MEETS ALL OF THE FOREGOING CRITERIA. EACH INVESTOR MUST ACQUIRE THE NOTES FOR HIS, HER OR ITS OWN ACCOUNT, FOR INVESTMENT PURPOSES ONLY, AND WITHOUT ANY INTENTION OF DISTRIBUTING OR RESELLING ANY OF THE NOTES, EITHER IN WHOLE OR IN PART.

THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO ANYONE IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED. IN ADDITION, THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM CONSTITUTES AN OFFER ONLY TO THE PERSON WHOSE IDENTITY APPEARS IN THE APPROPRIATE SPACE PROVIDED ON THE COVER PAGE HEREOF. THE RIGHT TO PURCHASE NOTES AS DESCRIBED HEREIN IS NOT ASSIGNABLE.

TO ENSURE COMPLIANCE WITH CIRCULAR 230 GOVERNING STANDARDS OF PRACTICE BEFORE THE INTERNAL REVENUE SERVICE, POTENTIAL INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED BY A POTENTIAL INVESTOR, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A POTENTIAL INVESTOR UNDER THE INTERNAL REVENUE CODE; (B) SUCH

DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE NOTES OFFERED HEREBY; AND (C) POTENTIAL INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

CERTAIN "REPORTABLE TRANSACTIONS" REQUIRE THAT PARTICIPANTS AND CERTAIN OTHER PERSONS FILE DISCLOSURE STATEMENTS WITH THE IRS, AND IMPOSE SIGNIFICANT PENALTIES FOR THE FAILURE TO DO SO. AN INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE, OR OTHER AGENT OF THE INVESTOR) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF AN INVESTMENT IN THE NOTES AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTOR RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE, EXCEPT TO THE EXTENT THAT SUCH DISCLOSURE IS RESTRICTED BY APPLICABLE SECURITIES LAWS.

THE OBLIGATIONS AND REPRESENTATIONS OF THE PARTIES TO THIS TRANSACTION WILL BE SET FORTH ONLY IN THE DOCUMENTS DESCRIBED HEREIN. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS CONCERNING THE COMPANY OTHER THAN AS CONTAINED IN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON. THE DELIVERY OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM DOES NOT IMPLY THAT THE INFORMATION SET FORTH IN IT IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF CERTAIN INVESTORS TO WHOM IT HAS BEEN DIRECTED. A PROSPECTIVE INVESTOR, BY ACCEPTING DELIVERY OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, AGREES TO

RETURN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM AND ALL ENCLOSED DOCUMENTS TO THE COMPANY IF THE HOLDER DOES NOT UNDERTAKE TO PURCHASE ANY OF THE NOTES OFFERED HEREBY.

PRIOR TO THE SALE OF ANY NOTES OFFERED HEREBY, THE COMPANY WILL MAKE AVAILABLE TO EACH INVESTOR THE OPPORTUNITY TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM MR. CHITTICK CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND TO OBTAIN ADDITIONAL INFORMATION NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED HEREIN, TO THE EXTENT THE COMPANY OR MR. CHITTICK POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

ANY REPRODUCTION OR DISTRIBUTION OF THE CONFIDENTIAL PRIVATE OFFERING MEMORANDUM IN WHOLE OR IN PART, OR THE DISCLOSURE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF MR. CHITTICK IS STRICTLY PROHIBITED.

REFERENCE IS MADE TO THE SUBSCRIPTION AGREEMENT AND SUSTAINABILITY QUESTIONNAIRE ATTACHED HERETO FOR COMPLETE INFORMATION CONCERNING THE RIGHTS AND OBLIGATIONS OF INVESTORS WHO PURCHASE THE NOTES OFFERED HEREBY. CERTAIN PROVISIONS OF AGREEMENTS AND DOCUMENTS ARE SUMMARIZED IN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, AND THE SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE DETAILED INFORMATION OR AGREEMENT OR DOCUMENT APPEARING ELSEWHERE. IN CASE OF A CONFLICT BETWEEN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM AND SUCH AGREEMENTS OR DOCUMENTS, THE AGREEMENT OR DOCUMENT, AS THE CASE MAY BE, SHALL GOVERN. REFERENCE IS MADE HEREBY TO THE COMPLETE TEXT OF ALL DOCUMENTS RELATING TO THIS PLACEMENT THAT ARE DESCRIBED HEREIN. A COPY OF ALL DOCUMENTS AND AGREEMENTS SO DESCRIBED BUT NOT INCLUDED HEREIN WILL BE MADE

AVAILABLE TO A PROSPECTIVE INVESTOR AND ITS COUNSEL, ACCOUNTANT AND ADVISER(S) UPON REQUEST.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE COMPANY OR MR. CHITTICK OR THEIR AFFILIATES AS LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN COUNSEL, ACCOUNTANT AND OTHER ADVISERS AS TO TAX MATTERS AND RELATED MATTERS CONCERNING AN INVESTMENT IN THE COMPANY'S NOTES.

NOTWITHSTANDING ANYTHING CONTAINED IN THIS CONFIDENTIAL OFFERING MEMORANDUM TO THE CONTRARY, EXCEPT AS REASONABLY NECESSARY TO COMPLY WITH APPLICABLE SECURITIES LAWS, INVESTORS (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF THE INVESTORS) MAY NOT DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE U.S. FEDERAL INCOME TAX TREATMENT AND TAX STRUCTURE OF THIS OFFERING AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTORS RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. FOR THIS PURPOSE "TAX STRUCTURE" IS LIMITED TO FACTS RELEVANT TO THE U.S. FEDERAL INCOME TAX TREATMENT OF THIS OFFERING AND DOES NOT INCLUDE INFORMATION RELATING TO THE IDENTITY OF THE ISSUER, ITS AFFILIATES, AGENTS OR ADVISORS.

TABLE OF CONTENTS

MEMORANDUM SUMMARY	1
BUSINESS	4
RISK FACTORS	11
FORWARD-LOOKING STATEMENTS	30
USE OF PROCEEDS	31
PRIOR PERFORMANCE	34
MANAGEMENT	38
PRINCIPAL SHAREHOLDER	41
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	42
DESCRIPTION OF SECURITIES	43
PLAN OF DISTRIBUTION	47
DETERMINATION OF OFFERING PRICE	49
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS	50
INVESTOR SUITABILITY	57

MEMORANDUM SUMMARY

The following summary should be read in conjunction with, and is qualified in its entirety by the more detailed information appearing elsewhere in this Confidential Private Offering Memorandum.

The Company

DenSco Investment Corporation, an Arizona corporation (the "Company"), is an Arizona corporation, which has been in operation since April, 2001. In the ten years of operation from April, 2001 through June, 2011, the Company has engaged in 2622 loan transactions. The Company has been and will continue to be engaged primarily in the business of making high-interest loans with defined loan-to-value ratios to residential property remodelers ("Foreclosure Specialists") who purchase houses through pre-foreclosure process and foreclosure sales, all of which are secured by real estate deeds of trust ("Trust Deeds") recorded against Arizona residential properties, but the Company will not limit its efforts to this niche. In connection with its business, the Company will seek to maintain a diversity of builders, loan size, back-office commercial properties, medical offices, strip commercial centers, high-end specialty and custom residential properties and construction locations. The Company does not intend to exceed a maximum loan size of \$1,000,000.00. The Company intends to maintain a loan-to-value ratio below 70% percent in the aggregate for all loans in the loan portfolio.

The Company's office is currently located at 6132 W. Victoria Place, Chandler, Arizona 85226. Its current telephone number is 602-469-3001.

The Offering

Securities: The Company is offering the first \$500,000 in principal amount of Notes on an "all-or-none, best efforts basis" and on a "best efforts" basis with respect to the remaining \$49.5 million in principal amount of Notes. In addition to the Company's President's (Denny Chittick) initial capital contribution to the Company, Mr. Chittick maintains a \$1 million

investment in the Company at all times. This investment takes the form of Notes. Therefore, depending on the maturity of the Notes currently held by Mr. Chittick, the minimum offering may be met with his investment only. The interest rates of the Notes will vary and will depend on the denomination of the Note and the term selected by the investor. The Notes are offered in denominations ranging from \$50,000 to \$1,000,000.00, increasing in additional increments with a minimum of \$10,000. The Notes are paid "interest only" during their terms, with principal payable only at maturity. Investors may elect to have interest paid monthly, quarterly or at maturity. If interest is paid other than monthly, interest will compound monthly. The Notes are not transferable without obtaining the prior written consent of the Company. The Notes are general obligations of the Company and are not directly secured by any specific asset of the Company. At any particular point in time, the assets of the Company will consist primarily of Trust Deeds in an aggregate principal amount approximately equal to the amount of the outstanding Notes. See "Use of Proceeds" and "Description of Securities."

Restricted Nature of Securities:

The Notes are not registered and are restricted securities. This is a private placement intended to be exempt from the registration requirements under federal and applicable state securities laws, and may only be made personally by a principal of the Company to a qualified investor who intends to hold the investment to maturity. See "Description of Securities."

Risk Factors:

An investment in the Notes involves a significant degree of risk. Only investors who can bear the economic risk of such an investment should purchase the Notes. See "Risk Factors" and "Investor Suitability."

Use of Proceeds: The proceeds of the offering will be used as working capital primarily for lending secured by, and the purchase of, Trust Deeds within the guidelines set by the Company. See "Use of Proceeds" and "Business."

Plan of Distribution: Notes may be purchased directly from the Company without commission. The Company intends to make a continuous offering of the Notes until the earlier of two years from the date of this memorandum or upon the sale of the maximum offering of \$50 million; provided, however, the Company reserves the right to amend, modify or terminate this offering if the Company changes its operations or method of offering in any material respect. See "Description of Securities" and "Plan of Distribution."

BUSINESS

The Company was incorporated in Arizona on April 30, 2001 and is engaged primarily in the business of funding Foreclosure Specialists, who purchase houses through the preforeclosure process, and at foreclosure sales and through a sale of REO properties (Real Estate Owned by a financial institution after a foreclosure) or short sale transactions.

Target Markets and Potential Future Markets

The Company will target the funding and purchasing of Trust Deeds to qualified purchasers of foreclosed homes and qualified builders of Arizona commercial and residential projects. The primary focus is to lend money to qualified borrowers who can fulfill their loan obligation on highly marketable real properties with sufficient equity. When purchasing Trust Deeds, the Company intends to consider Trust Deeds that the loan-to-value ratio does not exceed 70 percent (70%) and the current yield is 18 percent (18%) or greater. Most of these purchased loans will have short-term maturities (less than one year), and under certain circumstances, Company may charge a higher interest rate or pass through additional costs incurred on short-term loans. Most Trust Deeds will range in size from \$25,000 to \$500,000, and the largest loan size is not intended to exceed \$1,000,000. Each loan will be secured by its underlying real property (or in rare instances, separate real properties) as well as by personal property involved in the construction projects and personal guaranties (as determined on a case by case basis). The loans are written to be repaid in six months and all loans are structured to require monthly interest payments. A majority of the loans are paid back within three months; however, some loans are allowed to be extended on a case by case basis.

For lending to Foreclosure Specialists who purchase foreclosed homes prior to or at the foreclosure sale, the Company will target remodelers, contractors and other entities engaged in this niche real estate market, but the Company will not limit its efforts to this niche. The Company intends to have these Trust Deeds have loan-to-value ratios, no greater than 70 percent but with an objective goal of 50 percent to 60 percent. The Company anticipates that the minimum loan size will continue to be \$25,000, and the maximum loan size will continue to be

\$1,000,000. The values of these homes are determined to be based on the value to which they will appraise at or sell for on the retail market.

For lending on commercial projects, the Company will target established, reputable contractors and developers who are developing back-office commercial properties, medical and other professional offices, strip and pre-sold commercial centers, multi-unit apartment complexes, build-outs and high-end specialty projects on Arizona land they own or have rights to purchase. The Company intends to have these Trust Deeds have loan-to-value ratios, no greater than 65 percent but with an objective goal of 50 percent to 60 percent. The maximum loan size is intended to be \$1,000,000, with subordinated participation from other lenders for larger projects, which will probably obligate the Company to act on behalf of the other participating lenders. The Company intends to directly (through an officer or employee) or indirectly (through a real estate consultant) perform due diligence to verify certain information in connection with funding a Trust Deed. The loan-to-value ratio is determined by calculating the reasonable market value of the property at the end of the construction project.

For residential loans, the Company will seek reputable, licensed contractors who have pre-sold homes to build for qualified buyers. The Company also plans to finance builders' models, builders' "spec" homes and those projects that are highly marketable and have substantial builder equity. Most of these borrowers may qualify for conventional bank financing but they may use the Company because of the faster financing, competitive over all costs, better service and personal relationships with Mr. Chittick. The Company will not lend to natural persons for personal, family or household purposes.

The Company may elect to participate as an equity partner in some projects should the benefits warrant the risk. From time to time, a default occurs on a loan and the Company needs to conduct a Trustee's Sale or accept a Deed In Lieu of Foreclosure on the real property securing a loan. As such, if the Trustee conducting the Trustee's Sale does not receive a bid in excess of the Company's credit bid (in the amount of the loan, accrued interest and costs) at the Trustee's Sale, the Company becomes the owner of the subject real property. The Company intends to sell such properties as quickly as possible in an effort to minimize resulting costs and losses, and to maintain a diversified financing operation. However, the Company reserves the right to lease

any property obtained through a Trustee's Sale or a Deed in Lieu of Foreclosure until the Company determines that the property can be sold at a sufficient price. The Company may diversify its financing operations in the future to include other areas of finance. The Company does not anticipate entering any non-Arizona market without first attempting to contact the significant Note holders and discussing this market with them.

Cash Flow

The Company uses a proprietary cash flow-management model for balancing the terms of the Trust Deeds the Company makes to its borrowers with the terms of the Notes purchased by the Company's investors. The Company's objective is to have sufficient cash coming in from Trust Deed payoffs to be able to redeem all Notes as they come due and maintain reserves without any need to sell assets or issue new Notes to repay the earlier maturing Notes. See "Risk Factors - Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes."

Limited Due Diligence

To the extent Trust Deeds are purchased, Trust Deeds will be purchased through a network of consultants, mortgage brokers and title companies that the Company believes are reliable referral sources. Prior to purchasing a Trust Deed or funding a direct loan, the Company intends to have an officer, employee or an authorized representative conduct a due diligence review by interviewing its owner, verifying the documentation and performing limited credit investigations as are deemed appropriate by the Company and visiting the subject property in a timely manner. For purchases of foreclosed homes, the properties are inspected after purchase, before or during rehabilitation and after rehabilitation to insure the property is improved to a marketable condition. The Company will not make residential loans to natural persons for personal, family or household purposes.

Funding and Purchase of Loans

The Company reserves the right to approve or decline the funding of each direct loan or the purchase of each Trust Deed submitted for purchase.

Collections

The Company services the contracts it purchases and originates. If a customer misses a payment without making satisfactory arrangement prior to the due date, the Company's policy will be to contact the customer within three to five days and watch the account closely until the payment or satisfactory arrangement has been made. At the discretion of the Company, the Company's normal documents provide that a late charge of ten percent of the interest amount due is to be assessed on a delinquent payment that is not cured within five days. If payment on a Trust Deed is thirty (30) days delinquent, an accelerated default rate goes into effect and foreclosure proceedings may begin under the Deed of Trust, provided, however, the Company may elect not to begin foreclosure proceedings if the property secured by the loan is under contract for sale or is in the process of being refinanced. The goal of the Company is to recover the principal of a loan and any interest and on any late fees assessed. If the borrower is unable in a timely manner to sell or refinance the subject property, the Company may request that the borrower execute a Deed in Lieu of Foreclosure (a "Deed in Lieu") to the Company so that the Company will gain immediate control of the subject property rather than going through the ninety (90) day process and expense associated with a Trustee's Sale. Upon the Company gaining control of the property through a Deed in Lieu or a Trustee's Sale, the Company will decide either to market the subject property at retail, which may require additional monies to improve the property to retail ready condition, or to wholesale the subject property "as is." The Company may also decide to rent the subject property as an investment property. If applicable, the management of the rental properties will be maintained by a professional management company chosen by the Company.

Regulation

The financing of construction loans and other types of real estate transactions are regulated by various federal and state government agencies, including the Arizona Department of Financial Institutions. Arizona Revised Statutes §§ 6-901 to 910, §§ 6-941 to 948 and 6-971 to 985, and regulations issued thereunder, have specific mortgage broker and mortgage banker licensing and operating requirements. The Company's management believes that it is not required to be licensed by the Arizona Department of Financial Institutions as a mortgage broker or a mortgage banker nor under certain federal laws, such as Truth-In-Lending Act or the Real Estate Settlement Procedures Act. The Company intends to take the necessary steps to ensure that the borrowers it lends to and the projects covered by such loans will not fall within the requirements imposed by the foregoing agency and acts.

The Company will not receive any points, commissions, bonuses, referral fees, loan origination fees or other similar fees in connection with its real estate loans. The Company will only receive periodic interest resulting from the application of the note rate of interest to the outstanding principal balance remaining unpaid from time to time. By limiting its compensation in this manner, the Company's management believes it does not need a license from the Arizona Department of Financial Institutions as either a mortgage loan broker or mortgage banker; provided, however, the Company reserves the right to work with and to pay a reasonable and customary mortgage broker fee to a licensed mortgage loan broker or mortgage banker for services in connection with its loans or to other third-party professionals in connection with due diligence for its loans.

Certain federal laws and regulations, such as the Truth-in-Lending Act, Real Estate Settlement Procedures Act and others contain specific requirements for lenders seeking to make loans to certain types of borrowers, which may or may not be secured by certain types of residential real property. Most of these statutes and regulations apply to transactions only if the loans are made to natural persons for personal, family or household purposes. The Company will not lend to natural persons for these purposes.

If new regulations are issued by the U.S. Federal Housing Administration (the "FHA") or if a more strict interpretation of the current FHA regulations is implemented in the future, such regulations could reduce the demand for the Company's loans from Foreclosure Specialists which could impair the Company's ability to keep all of the proceeds from this offering fully invested in loans with borrowers.

Other states in the West have instituted additional restrictions concerning loans secured by private real estate, which are commonly referred to as "predatory mortgage lending laws." Although Arizona has not passed a similar statute, such provisions may come into effect in Arizona either through law or regulation during this offering. The Company's management believes that its practices will not need to change in order to comply with any of the current proposals if they should go into effect. However, there can be no assurance that such will be the case.

The Company's management believes that it is not required to register or be licensed as an investment adviser with the State of Arizona or with the U.S. Securities Exchange Commission ("SEC") pursuant to the Investment Advisers Act of 1940 (the "Advisers Act"), as amended. The Advisers Act and the analogous Arizona law generally require all persons that are engaged in the business of providing investment advice for compensation to register with the SEC or Arizona provided that such adviser is not exempt from registration. The Company's management believes that it is not engaged in the business of providing investment advice for compensation, and as such, is not required to register as an investment adviser with either the SEC and/or the State of Arizona. In addition, even if the Company were deemed to be engaged in the business of providing investment advice for compensation, the Company anticipates that it would exempt from registration as a "private investment adviser" under rules and regulations of the SEC and/or the State of Arizona given that the Company has fewer than the threshold number of clients that would trigger registration with the SEC and/or the State of Arizona.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), the "private investment adviser" exemption was eliminated and replaced by a number of other specific exemptions. As directed by the Dodd-Frank Act, the SEC is currently preparing

the final rules (the "Rules") that will provide guidance as to the applicability of the additional specific exemptions that replace the "private investment adviser" exemption. The Company expects that the SEC will issue the Rules during this offering; however, until this occurs, the Company cannot determine whether it will be required to register as a result of the Dodd-Frank Act and the Rules promulgated thereunder. Should the Rules require the Company to register as an investment adviser, the Company intends to take the necessary steps to register as an investment adviser with the State of Arizona and/or the SEC within the time frame outlined in such Rules.

Diversity of Risk

The Company will attempt to maintain a diverse portfolio of Trust Deeds and loans by seeking a large borrowing base, participating in several local markets, acquiring Trust Deeds for any lending into residential and commercial projects, establishing loan-to-value guidelines and limiting financing to short terms. Currently, the Company's base of borrowers exceed 150 approved and qualified borrowers. It is the Company's plan that the base of borrowers eventually will exceed 250 qualified contractors and foreclosure specialists. The Company will maintain loans throughout the Phoenix metropolitan area to reduce its risk to fluctuations in values and conditions in markets within the metropolitan area. The Company also believes that it can reduce risk by participation in various types of financing: Trust Deeds on foreclosed properties, residential Trust Deeds and lending from \$50,000 tract homes and condominiums to \$1,000,000 custom "spec" homes; and commercial investments for flex-office, back-office, medical/general office and retail. In addition, the Company intends to maintain general loan-to-value guidelines that currently range from 50 percent to 65 percent (but it is intended not to exceed 70%), to help protect the Company's portfolio of loans. Further, all loans are relatively short term.

Because of these varying degrees of diversification, the relatively short duration of each of the loans, and management's knowledge of the Phoenix metropolitan area market, the Company's management anticipates that it will not experience a significant amount of losses; however, there can be no assurance that the Company will not experience such losses. Mr. Chittick, individually, has made or participated in approximately 2800 loans secured by real

estate over the last fourteen (14) years. As of the date of this Memorandum, Mr. Chittick and the Company have collectively experienced 44 loan defaults that required initiating a Trustee's sale process, with seven of such loans being settled prior to the Trustee Sale auction. Various borrowers have conveyed seven properties to the Company pursuant to a Deed in Lieu. To the extent the Company deems necessary, the Company intends to use the services of outside real estate lending consultants to assist in evaluating any loan or the security for the loan to reduce the risk of a loss of principal due to the default of a real estate loan by a borrower and the resulting foreclosure upon the security for the loan.

The Company will make available to each prospective investor, prior to the consummation of the offering and sale of a Note to such investor and such investor's representative and advisers, the opportunity to ask questions and receive answers concerning the terms and conditions of this offering and to obtain any additional information that the Company may possess or may be able to obtain without unreasonable effort or expense, and which may be necessary to verify the accuracy of the information furnished to such prospective investor.

Executive Offices

The Company's office is currently located at 6132 W. Victoria Place, Chandler, Arizona 85226. Its current telephone number is 602-469-3001.

RISK FACTORS

An investment in the Notes offered by the Company involves a significant degree of risk. The securities offered hereby should not be purchased by anyone who cannot tolerate significant risk, including the possibility of losing their total investment in the Notes. In analyzing a possible investment in the Notes, prospective investors should consider carefully the following factors, together with the information contained elsewhere in this Memorandum.

Operating History

In the Company's ten year operating history through June, 2011, the Company has completed in excess of 2622 loan transactions. However, even with these number of loans over ten years, the evaluation of prior company performance set forth in Prior Performance is limited in time. Accordingly, there can be no assurance that the Company will be able to continue to operate and achieve these results on a going-forward basis, which could limit the Company's ability to repay the Notes as planned.

Competition

The Company is engaged in a highly competitive industry. The Company competes with banks, savings and loan institutions, credit unions, mortgage brokers, finance companies and other private investors that are established in the finance business. Competition in the finance business is based upon the lowest overall loan cost, which consists of interest rates, fees, closing costs, document fees, reputation, and availability of funds and the length of time it takes to approve a loan. The cost of funds to many of our competitors is typically lower than the Company's, allowing them to compete for borrowers on better terms, such as interest rates, which is a significant component of loan cost. The competition usually has lower costs on longer-term loans. The Company's higher cost of capital and lending rates may result, in part, in the Company acquiring Trust Deeds and lending to borrowers who are unable to obtain financing from these larger competitors. In some cases, these types of borrowers have weaker credit worthiness than other borrowers, which could expose the Company to a greater risk of

nonpayment of its loans by borrowers. See "Business-Target Markets and Potential Future Markets."

Ability to Generate Sufficient Cash Flow to Service the Outstanding Notes

The Company's ability to generate cash in amounts sufficient to pay interest on the Notes and to repay or otherwise refinance the Notes as they mature depends upon the Company's receipt of payments due under the loans that are in the Company's portfolio. The Company's financial performance and cash flow depends upon prevailing economic conditions and certain financial, business and other factors that are beyond the Company's control. These factors include, among others, economic and competitive conditions, particularly in areas in which the borrowers operate their businesses, and general economic conditions that affect the financial strength of developers and real estate investors in the areas that the Company intends to make investments. In recent years the decline of real estate values has been the largest challenge facing the real estate finance industry. This development is something new to the industry that typically sees a slow rising in values of properties or at least a stability of prices. The dramatic and prolonged decrease in values has forced the Company to change how it operates, which is requiring monthly interest payments under its loans rather than allowing the interest to compound. The Company has also shortened the maturity of loans to borrowers in some cases and is only extending the loans to a few borrowers under strict conditions. Accordingly, an investment in the Notes offered hereby involves substantial risk and Notes should not be purchased by anyone who cannot tolerate substantial risk, including the possibility of losing their total investment in the Notes. There can be no assurance that the Company will be able to continue to operate and repay the Notes as planned.

Decrease in Value of Collateral for the Loans in Company's Portfolio

The Company is responsible for collecting payments from loan obligors and for foreclosing under an applicable Trust Deed in the event of default by an obligor. If the Company is forced to conduct a Trustee's Sale to obtain ownership and possession of a property securing a loan, the value of the property may have decreased between the time that the outstanding loan

was initially made to the time of repossession pursuant to a Deed in Lieu or a Trustee's Sale. Consequently, the Company's sale of such property may result in a loss as a result of the amount owed to the Company being in excess of the value received by the Company pursuant to a subsequent sale of the property. Accordingly, an investment in the Notes offered hereby involves substantial risk and Notes should not be purchased by anyone who cannot tolerate substantial risk, including the possibility of losing their total investment in the Notes. There can be no assurance that the Company will be able to continue to operate and repay the Notes as planned.

Expansion of Real Estate Loan Base

After giving effect to this offering and the application of the net proceeds, the Company will have significant outstanding indebtedness. The Company's ability to make scheduled principal and interest payments on the Notes will depend upon the Company's ability to generate adequate revenues from its real estate lending operations. The Company has historically received approximately 18% effective interest on its real estate loans but minimal interest on its cash accounts at its bank. Therefore, in order to pay the principal and interest due on the Notes, the Company will need to loan a significant amount of its capital to its real estate loan borrowers and reloan any repayment proceeds in a timely manner. As the Company receives the proceeds from this offering, the Company intends to expand its real estate loan base in order to keep its capital loaned to its real estate loan borrowers as opposed to being in its cash accounts at the bank. If the Company cannot continue to expand its real estate loan base, it may not generate enough revenues to service its debt obligations, including the Notes. Accordingly, the Company will continue to rely upon repeat borrowers, word of mouth referrals and the referral network of outside mortgage brokers and consultants that Mr. Chittick has developed. See "Business-Target Markets and Potential Future Markets."

Demand for Real Estate Loans

The Company's success depends, in part, upon its ability to continue to develop and achieve growth in its real estate lending operations and to manage this growth effectively. In

formulating and implementing its business plan, the Company relied on the judgment of its officer and consultants, and on their research and collective experience to determine customers, marketing strategy and procedure. The Company has not planned, conducted or contracted for any independent market studies concerning the anticipated demand for the Company's real estate lending services. Although the Company has reviewed general reports concerning the number of houses being built, houses for sale, jobs created and people relocating to Metropolitan Phoenix, the Company has not reviewed any specific analysis concerning the demand for its niche in real estate lending. Although Mr. Chittick and the Company have developed a network of qualified borrowers and referral sources of current borrowers and escrow officers, there can be no assurance that there will continue to be sufficient demand for loans by qualified borrowers. To the extent that there is insufficient demand for loans by qualified borrowers, this could have an adverse effect on the anticipated demand for the Company's real estate lending services and limit the Company in its efforts to generate sufficient revenues to make scheduled interest and principal payments on the Notes needed for growth. See "Business-Target Markets and Potential Future Markets."

Management of Rapid Growth

The Company's success depends, to a large extent, on its ability to achieve growth in the number of loan applications and closings, the due diligence and servicing of these loans and the ability to manage this growth effectively. This growth will challenge the Company's management, resources and systems. As part of its business strategy, the Company intends to pursue continued growth through its business contacts, marketing capabilities and marketing alliances. As the Company continues to grow, the Company will need to expand its resources and systems to manage future growth, but there can be no assurance that the Company will continue to be able to grow in the future or to even manage this growth effectively. Failure to do so could materially and adversely affect the Company's business and financial performance. See "Business," and "Management."

No Sinking Fund Provision; No Separate Loan Loss Reserve; Lack of Governmental Insurance

The Notes represent general obligations of the Company and will not be subject to redemption through a sinking fund. Although the Company does not currently maintain a loan loss reserve fund, the Company's Management tries to maintain an allowance for losses as part of the Company's general assets at a level that Management believes is adequate to absorb any anticipated losses. At this time, the Company reserves the right to maintain such reserve in the Company's discretion, but the Company has no plans to currently implement a separate loan loss reserve fund. As a result, the risk of loss on the Notes is greater than would be the case if the Notes were backed by a sinking fund or if the Company funded and maintained a separate loan loss reserve fund. Repayment of the Notes by the Company is not secured by any property owned by the Company or any third party. There will be no limitation on the amount of future indebtedness that the Company may issue, create or incur, and the Company will not be prohibited from permitting liens to be placed on or creating senior liens on its property for any purpose, including for the purpose of securing payments or additional indebtedness. Furthermore, neither the Federal Deposit Insurance Corporation nor any other state or federal government agency insures the Notes. See "Description of Securities."

Terms of Notes

The Company expects to redeem the Notes as they mature, including the initial principal balance of each Note and all accrued and unpaid interest. However, the Company has the right to redeem the Notes at any time prior to maturity upon 30 days' written notice to the Noteholder. In the case of early redemption, the Company has the absolute discretion to select the Notes that it will redeem, and there is no requirement that Notes be redeemed from Noteholders on a pro rata or any other basis. Notes redeemed prior to maturity would prevent Noteholders of the Notes called for redemption from receiving the anticipated return on such Notes. See "Description of Securities."

Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes

The Company may be dependent upon the proceeds of subsequently issued Notes to repay earlier maturing Notes. If sufficient proceeds from such subsequently issued Notes are not raised, the Company would rely on its cash reserves, its operating capital and proceeds from the sale of Trust Deeds to repay the earlier maturing Notes. Such funds may be insufficient to repay the earlier maturing Notes, in which event the Company may be unable to repay such Notes or the subsequently issued Notes. The ability of a Noteholder to obtain payment of principal and interest on a Note in these circumstances could be limited to the extremely unlikely event that the Noteholder gains control over and sell assets of the Company. See "Use of Proceeds" and "Description of Securities."

Variable Rates and Maturities of Notes

Each Note bears a fixed rate of interest from the date of its issuance until maturity or early redemption. However, Notes issued subsequent to those purchased by an investor may be issued at higher or lower interest rates and shorter or longer maturities, depending upon market conditions and other factors. Notes outstanding at any given time will not be modified to reflect the terms and conditions of such subsequently issued Notes. Therefore, any particular investor risks investing in the Notes on terms less favorable than may be available at later dates to future investors. See "Description of Securities."

Management anticipates that the interest rate on each Note will be determined and agreed upon on the date of issuance, in significant part, by the demand for funds and the competitive environment in the foreseeable future by the Company. Since the interest rate the Company may charge for its loans to its customers is limited by competitive and other factors, the Company may not be able to increase the interest rates charged on its loans to compensate for increases in its funding rate to investors. Similarly, the Company may not be able to decrease the funding rate to its investors to compensate for decreases in the interest rates charged on its loans to its customers. Also, market forces could eliminate the interest rate difference between the interest

rate paid to Investors and the interest rate charged to the Company's customers. See "Description of Securities."

Value of Company's Assets

The Notes, together with all other outstanding Notes and all other advances or liabilities owed by the Company to any holder of an outstanding Note, will be unsecured as to any and all assets owned by or later acquired by the Company (the "Company's Assets"). There can be no assurance that the proceeds of any sale of the Company's Assets pursuant to and following an Event of Default (as defined in "Description of Securities") would be sufficient to repay the Notes. In addition, investors in the Notes will have no ability to cause a sale of Company assets. See "Use of Proceeds," "Business" and "Description of Securities."

Collections and Foreclosures

The Company is responsible for collecting payments from loan obligors and for foreclosing under the applicable Trust Deed in the event of default by an obligor. If the Company must complete a project repossessed by it, the Company may have to inject additional capital, which it may not be able to fully recover. Further, the completion time may be in excess of one year, causing a severe strain on the cash flow of the Company, depending upon the project size. The Company also is subject to strict state law requirements in the collection and repossession of its collateral securing each loan. Although the Company will make every effort to comply with all applicable laws, any failure to comply may subject the Company to severe monetary damages or penalties and may result in administrative or judicial action against the Company. See "Business-Regulation."

No Assurance of Conventional Financing for the Company's Operations

In addition to Note proceeds, the Company may establish lines of credit or obtain various forms of financing from a financial institution or any other person or entity. The Company's

management believes that during the past few years, conventional financing for speculative business enterprises, such as the Company's lending operations, has become more difficult to obtain. If regular, continued sale of the Notes is not successful, and the Company is not able to obtain sufficient financing from other sources, the Company may be forced to sell Trust Deeds and/or loans in its portfolio to pay maturing Notes as they come due. Mr. Chittick has provided liquidity to the Company through an equity line of credit in the past and he intends to do so in the future. When Mr. Chittick advances funds to the Company from this equity line of credit, Mr. Chittick draws an interest rate of 12% per annum from the Company. Funds advanced in this manner are generally only short term (3-5 days). If the Company were to require additional conventional financing, the lender will probably secure its loan through Mr. Chittick to the Company by requiring a lien on the Company's assets, including the Trust Deeds. The lender's lien would have priority to any claims of any of the investors in the Notes, which puts these investors at risk. There can be no assurance the Company would be able to receive sufficient proceeds from the sale of the loans or Trust Deeds to repay any additional financing, if applicable, and to repay all of the outstanding Notes. See "Use of Proceeds," "Business" and "Description of Securities."

Regulation

Because it will not make loans for personal, family or household purposes, the Company believes it has structured its operations to be exempt from various federal and state regulations, and particularly from regulations affecting lending and financial institutions. If it is determined that the Company has not structured its operations so that it is exempt from regulation, the Company could become subject to extensive regulation, including the Truth in Lending Act, the Homeownership and Equity Protection Act of 1994, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Real Estate Settlement Procedures Act and the Home Mortgage Disclosure Act, as well as various state laws and regulations. Failure to comply with any of these requirements or any similar state law requirement, may result in, among other results, demands for indemnification or repurchase, rescission rights, lawsuits, administrative enforcement actions and civil and criminal liability. In addition, there can be no assurance that existing regulations will not be revised to govern the activities of the Company as currently

structured. Compliance with existing or future regulation could be costly and could materially and adversely affect the operations of the Company. See "Business – Regulation," including the predatory mortgage lending discussion contained therein.

FHA Regulations

If new regulations are issued by the Federal Housing Administration or if a more strict interpretation of any of its regulations is implemented in the future, such regulations could reduce the demand for the Company's loans from prospective borrowers, which could impair the Company's ability to keep all of the proceeds from this offering fully invested. See "Business – Regulation."

No Assurance of Successful Placement of the Notes

The Notes are being privately placed by the Company to qualified investors who intend to hold them for their own account until maturity. There is no underwriter, and there is no assurance that the Company will be successful in the continued placement of the Notes in a manner sufficient to satisfy its cash flow requirements to continue funding loans to its borrowers. See "Use of Proceeds" and "Business."

Absence of Public Market/ Non-Transferability of Notes

The Notes have not been registered under the Act or any state securities law and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Act and applicable state securities laws. The Company does not intend to register the Notes under the Act or any state securities law. In addition, the Notes are non-transferable without the prior written consent of the Company, which consent may be withheld in the Company's sole discretion. Accordingly, there is no public or private trading market for the Notes, and it is highly unlikely that a trading market

will develop. The Company has no obligation to make any effort to cause a trading market to develop and does not intend to take any actions to cause a trading market to develop. Accordingly, and because the restricted nature of the security prohibits the purchase of the Notes for any purpose other than holding to maturity, an investor in the Notes must anticipate holding the Notes to maturity. See "Description of Securities."

Impact of Change in Economic Conditions

An unforeseen change of general economic conditions, and particularly in Arizona and the southwestern United States, may adversely impact the Company's business and its ability to generate sufficient operating income to satisfy its debt obligations, including its obligations under the Notes as they become due. The Company maintains the right to adjust the interest paid in subsequently offered Notes and on the Notes offered hereby with 30 days' written notice. In the past, Arizona's real estate market has been cyclical and has experienced severe fluctuations. Investors should anticipate that these real estate markets might experience cyclical fluctuations in the future. The Company would adjust its operations in response to changing conditions, but there can be no assurance that the Company will be able to operate as planned during periods of such fluctuation or adjust its operations to avoid the impact of such changed conditions. See "Business-Target Markets and Potential Future Markets."

Dependence on Key Personnel

The Company is dependent on the continued services of Mr. Chittick. The Company's ability to continue its lending operations would be significantly and adversely affected by the loss of Mr. Chittick if a qualified replacement could not be found without undue delay. Although Mr. Chittick occasionally uses the services of outside consultants who have assisted Mr. Chittick in limited absences, it is unlikely that an outside consultant would be able to perform Mr. Chittick's duties as successfully as Mr. Chittick has done. If Mr. Chittick is disabled or unavailable for a long period of time, Mr. Chittick has developed a contingency plan for a consultant to wind down the Company's business, but there can be no assurance that such

plan will be successful. See "Management-Contingency Plan in the Event of the Death or Disability of Mr. Chittick."

Management's Outside Interests and Conflicts of Interest

Mr. Chittick may maintain some activity in personal investments outside of the Company and he may manage similar types of outside portfolios as those maintained by the Company. Some of the Company's outside consultants who occasionally assist Mr. Chittick also make investments in loans secured by deeds of trust. In addition, Mr. Chittick invests in similar instruments on his own behalf. Since the Company plans to invest in portfolios similar to those of some of its consultants and Mr. Chittick, and because of the past (and limited present) consulting relationships between and among Mr. Chittick and some consultants, conflicts of interest exist and will continue to exist between the Company and the outside interests of Mr. Chittick and some consultants. See "Management."

No Protections From Investment Company Act Registration

The Company is not registered, and does not intend to register, under the Investment Company Act of 1940 in reliance upon an exclusion from the definition of an investment company provided in Section 3(c)(5) thereof. As a result, the operation and conduct of the Company's business will be subject to substantially less federal and state regulation and supervision than a registered investment company. If the Company was subject to the Investment Company Act of 1940, the Company would be required to comply with significant, ongoing regulation which would have an adverse impact on its operations. This could occur if a significant proportion of the proceeds from the sale of the Notes were invested in short-term debt instruments for longer than a one-year period. The Company intends to take all reasonable steps to avoid such classification. See "Business."

No Protections From Investment Advisers Act of 1940 or Analogous Arizona Law

The Company is not registered or licensed, and does not intend to register or become licensed as an investment adviser with the State of Arizona or with the SEC pursuant to the Investment Advisers Act of 1940 because the Company's management believes that the Company is not engaged in the business of providing investment advice for compensation. Accordingly, the operation and conduct of the Company's business will be subject to less federal and state regulation and supervision than a registered investment adviser. If the Company was subject to the Investment Advisers Act of 1940 or the analogous Arizona law, the Company would be required to comply with significant, ongoing regulation which could cause the Company to incur additional costs, adversely impacting its operations. This could occur if the Company were deemed to be engaged in the business of providing investment advice for compensation and the Company cannot avail itself of the private investment adviser exemption under Arizona law or the forthcoming exemptions under the Rules to be promulgated by the SEC pursuant to the Dodd-Frank Act. The Company intends to take all reasonable steps to avoid such classification. See "Business."

Control by and Benefits to Insiders

Noteholders will not be able to influence the management of the Company because Mr. Chittick owns all of the outstanding shares of common stock of the Company. See "Management" and "Principal Shareholder."

Difficulties and Costs of Continuous Offering

Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this Memorandum unless the Company changes its operations or method of offering in any material respect prior to the expiration of the two year offering period. See "Plan of Distribution." In order to continue offering the Notes during this period, the Company will need to update this Memorandum from time to time. Keeping the information in the Memorandum current will cause the Company to incur additional costs. A failure to update this Memorandum as required could result in the Company being subject to a claim under Section 10b-5 of the Securities Act for employing a manipulative or deceptive device in the sale of securities, subjecting the Company, and possibly the management of the Company, to claims from regulators and investors. In addition, an investor might seek to have the sale of the Notes hereunder rescinded which would have a serious adverse effect on the Company's operations.

Certain Charter Provisions

Arizona law provides that Arizona corporations may include provisions in their articles of incorporation or bylaws relieving directors and officers of monetary liability for breach of their fiduciary duty as director or officers, respectively, except for the liability of a director or officer resulting from: (i) any transaction from which the director derives an improper personal benefit; (ii) acts or omissions involving intentional misconduct or the absence of good faith; (iii) acts or omissions showing reckless disregard for the director's or officer's duty; or (iv) the making of an illegal distribution to shareholders or an illegal loan or guaranty.

The Company's Articles of Incorporation provide that the Company's directors are not liable to the Company or its shareholders for monetary damages for the breach of their fiduciary duties to the fullest extent permitted by Arizona law. The Company's Bylaws provide that the Company may indemnify its directors and officers as to those liabilities and on terms and conditions permitted by Arizona law including the payment of expenses incurred by a director or

officer in advance of final disposition of the proceeding following the furnishing of certain written representations.

Notes Are Unsecured General Obligations

The Notes are unsecured obligations of the Company, and Noteholders will be general unsecured creditors of the Company. The Notes do not limit the Company's ability to obtain additional capital from other sources and do not limit the Company's ability to grant such other financing sources liens or other security interests in the Company's assets and other property. If a bankruptcy proceeding is commenced by or against the Company, creditors of the Company who were granted a security interest in the Company's property will be entitled to repayment prior to any general unsecured creditors of the Company, including the Noteholders. The Company may also incur additional unsecured obligations, which could reduce the funds available for repayment of the Notes in a bankruptcy or other liquidation scenario. Title 11 of the United States Code (the Bankruptcy code) also specifies that certain other creditors be entitled to repayment prior to general unsecured creditors. There can be no assurance that the Noteholders will receive any payments in respect of the Notes if the indebtedness of any secured creditors of the Company exceeds the value of such secured creditors' collateral.

Changes in Investment and Financing Policies Without Noteholder Approval

The major business decisions and policies of the Company, including its investment and lending policies and other policies with respect to growth, operations, debt and distributions, will be determined by the Company's management. The Company's management will be able to amend or revise these and other policies, or approve transactions that deviate from these policies, from time to time without a vote of the Noteholders. Accordingly, the Noteholders will have no control over changes in strategies and policies of the Company, and such changes may not serve the interests of all the Noteholders and could materially and adversely affect the Company's financial condition or results of operations.

Issuance of Additional Debt and Equity Securities

The Company will have authority to offer additional debt and equity securities for cash, in exchange for property, services or otherwise. The Noteholders will have no preemptive right to acquire any such securities. Further, the Company is not subject to any agreement that limits or restricts the amount or the terms of additional debt that the Company may incur in the future. To the extent that the Company incurs debt and grants its creditors security interests in or other liens upon the Company's assets or other collateral, those other creditors would enjoy priority in right of payment compared to the Noteholders, up to the value realizable from such collateral.

Concentration of Loans in Arizona

The Company's portfolio of loans is concentrated in Arizona. Consequently, the Company's operations and financial condition are dependent upon general trends in the Arizona market in which such concentration exists and, more specifically, its respective real estate market. A decline in a market in which the Company has a concentration may adversely affect the values of properties securing the Company's loans, such that the principal balance of such loans may equal or exceed the value of the underlying properties, making the Company's ability to recover losses in the event of a borrower's default unlikely. In addition, uninsured disasters such as floods, terrorism, and acts of war may adversely impact the borrowers' ability to repay loans, which could have a material adverse effect on the Company's results of operations and financial condition.

Possible Inadequacy of Allowances for Loan Losses

The Company's allowance for losses related to the loans is maintained at a level considered adequate by management to absorb anticipated losses, based upon historical experience and upon management's assessment of the collectibility of loans in the Company's portfolio from time to time. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates that may be beyond the

Company's control and such losses may exceed current estimates. Although management believes that the Company's allowance for losses related to the loans is adequate to absorb any losses on existing loans that may become uncollectible, there can be no assurance that the allowance will prove sufficient to cover actual losses related to the loans in the future.

Broad Management Discretion as to Use of Proceeds

The net proceeds to be received by the Company in connection with this offering will be used for working capital and general corporate purposes, including the funding of loans. Accordingly, management will have broad discretion with respect to the expenditure of such proceeds. Purchasers of the Notes will be entrusting their funds to the Company's management, upon whose judgment they must depend, with limited information concerning the specific working capital requirements and general corporate purposes to which the funds will ultimately be applied. See "Use of Proceeds."

Company Is Exposed to Risks of Being a Lender

The current economic downturn could severely disrupt the market for real estate loans and adversely affect the value of any outstanding real estate loans made by the Company, and in turn the Notes. Non-performing real estate loans may require substantial negotiations by the Company with the borrower in order for the Company to ultimately obtain the underlying property used as collateral for the loan. The Company may incur additional expenses to the extent it is required to negotiate with the borrower in order to obtain the underlying property. In the event the Company is unable to obtain the underlying property, because of the unique and customized nature of a real estate loan, certain real estate loans may not be sold easily. One or more non-performing real estate loans secured by property that the Company is unable to obtain could have a negative affect on the performance of the Company and the return on your investment.

Governmental Action May Reduce Recoveries on Non-Performing Real Estate Loans

In the event the Company decides to foreclose on a real estate loan, legislative or regulatory initiatives by federal, state or local legislative bodies or administrative agencies, if enacted or adopted, could delay foreclosure, provide new defenses to foreclosure or otherwise impair the ability of the Company to foreclose on a real estate loan in default. Various jurisdictions have considered or are currently considering such actions, and the nature or extent of the limitation on foreclosure that may be enacted cannot be predicted. Bankruptcy courts could, if this legislation is enacted, reduce the amount of the principal balance on a real estate loan, reduce the interest rate, extend the term to maturity or otherwise modify the terms of a bankrupt borrower's real estate loan.

Property Owners Filing for Bankruptcy May Adversely Affect the Company and the Notes

The filing of a petition in bankruptcy automatically stops or "stays" any actions to enforce the terms of a real estate loan. Further, the bankruptcy court may take other actions that prevent the Company from foreclosing on the underlying property. A court may require modifications of the terms of a real estate loan, including reducing the amount of each monthly payment, changing the rate of interest and altering the payment schedule, thus allowing the borrower to keep the underlying property and thus preventing foreclosure by the Company and/or making the sale of the real estate less profitable. A court may also permit a borrower to cure a monetary default relating to a real estate loan by paying arrearages within a reasonable period and reinstating the original real estate loan payment schedule, even if a final judgment of foreclosure has been entered in a state court. Any bankruptcy proceeding will, at a minimum, delay the Company in achieving its investment objectives and may adversely affect the Company's profitability.

Violation of Various Federal, State and Local Laws May Result in Losses

Violations of certain federal, state or local laws and regulations relating to the protection of consumers, unfair and deceptive practices and debt collection practices may subject the

Company to damages and administrative enforcement. In the event that a real estate loan issued by the Company was not originated in compliance with applicable federal, state and local law, the Company may be subject to monetary penalties and could result in the borrowers rescinding the affected real estate loan. As a result, the Company may not be able to achieve its financial projections with respect to the particular underlying property.

Delays in Liquidation Due to State and Local Laws

Property foreclosure actions are regulated by state and local statutes and rules and are subject to many of the delays and expenses of other lawsuits, sometimes requiring several years to complete. As a result, if the Company is not able to obtain the property voluntarily from the borrower, the Company may not be able to quickly foreclose on and subsequently sell a property securing a real estate loan.

An Investment in the Notes May Not Be Consistent With Section 404 of ERISA

Persons acting as fiduciaries on behalf of a qualified profit sharing, pension or other retirement trusts subject to the Employee Retirement Income Security Act of 1974 ("ERISA") should satisfy themselves that an investment in the Notes is consistent with Section 404 of ERISA and that the investment is prudent, taking into consideration cash flow and other objectives of the investor.

There Can Be no Assurance of Confidentiality

As part of the subscription process, investors will provide significant amounts of information about themselves to the Company. Pursuant to applicable laws, such information may be made available to third parties that have dealings with the Company, and governmental authorities (including by means of securities law-required information statements that are open to public inspection). Investors that are highly sensitive to such issues should consider taking steps

to mitigate the impact upon them of such disclosures (such as by investing in the Notes through an intermediary entity).

Legal Counsel to the Company and Its President Does Not Represent the Noteholders

Each investor must acknowledge and agree in the Subscription Agreement that legal counsel representing the Company and its President does not represent, and shall not be deemed under the applicable codes of professional responsibility, to have represented or to be representing, any or all of the investors.

Legal Counsel to the Company Will Represent the Interests Solely of the Company and Its President

Documents relating to the purchase of Notes, including the Subscription Agreement to be completed by each investor, will be detailed and often technical in nature. Legal counsel to the Company will represent the interests solely of the Company and its President, and will not represent the interests of any investor. Accordingly, each prospective investor is urged to consult with its own legal counsel before investing in the Company and the purchase of the Notes. Finally, in advising as to matters of law (including matters of law described in this Memorandum), legal counsel has relied, and will rely, upon representations of fact made by the Company's President. Such advice may be materially inaccurate or incomplete if any such representations are themselves inaccurate or incomplete, and legal counsel generally will not undertake independent investigation with regard to such representations.

Federal Income Tax Risks

The discussion entitled "Certain United States Federal Income Tax Considerations" includes a discussion of certain U.S. income tax risks involved in an investment in the Notes. The section does not discuss all aspects of U.S. federal income taxation that may be relevant to any particular investor and cannot address any investor's specific investment circumstances. In

addition, the section does not include a discussion of state, local or foreign tax laws. Each investor should consult its own tax advisor with respect to these and other tax consequences of an investment in the Notes.



FORWARD-LOOKING STATEMENTS

This Confidential Private Offering Memorandum, including information incorporated by reference in this Memorandum, contains forward-looking statements regarding the Company's plans, expectations, estimates and beliefs. Actual results could differ materially from those discussed in, or implied by, these forward-looking statements. When used in this Memorandum, the words "anticipate," "intend," "believe," "estimate," and other similar expressions generally identify forward-looking statements, which are found throughout this Memorandum whenever statements are made that are not historical facts. Accordingly, such forward-looking statements might not accurately predict future events or the actual performance of an investment in the Notes. In addition, you must disregard any projections and representations, written or oral, which do not conform to those contained in this Confidential Private Offering Memorandum.

USE OF PROCEEDS

The Company intends to use the net proceeds received from the sale of the Notes, primarily for operating capital, to purchase and fund Trust Deeds and to acquire interests in properties or notes, which the Company's management anticipates to be able to resell or collect as applicable. The proceeds from the sale of Notes may be used to repay earlier maturing Notes; provided, however, the Company will limit the amount of money that may be raised for this purpose so that the Company will not become subject to the Investment Company Act of 1940. See "Risk Factors – Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes."

The Company may use proceeds from this private placement for general business purposes, including rent, advertising, labor and administrative expenses, if needed, investment, expansion or the purchase of capital assets and to fund loans to borrowers and purchase Trust Deeds. However, the Company expects that no more than .05 percent of the proceeds of the offering will be allocated to general business purposes. The Company is not required to maintain reserves or to deposit any of the proceeds of the offering, into a reserve account, for the purpose of providing liquidity to service interest payments on, and redemption of, the Notes as they mature. The Company does not intend to maintain reserves from the proceeds of the offering in a cash reserve account. The remaining proceeds, net of cash reserves, if any, should be available to fund and purchase Trust Deeds. The Company is not required or obligated to give Noteholders notice of any changes in the Company's intended use of proceeds of the offering. See "Business."

The following table sets forth the Company's best estimates of the use of the minimum and maximum target gross proceeds from the sale of the Notes.

	<i>Minimum Amount Raised</i>	<i>Percent of Offering</i>	<i>Target Amount Raised</i>	<i>Percent of Offering</i>
<i>Gross Offering Proceeds</i>	\$500,000	100%	\$50,000,000	100%
<i>Commissions & Costs (1)</i>	-0-	0%	-0-	0%
<i>Cash Reserve (2)</i>	-0-	0%	-0-	0%
<i>General Business (3)</i>	\$25,000	5%	\$25,000	.05%
<i>Proceeds Available For Funding/ Purchase of Construction Loans (4)</i>	\$475,000	95%	\$49,975,000	99.95%

- (1) The Company does not anticipate paying costs and commissions in excess of the costs associated with this offering. The Notes may be purchased directly from the Company without commission. Notes maturing more than two years also may be purchased by investors using qualified funds (i.e., IRA, SEP IRA, ROTH IRA and Keogh Plans), through a licensed broker-dealer and with an approved custodian; provided, that such investments meet the investor suitability requirement.
- (2) Company intends (but is not required) to maintain cash reserves (or access to other funds) approximately equal to a minimum of one percent of the aggregate balance of Notes outstanding in its general accounts to provide funds to service interest payments and to facilitate redemption of the Notes. This amount will be calculated using a proprietary cash-flow management model. Interest accruing in the general accounts will belong to the Company.
- (3) Company anticipates that its current facilities are adequate to fund real estate loans and to service the volume of contracts that would be purchased at the minimum level of proceeds. If its business is significantly increased, the Company may invest in additional personnel, computer equipment and facilities capable of processing increased data. General business expenses may also include the offering expenses.

- (4) This use of the proceeds is only an estimate and the Company reserves the right to allocate the proceeds in a different manner consistent with the Confidential Private Offering Memorandum.

SECRET

PRIOR PERFORMANCE

Mr. Chittick organized the Company in April of 2001 to provide a short-term funding source for primarily real estate developers and foreclosure specialists. Mr. Chittick has arranged for the funding and administration of real estate loans since that time. The chart set forth below indicates the Company's history in raising money from investors, the number of loans made, the aggregate amount of such loans, the underlying values of the security for such loans and any problems with respect to such loans.

Mr. Chittick initially capitalized the company with one million dollars of his personal funds. From July 2001 through December 2001, an additional \$500,000 was raised from investors. In 2002, an additional \$930,000 was raised from investors. In 2003, an additional \$1,550,000 was raised from existing and new investors. In 2004, the amount from both old and new investors increased to an additional \$2,450,000. In 2005, an additional \$2,670,000 was raised from existing and new investors. In 2006, an additional \$2,800,000 was raised from existing and new investors. In 2007, an additional \$2,400,000 was raised from existing and new investors. In 2008, an additional \$3,000,000 was raised from existing and new investors. In 2009, an additional \$2,100,000 was raised from existing and new investors. In 2010, an additional \$2,800,000 was raised from existing and new investors. From January 2011 to June, 2011, an additional \$4,700,000 was raised from existing and new investors. Mr. Chittick uses an equity line of credit to help facilitate cash flow for the Company. All of the money raised from investors has been through the sale of promissory notes like those being offered in this placement. Such notes were for terms of 6 to 60 months and have, to date, drawn interest at the rate of 8 to 12% per annum. The Company has never defaulted on either interest or principal for any of such notes.

The money raised by the Company from investors has historically been divided into a large portfolio of loans secured by marketable properties with varying values and locations in the Phoenix metro area. The Company is currently lending in approximately 20 cities in the Phoenix metro area, which includes Maricopa and Pinal Counties. The Company will have loans secured by properties in many of these cities simultaneously. The Company has endeavored to maintain a large and diverse base of borrowers as well as a diverse selection of properties as collateral for

its loans to the borrowers. However, in response to the more recent challenging conditions in the real estate market, the Company has focused on maintaining relationships with borrowers that have a proven track record with a good payment history and performance. The Company continues to strive to achieve a diverse borrower base by attempting to ensure that one borrower will not comprise more than 10 to 15 percent of the total portfolio.

All real estate loans funded by the Company have been and are intended to be secured through first position trust deeds. The loan to value ratio of the Company's overall portfolio has averaged less than 70% and the Company intends to maintain a loan to value ratio of 50% to 65%.

Year	Loans Funded	Loan Value	Value of Loans	Loans Repaid	Loans Repaid Value	Value of Homes Repaid
2001	37	\$3,378,000.00	\$6,393,000.00	15	\$1,452,000.00	\$2,431,000.00
2002	69	\$5,685,000.00	\$878,000.00	66	\$5,267,000.00	\$9,076,300.00
2003	124	\$13,673,000.00	\$1,733,500.00	106	\$963,500.00	\$14,488,500.00
2004	185	\$19,907,000.00	\$30,422,600.00	170	\$17,951,700.00	\$26,939,500.00
2005	236	\$34,955,700.00	\$50,487,300.00	232	\$31,001,940.00	\$45,114,500.00
2006	215	\$34,468,100.00	\$52,784,000.00	212	\$35,301,250.00	\$53,057,200.00
2007	272	\$42,579,684.00	\$65,931,500.00	257	\$41,424,815.00	\$66,482,800.00
2008	304	\$38,864,660.00	\$63,671,300.00	257	\$34,578,755.00	\$56,369,400.00
2009	412	\$41,114,707.00	\$72,078,020.00	349	\$39,416,824.00	\$67,713,100.00
2010	390	\$37,973,097.00	\$63,771,350.00	355	\$37,175,201.00	\$61,666,170.00
*2011	378	\$36,187,995.00	\$62,240,600.00	*300	\$29,883,992.00	\$51,004,900.00
		\$306,786,893.00	\$470,411,170.00		\$274,416,977.00	\$453,340,370.00
	2622			2319		
*Through June 30, 2011						

From 2001-2005, all interest due from all loans was collected.

In 2006, one loan that was foreclosed on, and successfully resold, did not pay all the interest due. However, the small uncollected amount was absorbed by the Company.

In 2007, one condominium loan, two house loans, and one land loan were foreclosed. While the condominium and houses were sold with minimal principal loss, much of the interest

was collected on all four loans. One land loan was written off. The loss was absorbed by the Company.

In 2008, one condominium and six homes were sold with minimal principal loss; much of the interest was collected on all the loans. The loss was absorbed by the Company. There were 15 more homes that were either foreclosed on or ownership was acquired through the deed in lieu process. These houses are presently either for sale on the retail market, or have been rented and are for sale on the investor market.

In 2009, one condominium and 12 homes were sold with principle loss; much of the interest was collected on all the loans. The loss was absorbed by the Company. The Company also acquired a 12-plex that was a construction loan. This is being rented and managed by a property management firm.

In 2010, one house was sold for a loss. It was acquired through foreclosure in 2009; the loss was absorbed by the Company.

In 2011, three homes were sold for a loss. The losses were absorbed by the Company. There were three homes that were sold for a gain and all interest was paid in full. One loan was foreclosed on, sold at the auction, all principle, interest, late fees and foreclosure fees associated with the sale were collected. One house is presently in escrow, which will close in July, to which a gain will be made.

The Company presently has three condominiums, 12 houses and a 12-plex that are all being rented. A professional management company has been retained to manage these properties. All of these properties are listed to be sold. The rent received is at or slight negative to the cost of capital for the Company. It was Management's decision to retain these properties rather than sell them and take a loss. Now that the market has shown some signs of strengthening, it is believed that these properties can be sold for minimal loss to the Company.

The Company currently has one condominium and one lot that are for sale. The lot is currently be negotiated to be rented by a construction company at the cost of capital. The goal is sell both of these properties as soon as possible.

Since inception through June 30, 2011, the Company has participated in 2622 loans, with an average loan amount of \$116,000, with the highest single loan being \$800,000 and lowest being \$12,000. The aggregate amount of loans funded is \$306,786,893 with property values totaling \$470,411,170. The total amount of loans that have funded and closed is \$274,416,977 with home values equaling \$453,340,340. These loans have borne interest rates of 18% per annum. The interest rate paid to noteholders has ranged from 8% to 12% per annum through such date. Each and every Noteholder has been paid the interest and principle due to that Noteholder in accordance with the respective terms of the Noteholder's Notes. Despite any losses incurred by the Company from its borrowers, no Noteholder has sustained any diminished return or loss on their investment in a Note from the Company.

MANAGEMENT

Directors and Executive Officers

The Director and Executive Officer of the Company are: Denny J. Chittick, 4_, President, Vice President, Treasurer, and Secretary.

Denny J. Chittick worked at Insight Enterprises, Inc, a publicly traded company, for nearly 10 years, holding many different positions from finance, accounting, operations and held the position of Sr. Vice President and CIO when he left the company in 1997. Since leaving Insight, he has been involved in several different companies, including a software company, internet company and finance company. Mr. Chittick holds a degree in Finance from Arizona State University.

Real Estate Consultant

The Company will have only one employee, which will require the Company to use outside consultants on a periodic basis to provide various services. These consultants may be retained to assist with any necessary due diligence in connection with these loans and, to the extent necessary, to assist with the closing of a loan.

Employees

With the assistance of outside consultants on an as-needed basis, Mr. Chittick intends to operate the Company as its primary employee, analyzing, negotiating, originating, purchasing and servicing Trust Deeds by himself. As the portfolio of contracts increases, the Company may add additional personnel.

Contingency Plan in the Event of Death or Disability of Mr. Chittick

In the event that Mr. Chittick is unable to perform his duties to continue the operation of the Company in any capacity, Mr. Chittick has a written agreement with Robert Koehler, an owner of RLS Capital, Inc. to provide or arrange for any necessary services for the Company. Robert has twelve (12) years of experience supporting real estate loan portfolios similar to the portfolio of the Company. Robert holds a real estate license in Arizona and has worked as a loan officer in the residential and commercial transactions and has conducted due diligence effort for thousands of private purchase of notes and trust deeds. Robert is respected as a member of the Arizona real estate investment community by investors, borrowers, mortgage brokers, escrow officers and real estate agents. As part of this contingency plan, Robert is a signatory on the Company's bank account. On a weekly basis, Robert receives an updated spreadsheet of all properties currently being used as collateral for a loan. On a monthly basis, Robert receives a spreadsheet of all the investors and what is owed to each of them, and receives the monthly statements for all investors. Pursuant to the agreement with Robert, upon Robert's receipt of instructions from Denny Chittick, or from other designated individuals, or upon medical confirmation that Mr. Chittick is unable to continue to perform his duties as President of the Company for an extended period of time, Robert will act to close down the Company's business by collecting all of the monies due on the Trust Deeds and Robert will return all of the principal and interest owed to the investors pursuant to the Notes.

Management Compensation

As the sole shareholder, Mr. Chittick receives a salary consistent with IRS guidelines. Salary adjustments are made at year-end in order for Mr. Chittick to fund his 401(K) and to pay his income taxes. Year-end profits are taxed to Mr. Chittick pursuant to the U.S. Internal Revenue Code rules applicable to Subchapter S corporations. Therefore, year-end profits may be distributed to Mr. Chittick. In addition, Mr. Chittick is paid interest on Notes funded by Mr. Chittick in the same manner as the other investors. See "Management – Management Compensation." As the Company expands its lending operations and increases the workload of

Mr. Chittick, he reserves the right to receive an increased salary so long as there is no current default under the Notes.

Ownership Compensation

The Company receives its revenue primarily from interest earned on trust deeds, rents on properties owned by the Company, interest on cash reserve accounts, and interest earned on investments made by the Company after subtracting interest paid on its debts. The amount of profits, and therefore, compensation to Mr. Chittick, will be dependent upon the amount of Notes sold, Trust Deeds acquired, loans made and the terms of such loans. After payment of its principal and interest obligations under the Notes, the Company distributes the balance to Mr. Chittick; provided, however, the Company may (but is not required to) retain earnings in the Company up to a level of "reserve" or "retained earnings" goals that the Company deems adequate. Subject to the need to adjust these goals due to special liquidity needs due to plans to repay Notes or to fund future Trust Deeds, the Company anticipates that it will be able to achieve and maintain adequate reserve goals to meet the Company's obligations.

Mr. Chittick may have significant investments in the Notes, for which the Company will pay him monthly interest on the same basis as other Noteholders which investment amount will be subordinated to all other Notes placed pursuant to this Memorandum. (Mr. Chittick currently has invested approximately \$2,200,000 in Notes, but this amount varies from \$1.9 million to \$3.2 million.) See "Description of Securities." The Company intends to pay to Mr. Chittick all retained earnings in excess of any reserves deemed necessary or desirable by Mr. Chittick to meet the Company's obligations.

PRINCIPAL SHAREHOLDER

The following table sets forth the beneficial ownership of shares of the Company's outstanding common stock.

<u>Name and Address</u>	<u>Number of Shares</u>	<u>Percent</u>
Denny J. Chittick 6132 W. Victoria Place Chandler, AZ 85226	500,000	100%

The Company is authorized to issue up to 25,000,000 shares of common stock, but has no intent to issue additional common stock at this time.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Ownership

Based on his 100 percent ownership of the Company's common stock, Denny J. Chittick maintains the exclusive ability to elect directors, appoint officers and manage the operations of the Company.

Competing Businesses

During the four years prior to forming the Company, Denny Chittick personally invested in companies and in real estate loans that are substantially similar to the Company's investments in Trust Deeds. In addition to his activities on behalf of the Company, Mr. Chittick reserves the right to continue his personal investments in real estate and instruments similar to Trust Deeds, which are considered competing businesses of the Company. See "Risk Factors – Management's Outside Interests and Conflicts of Interest."

DESCRIPTION OF SECURITIES

The Company is offering up to \$50 million in Notes. The minimum denomination is \$50,000, and the maximum denomination is \$1,000,000 in a single note. An investor may purchase more than \$1,000,000 in Notes, but it will be distributed over different Notes. Denominations increase from the minimum to the maximum in additional increments with a minimum incremental increase of \$10,000. Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this Memorandum. Absent an earlier termination, the offering will continue for so long as the Company has not changed its operations or method of offering in any material respect. If the Company changes its operations or method of offering in any material respect, the Company will update the Memorandum as necessary to provide correct information to investors. The Company may experience difficulties in conducting a continuous offering of Notes. See "Risk Factors – Difficulties and Costs of Continuous Offering."

The Notes are general obligations of the Company and are superior in priority and liquidation preference to any Notes payable to Mr. Chittick. Mr. Chittick has agreed to subordinate any Notes to which he subscribes to Notes with similar maturities placed with other investors. Although the Company has never defaulted with respect to a Note, including any regular interest payment or the principal and interest due upon the maturity of the Note, if the Company should ever be in default with respect to any Note, Mr. Chittick will subordinate any Notes he may hold until the default is cured and Mr. Chittick will also defer any compensation until the default is cured. While Mr. Chittick has agreed and will act as set forth above in this Memorandum, such agreement is not evidenced in a separate writing signed by Mr. Chittick.

The Notes will bear interest at the rates stated for the term selected. The investor may elect to have interest paid monthly, quarterly or accrue and be paid at maturity. If the investor elects to have interest paid at maturity or quarterly, the interest will accrue monthly and earn compounded interest. Interest is payable on the last day of each period to the investors of the Notes at the principal office of the Company in Chandler, Arizona. At the option of the

6
Company, interest payments may be paid by check mailed to the address of the investor entitled thereto as it appears on the Subscription Agreement for the Notes. An investor may request in writing to the Company that a deposit be made to a designated bank or investment account.

The Notes are not transferable without the prior written consent of the Company, which the Company may withhold in its sole discretion. The Company anticipates withholding its consent if the transfer could jeopardize the Company's exemption under Regulation D or any applicable state blue-sky law or the Company's exclusion from the definition of an investment company under the Investment Company Act of 1940.

The Notes are unsecured and are not insured or guaranteed by any state or federal government entity or any insurance company. In event of default, an investor could look only to the Trust Deeds or other assets of the Company for repayment.

6
As unsecured, general obligations of the Company, the Notes will not have any specific collateral. The Company's Assets include all of the Company's right, title and interest in Trust Deeds owned by the Company; together with all payments and instruments received thereto, real estate owned by the Company as a result of a deed-in-lieu of foreclosure due to a borrower default, and all proceeds of the conversion of any of the foregoing into cash or other liquid property. So long as the Company is not in default on the Notes, the Company is permitted to freely transfer, sell or substitute, in the normal course of business, any Trust Deeds it owns, subject to general restrictions concerning transfers of property; provided, however, the Company may transfer, sell or substitute one or more Trust Deeds if such transfer, sale or substitution is done in connection with a plan to cure a default.

On an annual basis, the Company will retain an independent accounting firm to prepare the 1099's to be issued by the Company to the investors and to prepare the tax return for the Company. On an annual basis and upon written request from an investor, the Company will certify to the requesting investor(s) that the aggregate outstanding principal amount of all cash accounts, other property and Trust Deeds is at least equal to the principal amount of outstanding Notes as of the date of the request.

The Company may, in its discretion, modify the interest rate paid on subsequently issued Notes or the term of such Notes. Any such modification of the interest rate or term will not affect Notes then issued and outstanding.

Notes are initially being offered at the following rates and maturities:

Note Amount (1)	<u>Note Terms (2) (3)</u>		
	6 Months	1 Year	2 Years to 5 Years
\$50,000 and up	8% ⁽⁴⁾	10% ⁽⁴⁾	12% ⁽⁴⁾

- (1) Note amounts are issued in varied denominations from \$50,000 to \$1,000,000, and in additional increases with a minimum of \$10,000. For qualified funds, the Company will accept minimum contributions in such amounts as reasonably determined by the Company.
- (2) Although the Company intends to use its good faith efforts to accommodate written requests from an investor to prepay any Note prior to maturity and the Company has in fact been able to satisfy such requests in a timely manner with interest paid in full, the Company has no obligation to do so and the investor has no right to require the Company to redeem the Note prior to maturity. Upon the Company's election to honor an investor's request to prepay any Note prior to maturity, the Company reserves the right to adjust any interest payable to the investor to the interest rate that would have been payable for the actual outstanding term of the Note.
- (3) The Notes may be redeemed by the Company at any time prior to maturity upon 30 days written notice to the investor at a price equal to the principal amount of the Note plus accrued interest to the date of redemption.
- (4) The Company also reserves the right, in its sole discretion, to adjust the interest paid on outstanding Notes on 30 days written notice to Noteholders.

The Company has the right to sell, encumber, mortgage, create a lien on or otherwise dispose of any or all of its property, or in any manner secure an indebtedness so that such indebtedness shall have a claim against the assets of the Company securing such indebtedness, all without the consent of the investors of the outstanding Notes provided no Notes are in default. Any security interest granted in any of the Company's assets to secure indebtedness will be superior in priority to the general claim of a Noteholder.

Default may occur with respect to one Note and not another. The Company shall be in default of a particular Note if any of the following events ("Event of Default") occurs with respect to that Note: (a) default for 30 days in any payment of interest on a Note when due; (b) default for 15 days in any payment of principal on a Note when due after maturity; (c) a filing for protection by the Company under Chapters 11 or 7 of the U.S. Bankruptcy Code or a filing for the Company under the U.S. Bankruptcy Code by creditors of the Company which filing is not dismissed within 90 days of the filing date; or (d) default for 90 days after receiving appropriate notice of a breach of any other covenant applicable to a Note. Notwithstanding the events listed above, Mr. Chittick may defer any payment of interest or principal due to Mr. Chittick or an entity controlled by him on any of the Notes subscribed to personally by Mr. Chittick without creating an Event of Default.

The Company may not consolidate with or merge into any corporation, or transfer substantially all of its assets to any person, unless the successor corporation or transferee assumes the Company's obligations on the Notes. The Company has no present intention of merging with another company or consolidating with another company or transferring its assets.

PLAN OF DISTRIBUTION

The Notes may be purchased directly from the Company without commission. Notes maturing in two through five years also may be purchased with qualified monies (such as IRA, SEP IRA, ROTH IRA and KEOGH plans) through a licensed broker-dealer and with an approved custodian; provided, that such investments meet the investor suitability requirements. Transaction costs for Notes purchased with qualified funds will be paid by the Company up to one percent of the Note's face amount. The principal amount of the Note will be equal to the amount paid by the investor, and interest would be calculated on that amount.

The Notes are not registered with the SEC or any other state or federal regulatory agency. No state or federal agency has made any finding or determination as to the fairness of this offering for investment, the adequacy or accuracy of the disclosures, or any recommendation or endorsement of the Notes.

The offering and sale of the Notes is intended to be exempt from registration under the Act by virtue of one or more of the following exemptions provided by: (i) Section 4(2) of the Act; and (ii) Regulation D promulgated under the Act. See "Investor Suitability." In accordance therewith, substantial restrictions are placed on the offering and purchase of the Notes, including, but not limited to, the following:

- (1) The transaction may not include any public offering. The offer to sell Notes must be directly communicated to the investor by an officer of the Company and at no time may the Company advertise or solicit by means of any leaflet, public promotional meeting, newspaper or magazine article, radio or television advertisement or any other form of general advertising or general promotion.
- (2) The Notes may be purchased only for the investor's own account, for investment purposes only and not with a view to distribution, assignment, hypothecation, resale or to fractionalization in whole or in part.
- (3) An investor must meet certain suitability requirements, which are set forth under "Investor Suitability."

- (4) The Company must have furnished and made available for inspection all documents and information that the investor has reasonably requested relating to an investment in the Company, including its Articles of Incorporation, stock records and financial account records.

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DETERMINATION OF OFFERING PRICE

The rate of return for the Notes offered hereby will be set from time to time by management of the Company to approximate a rate of return competitive with similar securities of other companies engaged in the finance industry. The Company has been in operation since April 2001. There is no market for the Company's securities and none is expected to develop. Accordingly, the rate of return on any Note bears no relation to the results of the Company, to any market price for the Company's securities, to the level of risk involved, or to any recognized measure of valuation or return on investment.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of certain U.S. federal tax considerations and consequences that may be relevant to a decision to acquire, own and dispose of Notes by an initial holder thereof. This summary only applies to Notes held as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). Except as set forth below, this summary does not address all of the tax consequences that may be relevant to a particular Noteholder and it is not intended to be applicable to Noteholders that are subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, U.S. expatriates, partnerships or other pass-through entities, tax-exempt organizations or dealers or traders in securities or currencies, or to Noteholders that will hold Notes as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes or that have a functional currency other than the U.S. dollar. Moreover, except as set forth below, this summary does not address the U.S. federal estate and gift tax law, the tax laws of any state, local or foreign government or alternative minimum tax consequences of the acquisition, ownership or other disposition of Notes and does not address the U.S. federal income tax treatment of Noteholders that do not acquire Notes as part of the initial distribution at their initial issue price. Each prospective investor should consult its tax advisor, attorney and accountant with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and disposing of Notes.

This summary is based on current provisions of the Code, as amended, existing and proposed U.S. Treasury Regulations, current administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. No advance tax ruling has been sought or obtained from the Internal Revenue Service regarding the tax consequences of the transactions described herein. This discussion does not address tax considerations arising under the laws of any particular state, local or foreign jurisdiction.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS, ATTORNEYS AND ACCOUNTANTS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES THAT MAY ARISE UNDER THE LAWS OF ANY FOREIGN, STATE, LOCAL OR OTHER TAXING JURISDICTION.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Notes who for U.S. federal income tax purposes is (i) a citizen or resident (or is treated as a resident for U.S. federal income tax purposes) of the United States; (ii) a corporation created or organized in or under the laws of the United States or any State or political subdivision thereof; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2) (a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control. A "Non-U.S. Holder" is a beneficial owner of Notes who for U.S. federal income tax purposes is (i) a non-resident alien individual; (ii) a foreign corporation; or (iii) a foreign estate or trust the fiduciary of which is a nonresident alien.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such partner should consult its own tax advisor as to its consequences of holding and disposing of the Notes.

U.S. Holders

Interest

Except as set forth below, interest paid on a Note generally will be includible in a U.S. Holder's gross income as ordinary interest income at the time it is paid or accrued in accordance with the U.S. Holder's usual method of tax accounting for U.S. federal income tax purposes.

Market Discount

A holder of Notes may in very limited circumstances, transfer their Notes to third parties. If the Company authorizes such a transfer, Notes sold on a secondary market after their original issue for a price lower than their stated redemption price at maturity are generally said to be acquired at market discount. Code Section 1278 defines "market discount" as the excess, if any, of the stated redemption price at maturity of the Note, over the purchaser's initial adjusted basis in the Note. If, however, the market discount with respect to a Note is less than 1/4th of one percent (.0025) of the stated redemption price at maturity of the Note multiplied by the number of complete years to maturity from the date the subsequent purchaser has acquired the Note, then the market discount is considered to be zero. Notes acquired by holders at original issue and Notes maturing not more than one year from the date of issue are not subject to the market discount rules.

Gain on the sale, redemption or other disposition of a Note, including full or partial redemption thereof, having "market discount" will be treated as interest income to the extent the gain does not exceed the accrued market discount on the Note at the time of the disposition. A holder may elect to include market discount in taxable income for the taxable years to which it is attributable. The amount included is treated as interest income. If this election is made, the rule requiring interest income treatment of all or a portion of the gain upon disposition is inapplicable. Once the election is made to include market discount in income currently, it cannot be revoked without the consent of the IRS. The election applies to all market discount notes acquired by the holder on or after the first day of the first taxable year to which such election applies.

Sale, Exchange or Disposition of Notes

A U.S. Holder's adjusted tax basis in a Note generally will equal the cost of the Note to such U.S. Holder, increased by any original issue discount ("OID") or market discount previously included by the holder in income with respect to the Note. Upon the sale, exchange or other disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other disposition (less an amount equal to the accrued but unpaid interest which will be taxable as ordinary income) and such U.S. Holder's adjusted tax basis in the Note. Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder, capital gains derived in respect of a Note that is held as a capital asset and that is held for more than one year are eligible for reduced income tax rates and may be deemed a long-term capital gain. The deductibility of capital losses is subject to limitations.

Non-U.S. Holders

Interest

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," payments of principal of, and interest on (including any OID), a Note to (i) a controlled foreign corporation, as such term is defined in Section 957 of the Code, which is related to the Company, directly or indirectly, through stock ownership, (ii) a person owning, actually or constructively, securities representing at least more than 50% of the total combined outstanding voting power of all classes of the Company's voting stock and (iii) banks which acquire such Note in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. withholding tax provided that the beneficial owner of the Note provides certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "U.S. Backup Withholding and Information Reporting," or an exemption is otherwise established.

If a Non-U.S. Holder cannot satisfy the requirements above, payments of interest made to a Non-U.S. Holder will be subject to a U.S. withholding tax equal to 30% of the gross payments

made to the Non-U.S. Holder unless the Non-U.S. Holder provides the Company or the Company's paying agent, as the case may be, with a properly executed (1) IRS Form W-8BEN claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty or (2) IRS Form W-8ECI stating that interest paid on the note is not subject to withholding tax because it is effectively connected with the beneficial owner's conduct of a trade or business in the United States. Alternative documentation may be applicable in certain situations.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a note is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from withholding as discussed above (provided the certification requirements described above are satisfied), will be subject to U.S. federal income tax on such interest (including OID) on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. In addition, if such Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lesser rate under an applicable income tax treaty) of such amount, subject to adjustments.

Sale, Exchange or Other Disposition of Notes

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," any gain realized by a Non-U.S. Holder upon the sale, exchange or other disposition of a Note generally will not be subject to U.S. federal income tax or withholding tax unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of such sale, exchange or disposition and certain other conditions are met. Special rules may apply upon the sale, exchange or disposition of a Note to certain Non-U.S. Holders, such as "controlled foreign corporations," "passive foreign investment companies," "foreign personal holding companies" and certain expatriates, that are subject to special treatment under the Code. Such entities and individuals should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

U.S. Federal Estate Taxes

A Note that is held by an individual who at the time of death is not a citizen or resident (as specially defined for United States federal estate tax purposes) of the United States will not generally be subject to U.S. federal estate tax as a result of such individual's death, provided that such individual is not a shareholder owning actually or constructively more than 10% of the total combined voting power of all classes of our stock entitled to vote and, at the time of such individual's death, payments of interest with respect to such note would not have been effectively connected with the conduct by such individual of a trade or business in the United States.

U.S. Backup Withholding and Information Reporting

U.S. Holders

Information reporting requirements will apply to certain payments of principal and interest and the accrual of OID, if any, on an obligation and to proceeds of the sale, exchange or other disposition of an obligation, to certain U.S. Holders. This obligation, however, does not apply with respect to certain U.S. Holders including, corporations, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts. In general, the Company is required to file with the IRS each year a Form 1099 information return reporting the amount of interest that was paid or that is considered earned by a U.S. Holder with respect to the Notes held during each calendar year, and a U.S. Holder is required to report such amount as income on its federal income tax return for that year. A U.S. backup withholding tax currently at a rate of 28% will apply to such payments if a U.S. Holder fails to provide a correct taxpayer identification number or certification of other tax-exempt status or fails to report in full dividend and interest income. Any amount withheld under the backup withholding rules is allowable as a credit against the taxpayer's U.S. federal income tax liability, provided that the required information is furnished to the IRS.

Non-U.S. Holders

Information reporting will generally apply to payments of interest on a Note to a Non-U.S. Holder and the amount of tax, if any, withheld with respect to such payments. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty. Payments of principal and interest on any Notes to Non-U.S. Holders will not be subject to any U.S. backup withholding tax if the beneficial owner of the Note (or a financial institution holding the note on behalf of the beneficial owner in the ordinary course of its trade or business) provides an appropriate certification to the payor and the payor does not have actual knowledge or reason to know, that the certification is incorrect. Payments of principal and interest on Notes not excluded from U.S. backup withholding tax discussed above generally will be subject to United States withholding tax at a rate of 28%, except where an applicable United States income tax treaty provides for the reduction or elimination of such withholding tax.

In addition, information reporting and, depending on the circumstances, backup withholding, will apply to the proceeds of the sale of a Note within the United States or conducted through United States-related financial intermediaries unless the beneficial owner provides the payor with an appropriate certification as to its non-U.S. status and the payor does not have actual knowledge or reason to know that the certification is incorrect.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a Non-U.S. Holder's U.S. federal income tax liability provided the required information is furnished to the Internal Revenue Service.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE ACQUISITION, OWNERSHIP, DISPOSITION OR RETIREMENT OF THE NOTES. PROSPECTIVE INVESTORS OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS, ATTORNEYS AND ACCOUNTANTS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.

INVESTOR SUITABILITY

General

An investment in the Notes involves significant risks and is suitable only for persons of adequate financial means who have no need for liquidity with respect to this investment and who can bear the economic risk of a complete loss of their investment. This private placement is made in reliance on exemptions from the registration requirements of the Act and applicable state securities laws and regulations.

The suitability standards discussed below represent minimum suitability standards for prospective investors. The satisfaction of such standards by a prospective investor does not necessarily mean that the Notes are a suitable investment for such prospective investor. Prospective investors are encouraged to consult their personal financial advisors to determine whether an investment in the Notes is appropriate. The Company may reject subscriptions, in whole or in part, in its absolute discretion.

The Company will require each investor to represent in writing, among other things, that (i) by reason of the investor's business or financial experience, or that of the investor's professional advisor, the investor is capable of evaluating the merits and risks of an investment in the Notes and of protecting its own interest in connection with the transaction, (ii) the investor is acquiring the Notes for its own account for investment only and not with a view toward the resale or distribution thereof, (iii) the investor is aware that the Notes have not been registered under the Act or any state securities laws and that there is no market for the Notes, (iv) such investor meets the suitability requirements set forth below and (v) they have read and taken full cognizance of the Risk Factors and other information set forth in this Confidential Private Offering Memorandum.

Suitability Requirements

Except as set forth below, each investor must represent in writing that it: (a) is "sophisticated" in so far as it is sufficiently knowledgeable and experienced in financial and business matters to be able to evaluate the merits and risks of an investment in the Notes either alone or with a purchaser representative; (b) is able to bear the economic risk of an investment in the Notes, including a loss of the entire investment; and (c) qualifies as an "accredited investor," as such term is defined in Rule 501(a) of Regulation D under the Act and must demonstrate the basis for such qualification. To be an accredited investor, an investor must fall within any of the following categories at the time of sale of Notes to that investor:

- (1) A bank as defined in Section 3(a)(2) of the Act or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; an insurance company as defined in Section 2(13) of the Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; a Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- (2) A private business development company as defined in Section 202(a) (22) of the Investment Advisers Act of 1940;
- (3) An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Notes, with total assets in excess of \$5,000,000;

- (4) Any director, executive officer, or general partner of the Company, or any director, executive officer, or general partner of a general partner of the Company;
- (5) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of such person's purchase of the Notes exceeds \$1,000,000 (excluding the value of such person's primary residence);
- (6) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- (7) Any trust with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring the Notes, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; and
- (8) An entity in which all of the equity owners are accredited investors (as defined above).

As used in this Memorandum, the term "net worth" means the excess of total assets over total liabilities. In determining income an investor should add to the investor's adjusted gross income any amounts attributable to tax exempt income received, losses claimed as limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA, KEOGH, SEP IRA or ROTH IRA retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.



Den Sco / POM

Beauchamp, David G.

From: Schenck, Daniel A.
Sent: Friday, April 25, 2014 10:00 AM
To: Beauchamp, David G.
Subject: RE: here you go

David,

We ran a redline of the POMs but they are the same document. The document number was the only difference.

Daniel A. Schenck

CLARK HILL PLC

480.684.1118 (direct) | 480.684.1179 (fax)
dschenck@clarkhill.com | www.clarkhill.com

From: Beauchamp, David G.
Sent: Thursday, April 24, 2014 6:43 PM
To: Schenck, Daniel A.
Subject: FW: here you go

FYI

David G. Beauchamp

CLARK HILL PLC

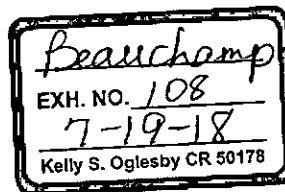
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

From: Denny Chittick [<mailto:dcmoney@yahoo.com>]
Sent: Thursday, April 24, 2014 6:13 PM
To: Beauchamp, David G.
Subject: here you go

attached
dc

DenSco Investment Corp
www.denscoinvestment.com
602-469-3001 C
602-532-7737 f

Exhibit No. 55



D. S. / 2013

Beauchamp, David

From: Beauchamp, David
Sent: Monday, June 10, 2013 5:25 PM
To: Pedersen, Robert
Cc: Henderson, Kenneth
Subject: FW: DenSco Investment / 2013 Private Offering (Matter # 0352992)
Bob:

At the suggestion of Ken Henderson, I am sending this email to you in hopes of obtaining some direction and guidance for a client concerning the Indenture Act. Ken suggested that I reach out to Elizabeth Sipes (?) concerning the 40 Act and the IA issues.

DenSco Investment Corp., is a client which makes high interest loans (18% with no other fees) secured by first lien position against real estate. Pursuant to a private Regulation D, 506 offering, DenSco has offered investor notes to accredited investors at 8% to 10% interest depending upon the term length of the investor note. DenSco has been in business for over 10 to 12 years and has never missed an interest or principal payment to its investors. Denny Chittick is the owner and sole employee of DenSco and he has been investing in and privately financing Arizona real estate for almost 20 years.

Question: DenSco has previously had aggregate investor loans outstanding at approximately \$16 to 18 million from its investors. We are starting the process to update and renew DenSco's private offering memo (renew it every two years) and we have now been advised that DenSco now has almost \$47 million in aggregate investor loans outstanding. [I have asked Denny Chittick for the number of investors holding outstanding investor notes from DenSco, but he asked if he needs to count each investor note or can he count the same investor with multiple notes as one investor, he also asked if he needs to count affiliated investors as more than one investor, (for "affiliated investors", he indicated some investors have invested both in their own names as well as their trusts, and some investors have invested personally and separately with his or her spouse, and if loans from Denny Chittick and his family members should also count?] Since the aggregate investment is close to the \$50 million threshold of many additional statutes and regulations, we need some guidance with respect to the statutes and regulations that are now applicable so that we can guide this client? I am concerned with trying to determine what might now be applicable, including the Trust Indenture Act, the Investment Company Act, the Investment Advisors Act and any other applicable regulatory requirements.

Any guidance or direction you could provide would be greatly appreciated.

Thank you.

Best regards, David

David G. Beauchamp, Esq.
Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406

email: david.beauchamp@bryancave.com
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(602) 716-8060 | Direct Fax
(602) 319-5602 | Mobile Tel.



From: Henderson, Kenneth

6/10/2013

DIC0003667

Sent: Monday, June 10, 2013 4:21 PM
To: Beauchamp, David
Cc: Seabaugh, William
Subject: RE: DenSco Investment / 2013 Private Offering (Matter # 0352992)

I think you should speak to Elizabeth Sipes in Denver about the 40 Act and IA issues. She just recently joined us from Janus. Bob Pederson in NY is the Indenture Act guru. You should reach out to him on that topic. If he is not available, try Jeremy Finkelstein who also does lots of work in the trust indenture act area.

Good luck with it.
KLH

From: Beauchamp, David
Sent: Monday, June 10, 2013 5:50 PM
To: Henderson, Kenneth
Cc: Seabaugh, William
Subject: DenSco Investment / 2013 Private Offering (Matter # 0352992)

Ken:

DenSco Investment Corp., is a client who makes high interest loans (18% with no other fees) secured by first lien position against real estate. Pursuant to a private Regulation D 506 offering, DenSco offers notes to accredited investors at 8% to 10% interest depending upon the term length of the investor note. DenSco has been in business for over 10 to 12 years and has never missed an interest or principal payment to its investors. Denny Chittick is the owner and sole employee of DenSco and he has been investing in and privately financing Arizona real estate for almost 20 years.

Question: DenSco has previously had aggregate investor loans outstanding at approximately \$16 to 18 million from its investors. We are starting the process to update and renew DenSco's private offering memo (renew it every two years) and we have now been advised that DenSco now has almost \$47 million in aggregate investor loans outstanding. Since this is close to the \$50 million threshold of many additional statutes and regulations, who would be a good person for me to discuss the new statutes and regulations so that we can guide this client? I am concerned with trying to determine what might now be applicable, including the Trust Indenture Act, the Investment Company Act, the Investment Advisors Act and any other applicable regulatory requirements.

Any guidance or direction you could provide would be greatly appreciated.

Thanks, David
David G. Beauchamp, Esq.
Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406

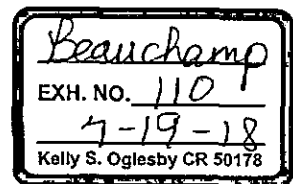
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6/10/2013

DIC0003668

Exhibit No. 56



Beauchamp, David

DenSc 7/2013 Page 1 of 3

From: Beauchamp, David
Sent: Tuesday, June 11, 2013 2:06 PM
To: 'Denny Chittick'
Subject: RE: Text Follow up
Thank you.

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Tuesday, June 11, 2013 2:00 PM
To: Beauchamp, David
Subject: Re: Text Follow up

i have 114 individual accts, i would say 80 families

DenSco Investment Corp
www.denscoinvestment.com/
602-469-3001
602-532-7737 f

From: "Beauchamp, David" <David.Beauchamp@bryancave.com>
To: "dcmoney@yahoo.com" <dcmoney@yahoo.com>
Cc: "Beauchamp, David" <David.Beauchamp@bryancave.com>
Sent: Tuesday, June 11, 2013 9:42 AM
Subject: Re: Text Follow up

Denny:

I already asked that question for you and am waiting for a response. I just needed a broad range before we get into specifics.

Sorry for bothering you on vacation. Have fun!!

Best, David

(Sent from my Blackberry wireless)
David G. Beauchamp, Esq.
Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406

email: david.beauchamp@bryancave.com
(602) 364-7060 | Direct Tel.
(602) 716-8060 | Direct Fax
(602) 319-5602 | Mobile Tel.

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6/11/2013

DIC0003637

tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (a) avoiding penalties under the Internal Revenue Code or (b) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Tuesday, June 11, 2013 09:39 AM
To: Beauchamp, David
Subject: Re: Text Follow up

sorry for the delayed response, i'm in the bahamas.

how do you count investor?

if i have a husband and wife joint acct, each have an individual ira
and a roth, is that 2 or 1 or 6?
dc

DenSco Investment Corp
www.denscoinvestment.com/
602-469-3001
602-532-7737 f

From: "Beauchamp, David" <David.Beauchamp@bryancave.com>
To: "dcmoney@yahoo.com" <dcmoney@yahoo.com>
Cc: "Beauchamp, David" <David.Beauchamp@bryancave.com>
Sent: Tuesday, June 11, 2013 9:21 AM
Subject: Fw: Text Follow up

Denny:

How many investors hold notes from DenSco? We are trying to determine what exclusions DenSco could qualify for with respect to the other applicable federal statutes. I did not have that number in my notes.

Thanks, David

(Sent from my Blackberry wireless)
David G. Beauchamp, Esq.
Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406

email: david.beauchamp@bryancave.com
(602) 364-7060 | Direct Tel.
(602) 716-8060 | Direct Fax
(602) 319-5602 | Mobile Tel.

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6/11/2013

DIC0003638

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IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (a) avoiding penalties under the Internal Revenue Code or (b) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

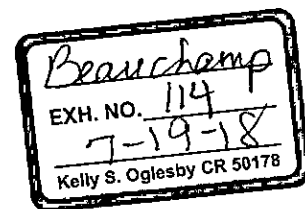
This electronic message is from a law firm. It may contain confidential or privileged information. If you received this transmission in error, please reply to the sender to advise of the error and delete this transmission and any attachments.

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.
bcllp2013

6/11/2013

DIC0003639

Exhibit No. 57



Beauchamp, David

DenSco / Page 1 of 5
20B
Pom

From: Beauchamp, David
Sent: Monday, June 17, 2013 3:28 PM
To: Wang, R. Randall
Subject: RE: DenSco Investment / 2013 Private Offering (Matter # 0352992)
Randy:

Thank you for the follow up concerning the Trust Indenture Act. The previous offerings have been under Regulation D, Rule 506. Thank you also for clarifying the exception to the TIA pursuant to Rule 506 under Regulation D.

With respect to the client's statements on its website, I was not aware that the client had added his personal description of who or what is an eligible "accredited investor" to the DenSco website. I will have him take it down. I also have a call into him to ask him when he added that language. Previously, his website was just for potential borrowers and for existing investors. It included his view of the real estate lending market and explained the status of any properties that DenSco had commenced or might have to commence a Trustee Sale to take ownership of the security for a loan.

Given his "layman's description of an accredited investor" on the website, does that constitute general solicitation, which will cause the offering to no longer qualify under Regulation D? If so, can we discuss what we need to tell him that he needs to do to resolve the loss of his exempt security status?

Thanks, David

David G. Beauchamp, Esq.
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Phoenix, Arizona 85004-4406

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(602) 716-8060 | Direct Fax
(602) 319-5602 | Mobile Tel.



From: Wang, R. Randall
Sent: Monday, June 17, 2013 3:07 PM
To: Beauchamp, David; Pedersen, Robert
Subject: RE: DenSco Investment / 2013 Private Offering (Matter # 0352992)

Just to clarify, a 506 offering under Reg D is exempt under Section 4(2), whereas 504/505 offerings are exempted per Section 3(b).

Per below, assuming this is a 506 offering, it should fit within TIA 304(b)

From: Beauchamp, David
Sent: Monday, June 17, 2013 1:12 PM
To: Pedersen, Robert
Cc: Wang, R. Randall
Subject: RE: DenSco Investment / 2013 Private Offering (Matter # 0352992)
6/17/2013

DIC0003616

Bob,

Thank you for the information. I will follow up with Randy concerning the statements on the webpage.

Thanks again, David

David G. Beauchamp, Esq.
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(602) 319-5602 | Mobile Tel.



From: Pedersen, Robert
Sent: Monday, June 17, 2013 10:41 AM
To: Beauchamp, David
Cc: Henderson, Kenneth; Wang, R. Randall
Subject: RE: DenSco Investment / 2013 Private Offering (Matter # 0352992)

Hi David,

Apologies for not getting back to you sooner.

The Trust Indenture Act of 1939, as amended (TIA), generally requires that all publicly issued debt securities be issued pursuant to an indenture (i) that is qualified under (*i.e.*, contains certain minimal protections established by) the TIA and (ii) and in respect of which the indenture trustee is eligible to act (*i.e.*, meets certain minimal standards established by) the TIA.

The TIA dovetails with the Securities Act of 1933, as amended (Securities Act). Generally, debt securities that are registered under the Securities Act are required to be issued pursuant to an indenture that is required to be qualified under the TIA. Conversely, generally, securities or transactions that are exempt from the registration requirements of the Securities Act are, with certain exceptions, exempt from the TIA.

For example, TIA Section 304(b) provides that the TIA shall not apply "to any of the transactions exempted from the provisions of section 5 of the Securities Act of 1933 by section 4 thereof" Because I am not as proficient with the Securities Act (upon the jurisdictional issues of the TIA largely hinge), I asked Randy Wang for his thoughts. Randy confirmed that a Reg. D offering generally is an "exempt transaction" for purposes of Section 4 of the Securities Act. However, Randy questioned whether, in the DenSco Investments Corp. case, the existence of, and/or statements made on, the DenSco Investment Corp. (<http://www.denscoinvestment.com/>) which I had brought to his attention, made the transaction exemption unavailable to DenSco. In any event, you may wish to discuss further with Randy.

Let me know if you have any further questions.

Bob

Robert E. Pedersen
Bryan Cave LLP
1290 Avenue of the Americas
New York, New York 10104-3300
Tel.: (212) 641-1208
6/17/2013

DIC0003617

Fax: (212) 904-0500
Email: repedersen@bryancave.com

From: Beauchamp, David
Sent: Tuesday, June 11, 2013 4:24 PM
To: Pedersen, Robert
Cc: Henderson, Kenneth
Subject: RE: DenSco Investment / 2013 Private Offering (Matter # 0352992)

Bob:

Thank you.

David

From: Pedersen, Robert
Sent: Tuesday, June 11, 2013 12:24 PM
To: Beauchamp, David
Cc: Henderson, Kenneth
Subject: RE: DenSco Investment / 2013 Private Offering (Matter # 0352992)

David – I will look into jurisdictional amount and get back to you. Bob

Robert E. Pedersen
Bryan Cave LLP
1290 Avenue of the Americas
New York, New York 10104-3300
Tel.: (212) 541-1208
Fax: (212) 904-0500
Email: repedersen@bryancave.com

From: Beauchamp, David
Sent: Monday, June 10, 2013 8:25 PM
To: Pedersen, Robert
Cc: Henderson, Kenneth
Subject: FW: DenSco Investment / 2013 Private Offering (Matter # 0352992)

Bob:

At the suggestion of Ken Henderson, I am sending this email to you in hopes of obtaining some direction and guidance for a client concerning the Indenture Act. Ken suggested that I reach out to Elizabeth Sipes (?) concerning the 40 Act and the IA issues.

DenSco Investment Corp., is a client which makes high interest loans (18% with no other fees) secured by first lien position against real estate. Pursuant to a private Regulation D, 506 offering, DenSco has offered investor notes to accredited investors at 8% to 10% interest depending upon the term length of the investor note. DenSco has been in business for over 10 to 12 years and has never missed an interest or principal payment to its investors. Denny Chittick is the owner and sole employee of DenSco and he has been investing in and privately financing Arizona real estate for almost 20 years.

6/17/2013

DIC0003618

Question: DenSco has previously had aggregate investor loans outstanding at approximately \$16 to 18 million from its investors. We are starting the process to update and renew DenSco's private offering memo (renew it every two years) and we have now been advised that DenSco now has almost \$47 million in aggregate investor loans outstanding. [I have asked Denny Chittick for the number of investors holding outstanding investor notes from DenSco, but he asked if he needs to count each investor note or can he count the same investor with multiple notes as one investor, he also asked if he needs to count affiliated investors as more than one investor, (for "affiliated investors", he indicated some investors have invested both in their own names as well as their trusts, and some investors have invested personally and separately with his or her spouse, and if loans from Denny Chittick and his family members should also count?] Since the aggregate investment is close to the \$50 million threshold of many additional statutes and regulations, we need some guidance with respect to the statutes and regulations that are now applicable so that we can guide this client? I am concerned with trying to determine what might now be applicable, including the Trust Indenture Act, the Investment Company Act, the Investment Advisors Act and any other applicable regulatory requirements.

Any guidance or direction you could provide would be greatly appreciated.

Thank you.

Best regards, David

David G. Beauchamp, Esq.
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email: david.beauchamp@bryancave.com
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(602) 716-8060 | Direct Fax
(602) 319-6602 | Mobile Tel.



From: Henderson, Kenneth
Sent: Monday, June 10, 2013 4:21 PM
To: Beauchamp, David
Cc: Seabaugh, William
Subject: RE: DenSco Investment / 2013 Private Offering (Matter # 0352992)

I think you should speak to Elizabeth Sipes in Denver about the 40 Act and IA issues. She just recently joined us from Janus. Bob Pederson in NY is the indenture Act guru. You should reach out to him on that topic. If he is not available, try Jeremy Finkelstein who also does lots of work in the trust indenture act area.

Good luck with it.
KLH

From: Beauchamp, David
Sent: Monday, June 10, 2013 5:50 PM
To: Henderson, Kenneth
Cc: Seabaugh, William
Subject: DenSco Investment / 2013 Private Offering (Matter # 0352992)

6/17/2013

DIC0003619

Ken:

DenSco Investment Corp., is a client who makes high interest loans (18% with no other fees) secured by first lien position against real estate. Pursuant to a private Regulation D 506 offering, DenSco offers notes to accredited investors at 8% to 10% interest depending upon the term length of the investor note. DenSco has been in business for over 10 to 12 years and has never missed an interest or principal payment to its investors. Denny Chittick is the owner and sole employee of DenSco and he has been investing in and privately financing Arizona real estate for almost 20 years.

Question: DenSco has previously had aggregate investor loans outstanding at approximately \$16 to 18 million from its investors. We are starting the process to update and renew DenSco's private offering memo (renew it every two years) and we have now been advised that DenSco now has almost \$47 million in aggregate investor loans outstanding. Since this is close to the \$50 million threshold of many additional statutes and regulations, who would be a good person for me to discuss the new statutes and regulations so that we can guide this client? I am concerned with trying to determine what might now be applicable, including the Trust Indenture Act, the Investment Company Act, the Investment Advisors Act and any other applicable regulatory requirements.

Any guidance or direction you could provide would be greatly appreciated.

Thanks, David
David G. Beauchamp, Esq.
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6/17/2013

DIC0003620

Exhibit No. 58

Den Sco / 2013
POM

How Randy Wang (6/17/13)

3 - what is effect of web site

- Bus Plan

General Solicitation → fact + circumstances analysis

- Release on Public + Private Offerings

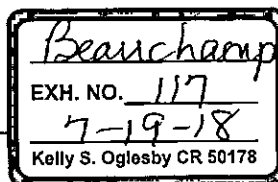
- if can demonstrate relationship to investor outside of
a general solicitation

- Best Bet - wait 6 months after it is taken down

- anything

Exhibit No. 59

Beauchamp, David



Page 1 of 1

DenSco / 2013

From: Beauchamp, David
Sent: Monday, June 17, 2013 4:57 PM
To: Wang, R. Randall
Subject: RE: DenSco Investment / 2013 Private Offering (Matter # 0352992)

Randy:

I talked to Denny Chittick, the owner of DenSco. Denny has already had the website modified.

Denny also reviewed the list of his investors. (there are only 114 individual investors from approx 80 families). All of his investors were either family or friends (or verified referrals from family or friends). When Denny received a referral, Denny would meet with the person (or schedule a conference call) to confirm that the potential investor was an accredited investor, and then to discuss what the potential investor knew about the business and what the potential investor expected. Only if the potential investor was confirmed to be a referral and an accredited investor did Denny discuss the investment process and provide a copy of the POM. [Several times in the past, Denny had been used as a "cheap" source of documents (POM, loan documents, etc.) by other people trying to duplicate and get into his real estate lending business. So Denny knows his direct relationship to or the referral source for each investor. By doing that, Denny tried to prevent his legal documents from being taken and used for free by other competitors.] Accordingly, Denny said that he could verify in writing to us how he came into contact with each investor, if that makes a difference in how he has to proceed.

According to his note schedule, Denny has approximately 60 investor notes that are scheduled to expire in the next 6 months, so he would prefer to not be shut down and have to return all of that investment money to his investors until he could commence operations again.

Thanks, David

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(602) 319-5602 | Mobile Tel.



6/17/2013

DIC0003615

Exhibit No. 60

From: Denny Chittick
Sent: Mon 6/17/2013 11:26 PM (GMT-00:00)
To: Beauchamp, David
Cc:
Bcc:
Subject: Fw: changes to web site

read below, all done.
thx
dc

DenSco Investment Corp
www.denscoinvestment.com/
602-469-3001
602-532-7737 f

----- Forwarded Message -----

From: Jimmy Trainor <jimmy@flytrapproductions.com>
To: Denny Chittick <dcmoney@yahoo.com>
Sent: Monday, June 17, 2013 4:24 PM
Subject: Re: changes to web site

These are now done, DC.

On 6/17/2013 3:44 PM, Denny Chittick wrote:

i need to make some changes to the web site for
compliance rules
<http://denscoinvestment.com/business.html>

remove

DenSco is intended to provide an investment opportunity that helps balance these swings. Based on the length of time of your committed investment, you can expect up to 12% a year return on your money (1% a month times the amount you invest).

Note Amount (\$50,000 and up) :

6 months - 8%

1 year - 10%

2 to 5 years - 12%

You can choose to have your interest paid to you monthly, quarterly, or compounded monthly, which ever

meets your needs. Because of the nature of this investment there are some conditions that have to be met: minimum investment of \$50,000; additional investments at \$10,000 minimum. There are many requirements to meet to become an investor. Please see Investor Requirements for complete explanation.

and

and remove this entire page
<http://denscoinvestment.com/requirements.html>

thx
dc

Exhibit No. 61

Den Sie / 2013
Pom

Tau Randy Wang (6/18/13)

x 35-2149

- (16) - Randy does not have a clean path for the private placement
- Corporate Counsel. Net
 - Comm Report on private placements
 - draft report - not sure if ever finalized
- strongly suggests a pragmatic approach
- M.N. Sp. Ct case
 - March 2000 -
 - May 2000 - posted on Internet
 - July 2000 (not posted on Internet)
- Ct held that the May + July → would be integrated w/ the March offering + would constitute general solicitation
- Judgment Calls:
 - whether website constitutes "General Solicitation" - ^{probably} yes
 - would a waiver of Right of Rescission be helpful - probably not → that just resolves the individual claims + not the offering itself
 - would starting a new company be helpful - probably not - still would be integrated offering
 - argue that the

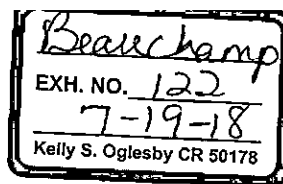
- Randy does not have a solution (Randy deals more w public companies and not as much with Reg D)
- Who to check up internally?

Rob Endicott

Garth Jensen

Ken Henderson

Exhibit No. 62

**Beauchamp, David**

DenSco / 2013

From: Wang, R. Randall
Sent: Friday, June 21, 2013 3:37 AM
To: Henderson, Kenneth
Cc: Beauchamp, David; Endicott, Robert; Jensen, Garth
Subject: Re: Regulation D Question Concerning DenSco Investment / 2013 Private Offering (Matter # 0352992)
Unfortunately no, I think Dodd Frank requires SEC rule making first before allowed.

Sent from my iPhone

On Jun 20, 2013, at 9:16 PM, "Henderson, Kenneth" <Kenneth.Henderson@bryancave.com> wrote:

Do you think the fact that it is on its way - and overdue, and mandated by Congress - helps this situation?

From: Wang, R. Randall
Sent: Thursday, June 20, 2013 10:15 PM
To: Henderson, Kenneth
Cc: Beauchamp, David; Endicott, Robert; Jensen, Garth
Subject: Re: Regulation D Question Concerning DenSco Investment / 2013 Private Offering (Matter # 0352992)

SEC is already overdue - I think folks were hoping new Chair would commit to get the final rules out quickly, if only as temporary final - but I don't recall hearing she has signaled when it will act.

Sent from my iPhone

On Jun 20, 2013, at 9:02 PM, "Henderson, Kenneth" <Kenneth.Henderson@bryancave.com> wrote:

When will the "JOBS Act" requirement that the SEC eliminate the general solicitation requirement for all accredited investors offerings become effective?

From: Beauchamp, David
Sent: Thursday, June 20, 2013 7:33 PM
To: Endicott, Robert; Henderson, Kenneth; Jensen, Garth
Cc: Wang, R. Randall
Subject: Regulation D Question Concerning DenSco Investment / 2013 Private Offering (Matter # 0352992)

(I am circulating this email at the suggestion of Randy Wang:)

DenSco Investment Corp., is a client which makes high interest loans (18% with no other fees) secured by first lien position against Arizona real estate. Pursuant to a Regulation D, 506 offering, DenSco has offered investor notes to accredited investors at 8% to 10% interest depending upon the length of the term of the investor note. DenSco has been in business for over 10 to 12 years and has never missed an interest or principal payment to its investors. Denny Chittick is the owner and sole employee of DenSco and he has been investing in and privately financing Arizona real estate for almost 20 years.

As part of our due diligence for this offering, we reviewed the client's website. On its website, the client lists several pieces of information concerning Arizona real estate, but the client has also added Denny Chittick's personal description of who or what is an eligible "accredited investor." In addition, the website also referenced the

6/21/2013

DIC0003655

interest rate paid by DenSco to its investors. After we advised this client that this could be deemed to be "general solicitation" in violation of Regulation D, the client immediately took down these references from its website. The client is not sure when that language was added to its website. The client intended that the website was just for potential borrowers and for existing investors. It included his view of the real estate lending market and explained the status of any properties that DenSco had commenced or might have to commence a Trustee Sale to take ownership of the security for a loan.

Based on a follow up conversation with Randy Wang and his research, the information on the client's website, including the "layman's description of an accredited investor" and the pricing terms for investment notes, this information on the website would constitute general solicitation. The client has reviewed the list of its investors. (there are only 114 individual investors from approx 80 families). All of the investors were either family or friends of Denny Chittick (or verified referrals from family or friends of Denny). Even though Denny Chittick strongly believes (and is willing to give a sworn statement to that effect) that none of DenSco's investors relied upon the website until after they were investors, Randy and I are concerned that if this information on the website is deemed to constitute "general solicitation," then the offering will no longer qualify under Regulation D.

As background information, Denny is comfortable providing the sworn statement to us as referenced above, because he has a specific procedure when he has been contacted by a potential investor. [Several times in the past, Denny had been used as a "cheap" source of documents (POM, loan documents, etc.) by other people trying to duplicate and start a similar real estate lending business.] As a precaution, Denny would meet or have a conference call with any potential investor to confirm that the potential investor was an accredited investor, and then to discuss what the potential investor knew about the business and what the potential investor expected. Only if the potential investor was confirmed to be a referral and an accredited investor did Denny discuss the investment process and provide a copy of the POM. So Denny knows his direct relationship to or the referral source for each investor. By doing that, Denny tried to prevent his legal documents from being taken and used for free by other competitors. Accordingly, Denny said that he could verify in writing to us how he came into contact with each investor, if that makes a difference in how he has to proceed.

According to his note schedule, Denny has approximately 60 investor notes that are scheduled to expire in the next 6 months (and to probably be rolled over into new notes), so he would prefer to not be shut down and to have to return all of that investment money to his investors until he could commence operations again.

Issue: Does anyone have any suggestion or thoughts that we can advise the client (short of closing down its business for 6 months) that he needs to do to resolve the loss of his exempt security status?

Thank you for any assistance that you might be able to offer. If there is anyone else at the firm who has the necessary Regulation D experience and might be able to provide some insights, please let me know.

Best regards, David

David G. Beauchamp, Esq
Bryan Cave LLP

6/21/2013

DIC0003656

Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406

email: david.beauchamp@bryancave.com

(602) 364-7060 | Direct Tel.

(602) 716-8060 | Direct Fax

(602) 319-5602 | Mobile Tel.

<BCcolorlogo-lg-highres.jpg>

6/21/2013

DIC0003657

Exhibit No. 63

Dec 50 / 2013

TCU Elizabeth Sipes (6/25/13)

54-0348

(34)

has a final fund launching at James

old Pom

Investment Company Act

3(c)(5) → referenced as the del exemption that we
relied upon → but that is ^{not} correct

SEC - cannot register until have over \$100,000,000 in assets

AZ - Elizabeth will look at this

Elizabeth

Key is this an Investment Company?

main test → is whether

↳ need to clarify what is the primary investment

General Solicitation:

Remove it

look at website → still have general ^{solicitation} language

Accounting - who can look at the # of investors

- need to keep this below 100 investors

DenSec / 2013

Tue Eliza back Sipes (6/27/13)

54-0348

(0.4)

still does not think it will be subject to '40 Act - but still checking

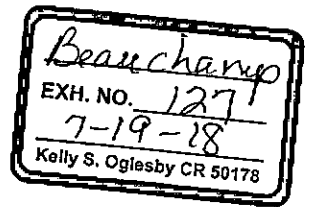
- primary business is to make loans + that should not be considered

of Investors → only is applicable if 3(c)(1) of the Investment

- 506 can be utilized

will send email to confirm

Exhibit No. 64



Den Sco / 2013

Ted Denny Chittick (4/27/13)

602-469-3001

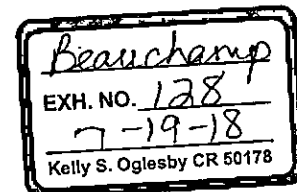
(03)

revised info from ^{Elizabeth} ~~Donna~~ Spe & report 18: Trust Indenture Act

— Delete ~~and~~ reference to investor rate of return

DIC0003337

Exhibit No. 65



DenSe / 2013

Beauchamp, David

From: Dcmoney [dcmoney@yahoo.com]
Sent: Thursday, June 27, 2013 5:09 PM
To: Beauchamp, David
Subject: Changes to web

All changes u requested r done

Oh ya I just took in another 1.1 million yesterday

DenSea / 2013

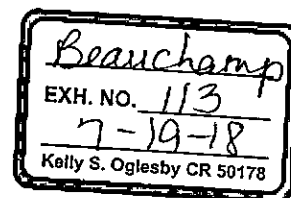
Beauchamp, David

From: Dcmoney [dcmoney@yahoo.com]
Sent: Thursday, June 27, 2013 5:06 PM
To: Beauchamp, David
Subject: Changes to web site

They r done

Oh ya I just took in another 1.1 million yesterday

Exhibit No. 66



Beauchamp, David

Page 1 of 2

Densco / 2013
POM

From: Denny Chittick [dcmoney@yahoo.com]

Sent: Friday, June 14, 2013 12:24 PM

To: Beauchamp, David

Subject: Re: Attorney

ok 1 sentence should suffice!

Densco Investment Corp
www.denscoinvestment.com/
602-469-3001
602-532-7737 f

From: "Beauchamp, David" <David.Beauchamp@bryancave.com>
To: "dcmoney@yahoo.com" <dcmoney@yahoo.com>
Cc: "Beauchamp, David" <David.Beauchamp@bryancave.com>
Sent: Friday, June 14, 2013 12:21 PM
Subject: Re: Attorney

We will need to disclose this in POM.

Sorry, David

(Sent from my Blackberry wireless)
David G. Beauchamp, Esq.
Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406

email: david.beauchamp@bryancave.com
(602) 364-7060 | Direct Tel.
(602) 716-8060 | Direct Fax
(602) 319-5602 | Mobile Tel.

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From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Friday, June 14, 2013 12:07 PM
To: Beauchamp, David
Cc: Yomtov Menaged <smena98754@aol.com>
Subject: Fw: Attorney

David:.

6/14/2013

DIC0003633

I have a borrower, to which i've done a ton o. business with, million in loans and hundreds of loans for several years, he's getting sued along with me.

He bought a property at auction, was issued a trustee's deed, i put a loan on it. Evidently the trustee had already sold it before the auction and received money on it FREO Arizona, LLC.

Easy Investments, has his attorney working on it, i'm ok to piggy back with his attorney to fight it, Easy Investments willing to pay the legal fees to fight it. I just wanted you to be aware of it, and talk to his attorney. contact info is below.

thx
dc

DenSco Investment Corp
www.denscoinvestment.com/
602-469-3001
602-532-7737 f

----- Forwarded Message -----

From: Scott Menaged <smena98754@aol.com>
To: Denny Chittick <dcmoney@yahoo.com>
Sent: Friday, June 14, 2013 11:53 AM
Subject: Attorney

Denny,

Here is my attorneys info. If your attorney needs anything, just let me know!
Thanks

Jeffrey J. Goulder | Partner | Stinson Morrison Hecker LLP
1850 N. Central Avenue, Suite 2100 | Phoenix, AZ 85004-4584
T: 602.212.8531 | F: 602.586.5217 | M: 602.999.4350
jgoulder@stinson.com | www.stinson.com

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bcllp2013

6/14/2013

DIC0003634



From: Denny Chittick
Sent: Fri 6/14/2013 7:28 PM (GMT-00:00)
To: Beauchamp, David
Cc:
Bcc:
Subject: Lili's law suit
Attachments: Lili law suit 7th Ave.pdf

This is another borrower, i've been working with since 2001.

She bought this property, there are 22k of back taxes, from what i can decipher from this document, they bought hte tax lien, she's going to pay the back taxes today or monday, so then this all goes away right?

i think it's funny his, dad or brother is his notary, which leads me to believe it's a one man show and lawsuit papermill.

thx
dc

DenSco Investment Corp
www.denscoinvestment.com/
602-469-3001
602-532-7737 f

COMMISSIONERS
GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS



ERNEST G. JOHNSON
Executive Director

PATRICIA L. BARFIELD
Director
Corporations Division

ARIZONA CORPORATION COMMISSION

Date 06/05/2013

DENSCO INVESTMENT CORPORATION

6132 W VICTORIA PL
CHANDLER, AZ 85226-

Dear Sir or Madam:

Enclosed is a copy of the following document(s) that were served upon the Arizona Corporation Commission on 06/04/2013 as agent for DENSCO INVESTMENT CORPORATION:

Case caption: MACWCP II, LLC v. DENSCO INVESTMENT CORPORATION,
Case number: CV2013-092140 Court: MARICOPA COUNTY, SUPERIOR COURT

- ☒ Summons
- ☒ Complaint
- ☐ Subpoena
- ☐ Subpoena Duces Tecum
- ☐ Default Judgment
- ☐ Judgment
- ☐ Writ of Garnishment
- ☐ Motion For Summary Judgment
- ☐ Motion for
- ☒ Other CERTIFICATE OF COMPULSORY ARBITRATION

Sincerely,

Lynda B. Griffin
Custodian of Records

Initials PTG
File number 0987488-4

Rec08.doc
Rev 10/09

1300 WEST WASHINGTON, PHOENIX, ARIZONA 85007-2920
www.azcc.gov - 602-542-3326

BC_001969

COMMISSIONERS
BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTERSMTIH



JODI JERCH
Executive Director

PATRICIA L. BARFIELD
Director
Corporations Division

ARIZONA CORPORATION COMMISSION

CERTIFICATION OF SERVICE ACCEPTED AND OF MAILING

Date: 06/05/2013

I, Peter Graham am an employee of the Arizona Corporation Commission ("ACC").

I hereby certify that on the 4TH day of JUNE, 2013, I accepted on behalf of the ACC service of the following documents upon the ACC as agent for DENSCO INVESTMENT CORPORATION.

Case caption: MACWGP II, LLC V. DENSCO INVESTMENT CORPORATION,

Case number: CV2013-092140

Court: MARICOPA COUNTY, SUPERIOR COURT

- | | |
|---|--|
| <input checked="" type="checkbox"/> Summons | <input type="checkbox"/> Default Judgment |
| <input checked="" type="checkbox"/> Complaint | <input type="checkbox"/> Judgment |
| <input type="checkbox"/> Subpoena | <input type="checkbox"/> Writ of Garnishment |
| <input type="checkbox"/> Subpoena Duces Tecum | |
| <input type="checkbox"/> Motion for Summary Judgment | |
| <input type="checkbox"/> Motion for | |
| <input checked="" type="checkbox"/> Other CERTIFICATE OF COMPULSORY ARBITRATION | |

I declare and certify under penalty of perjury that the foregoing is true and correct.

Executed on this date: 06/05/2013

(Signature) _____

COMMISSIONERS
BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTERS SMITH



JODI JERICH
Executive Director

PATRICIA L. BARFIELD
Director
Corporations Division

ARIZONA CORPORATION COMMISSION

I, Peter Graham, am an employee of the Arizona Corporation Commission ("ACC").

I hereby certify that on the 5TH day of JUNE, 2013, I placed a copy of the above listed documents in the United States Mail, postage prepaid, addressed to

DENSCO INVESTMENT CORPORATION

at its last known place of business as follows:

6132 W VICTORIA PL
CHANDLER, AZ 85226-

OR

I hereby certify that I was unable to mail the above listed documents to

because that entity is not a registered corporation or limited liability company in the State of Arizona, and the Arizona Corporation Commission has no record of its known place of business.

I declare and certify under penalty of perjury that the foregoing is true and correct.

Executed on this date: 06/05/2013

(Signature) _____

Rec07.doc
Rev 10/09

1300 WEST WASHINGTON, PHOENIX, ARIZONA 85007-2829
www.azcc.gov • 602-542-3028

KESSLER LAW OFFICES
Eric W. Kessler, SBN 009158
240 North Center Street
Mesa, Arizona 85201
(480) 644-9047
(480) 644-0095 FAX
eric@kesslerlaw.phxcoxmail.com

Attorney for Plaintiff

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR THE COUNTY OF MARICOPA

MACWCP II, LLC, a limited liability
company,

Plaintiff,

vs.

LILI RUBIN INVESTMENT
PROPERTIES, LLC, a limited liability
company; DENSCO INVESTMENT
CORPORATION, a corporation;
JOHN DOE and JANE DOE;
ABC CORPORATION;
ALL UNKNOWN HEIRS OF ABOVE,
Defendants.

No. CV2013-092140

SUMMONS

If you would like legal advice from a lawyer,
contact the Lawyer Referral Service at
602-257-4434
or
www.maricopalawyers.org
Sponsored by the
Maricopa County Bar Association

IN THE NAME OF THE STATE OF ARIZONA:

TO: All Defendants named above.

GREETINGS:

YOU ARE HEREBY SUMMONED and required to appear and defend in the
above-entitled action brought against you by the above-named Plaintiff, in the County
of Maricopa, State of Arizona, and answer to the Complaint filed in said Court at 222 E.
Javelina, Mesa, AZ 85210, within twenty (20) days if served personally within the State

1 of Arizona, or thirty (30) days after completion of service outside of Arizona or by
2 publication. You are notified that in case you fail to appear, Judgment by default will be
3 rendered against you for the relief demanded in the complaint. Plaintiff's attorney is:
4 Eric W. Kessler, 240 N. Center St., Mesa, AZ 85201. (480) 644-0093.
5

6 GIVEN UNDER MY HAND THIS DATE: _____
7

8 **COPY**

9 MAY 28 2013

10 Deputy Clerk



11 MICHAEL K. JEANES, CLERK
12 M. GARCIA
13 DEPUTY CLERK
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21
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23
24
25
26

1 KESSLER LAW OFFICES
2 Eric W. Kessler, SBN 009158
3 240 North Center Street
4 Mesa, Arizona 85201
5 (480) 644-9047
6 (480) 644-0095 FAX
7 eric@kesslerlaw.phxcoxmail.com

8 Attorney for Plaintiff

COPY

MAY 28 2013



MICHAEL K. JEANES, CLERK
M. GARCIA
DEPUTY CLERK

9 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

10 **IN AND FOR THE COUNTY OF MARICOPA**

11 MACWCP II, LLC, a limited liability
12 company,

13 Plaintiff,

14 vs.

15 LILI RUBIN INVESTMENT
16 PROPERTIES, LLC, a limited liability
17 company; DENSCO INVESTMENT
18 CORPORATION, a corporation;
19 JOHN DOE and JANE DOE;
20 ABC CORPORATION;
21 ALL UNKNOWN HEIRS OF ABOVE,

22 Defendants.

No. CV2013-092140

COMPLAINT

23 COMES NOW the Plaintiff, through counsel undersigned, and for its Complaint,
24 alleges as follows:

25 I.

26 That the properties set forth herein are in Maricopa County; that Defendants are
individuals, partnerships, corporations, associations or other entities as shown in the
caption of this Complaint and reside in or have caused an event to occur herein; that
JOHN DOE, JANE DOE and ABC CORPORATION are fictitious names designating an

1 individual or other legal entity unknown to Plaintiff, and whose true name(s) Plaintiff will
2 insert herein by amendment upon discovery thereof; that Defendants make some claim
3 to the subject real property adverse to Plaintiff's claim, and that this Court has
4 jurisdiction over these parties and the subject matter herein.

5
6 II.

7 That in order to pay for delinquent taxes legally levied and assessed against the
8 property, together with interest, penalties and charges thereon, the Maricopa County
9 Treasurer sold a lien on the property known as Maricopa County tax parcel 158-29-046
10 in February of 2010 and that the original of said Certificate of Purchase was sold to
11 Plaintiff herein.

12
13 III.

14 That the sale referred to in paragraph II above was valid and the taxes due and
15 owing on the property were delinquent at the time of said sale.

16
17 IV.

18 That the whole amount of all delinquent taxes, interest, penalties and charges
19 legally due and owing on the property were paid to the Maricopa County Treasurer
20 upon a Certificate of Purchase, the amounts being endorsed thereon; that more than
21 three years have elapsed since the date of sale set forth above, and none of the
22 property has been redeemed therefrom. Plaintiff is thus entitled to foreclose the rights
23 of Defendants to redeem the property from said sale. Plaintiff is now the owner of the
24 lien on the property, subject only to the rights of Defendants to redeem the property
25 and to pay Plaintiff's costs and attorney's fees pursuant to A.R.S. §42-18206.
26

V.

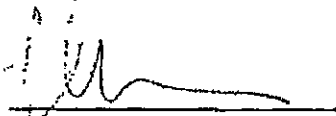
Plaintiff has complied with all notice requirements set forth in A.R.S. §42-18201, et seq.

1. That if Defendants, or any of them, redeem the property, the Court shall render Judgment ordering payment by the redeeming party to Plaintiff for costs incurred for title search, filing and recording fees, service of process fees and all other costs incurred herein, together with a reasonable attorney's fee pursuant to A.R.S. §42-

18208; OR

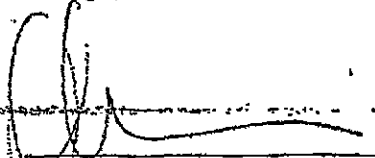
2. That the Court declare that the sale of the lien, the Certificate of Purchase issued pursuant thereto, and the service of process on all Defendants are valid; that at the sale of the lien, the taxes thereon were delinquent; that more than three years have elapsed since the sale of the lien and the commencement of this action; that the rights of Defendant to redeem the property from said sale are forever foreclosed; and that Defendants are barred forever from having or claiming any right or title adverse to Plaintiff herein. Plaintiff further prays to be adjudged the owner in fee simple of the whole of the property; that the title to said property be quieted in favor of Plaintiff; and that the Maricopa County Treasurer be commanded to execute and deliver forthwith to Plaintiff a deed conveying the property to Plaintiff, in accordance with Title 42, Arizona Revised Statutes.

DATED THIS DATE: 6.27.13


Eric W. Kessler
Attorney for Plaintiff

1 STATE OF ARIZONA)
2 County of Maricopa) ss.

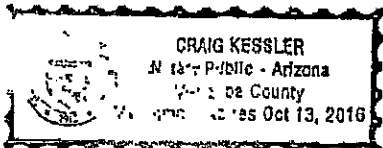
3 Undersigned counsel, upon his oath, deposes and says that he is the attorney
4 for Plaintiff herein and is authorized to make this verification on behalf of Plaintiff; that
5 he has read the foregoing Complaint and knows the contents thereof; and that the
6 same are true and correct to the best of his knowledge, information and belief.
7

8
9
10 
11 Eric W. Kessler
12 Attorney for Plaintiff

13 Subscribed and sworn to before me this May 27, 2013, by ERIC W. KESSLER.

14
15 
16 Notary Public

17
18 My Commission Expires:

19 _____
20
21 
22
23
24
25
26

1 KESSLER LAW OFFICES
2 Eric W. Kessler, SBN 009158
3 240 North Center Street
4 Mesa, Arizona 85201
5 (480) 644-9047
6 (480) 644-0095 FAX
7 eric@kesslerlaw.phxcoxmail.com

8 Attorney for Plaintiff

COPY

MAY 28 2013



MICHAEL K. JEANES, CLERK
M. GARCIA
DEPUTY CLERK

9 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

10 **IN AND FOR THE COUNTY OF MARICOPA**

11 MACWCP II, LLC, a limited liability
12 company,

13 Plaintiff,

14 vs.

15 LILI RUBIN INVESTMENT
16 PROPERTIES, LLC, a limited liability
17 company; DENSCO INVESTMENT
18 CORPORATION, a corporation;

19 Defendants.


CV2013-092140

No.

CERTIFICATE OF
COMPULSORY
ARBITRATION

20 Undersigned counsel hereby certifies that the largest award sought by Plaintiff,
21 excluding punitive damages, costs and attorney's fees does not exceed the limits for
22 compulsory arbitration. However, this action concerns title to real property and
23 therefore is not subject to arbitration.

24 DATED THIS DATE: 5.27.13

25 
26 ERIC W. KESSLER
Attorney for Plaintiff



From: Denny Chittick
Sent: Fri 6/14/2013 7:37 PM (GMT-00:00)
To: Beauchamp, David
Cc:
Bcc:
Subject: Re: Lill's law suit

ok no problem.
haven't been sued in all these years, now two the same
day i get back from vacation!

DenSco Investment Corp
www.denscoinvestment.com/
602-469-3001
602-532-7737 f

From: "Beauchamp, David" <David.Beauchamp@bryancave.com>
To: "dcmoney@yahoo.com" <dcmoney@yahoo.com>
Cc: "Beauchamp, David" <David.Beauchamp@bryancave.com>
Sent: Friday, June 14, 2013 12:34 PM
Subject: Re: Lill's law suit

Denny:

I am at a seminar this afternoon, but I will read it and get back to you.

Thanks, David

(Sent from my Blackberry wireless)
David G. Beauchamp, Esq.
Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406

email: david.beauchamp@bryancave.com
(602) 364-7060 | Direct Tel.
(602) 716-8060 | Direct Fax
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From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Friday, June 14, 2013 12:28 PM
To: Beauchamp, David
Subject: Lili's law suit

This is another borrower, i've been working with since 2001.

She bought this property, there are 22k of back taxes, from what i can decipher from this document, they bought the tax lien, she's going to pay the back taxes today or monday, so then this all goes away right?

i think it's funny his, dad or brother is his notary, which leads me to believe it's a one man show and lawsuit papermill.

thx
dc

DenSco Investment Corp
www.denscoinvestment.com/
602-469-3001
602-532-7737 f

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bcllp2013



From: Denny Chittick
Sent: Fri 6/14/2013 8:43 PM (GMT-00:00)
To: Beauchamp, David
Cc:
Bcc:
Subject: Lili's suit

don't worry about that one, it was what i thought tax
lien, she paid it today, so it will go away.

thx

dc

DenSco Investment Corp
www.denscoinvestment.com/
602-469-3001
602-532-7737 f



From: Beauchamp, David
Sent: Fri 6/14/2013 11:45 PM (GMT-00:00)
To: 'Denny Chittick'
Cc:
Bcc:
Subject: RE: MACWCP vs. Lil Rubin Investments

Denny:

Sounds good.

Best, David
David G. Beauchamp, Esq.
Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406

email: david.beauchamp@bryancave.com
(602) 364-7060 | Direct Tel.
(602) 716-8060 | Direct Fax
(602) 319-5602 | Mobile Tel.



From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Friday, June 14, 2013 4:38 PM
To: Beauchamp, David
Subject: Fw: MACWCP vs. Lil Rubin Investments

all taken care of.
thx
dc

DenSco Investment Corp
www.denscoinvestment.com/
602-469-3001
602-532-7737 f

----- Forwarded Message -----

From: "Istoianova@cox.net" <Istoianova@cox.net>
To: Denny Chittick <dcmoney@yahoo.com>
Sent: Friday, June 14, 2013 3:42 PM
Subject: Fw: MACWCP vs. Lil Rubin Investments

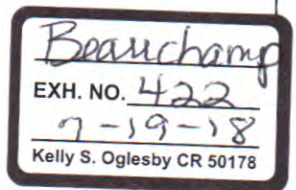
Sent from my BlackBerry® smartphone, powered by Cricket.

From: Craig Kessler <craig.kesslerlaw@gmail.com>
Date: Fri, 14 Jun 2013 15:04:35 -0700
To: <lstoianova@cox.net>
Subject: MACWCP vs. Lil Rubin Investments

Lili,
Attached is a payoff statement for the above referenced case.

--
Craig Kessler
Legal Assistant
Kessler Law Offices
(480) 644 0093

Exhibit No. 67



1 John E. DeWulf (006850)
2 Marvin C. Ruth (024220)
3 Vidula U. Patki (030742)
4 **COPPERSMITH BROCKELMAN PLC**
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11 vpatki@cblawyers.com

12 *Attorneys for Defendants*

13
14
15 **SUPERIOR COURT OF ARIZONA**

16 **COUNTY OF MARICOPA**

17 Peter S. Davis, as Receiver of DenSco
18 Investment Corporation, an Arizona
19 corporation,

20 Plaintiff,

21 v.

22 Clark Hill PLC, a Michigan limited liability
23 company; David G. Beauchamp and Jane
24 Doe Beauchamp, husband and wife,

25 Defendants.

No. CV2017-013832

**DEFENDANT DAVID BEAUCHAMP'S
RESPONSES TO PLAINTIFF'S FIRST
SET OF NON-UNIFORM
INTERROGATORIES**

26 Defendant David G. Beauchamp responds as follows to Plaintiff's First Set of Non-Uniform Interrogatories dated May 15, 2018.

GENERAL OBJECTIONS

Each of Mr. Beauchamp's responses, in addition to any specifically stated objections, are subject to and incorporate the following General Objections. The assertion of these or similar objections, additional objections, or a partial response to an individual Interrogatory does not waive any of Mr. Beauchamp's General Objections.

1. Mr. Beauchamp objects to these Interrogatories to the extent the Plaintiff seeks information that is protected from disclosure by the attorney client privilege,

1 the work product doctrine, or any other applicable privilege or protection. To
2 the extent that Mr. Beauchamp produces, provides or discloses exempt or
3 protected information or documents, such production or disclosure shall not be
4 construed as a waiver by Mr. Beauchamp or his attorneys of such privilege or
5 protection. *See* Ariz. R. Civ. P. 26(b)(6)(B).

6 2. In response to Plaintiff's Interrogatories, Mr. Beauchamp does not concede that
7 any of the responses or information contained therein are relevant or admissible.
8 Mr. Beauchamp reserves the right to object, on the grounds of competency,
9 privilege, relevance, materiality, or otherwise, to the use of this information for
10 any purposes, in whole or in part, in this action or in any action.

11 3. Mr. Beauchamp objects to Instruction No. 1 on the ground that it imposes
12 obligations broader than or inconsistent with the Arizona Rules of Civil
13 Procedure. Mr. Beauchamp additionally objects to Instruction No. 1 on the
14 ground that it requires information to be divulged in the possession of Mr.
15 Beauchamp's attorneys which may be subject to the attorney-client privilege
16 and/or work product doctrine.

17 4. Mr. Beauchamp objects to Instruction Nos. 3 and 4 on the ground that they are
18 a Request for Production of Documents and therefore beyond the scope of Rule
19 33.

20 5. Mr. Beauchamp objects to Instruction No. 4 on the ground that it is unduly
21 burdensome. The Instruction requires Mr. Beauchamp to not only "list and
22 identify" a document without a Bates number, but also "describe each such
23 responsive document, give the location of the document, and provide the name,
24 address and telephone number of the individual with custody or control over
25 the document." The Arizona Rules of Civil Procedure impose no such
26 obligations on parties responding to interrogatories. It is Plaintiff's duty to

1 locate and review documents identified by Mr. Beauchamp in response to an
2 interrogatory, not Mr. Beauchamp's duty to replicate the contents of such
3 documents. Mr. Beauchamp will disregard that portion of Instruction No. 4 that
4 imposes obligations on Mr. Beauchamp that go beyond the scope of Rule 33.
5

6 **INTERROGATORY NO. 1:**

7 Defendants' Initial Disclosure Statement states, on page 5, lines 21-23, that
8 "Mr. Beauchamp repeatedly advised DenSco that an update was necessary irrespective of
9 DenSco's plans regarding the outstanding amount of its offerings, but Mr. Chittick continued
10 to delay."

11 Are you aware of any document that contains such advice or reflects that it was given?

12 **RESPONSE:**

13 Yes. Mr. Beauchamp not only repeatedly advised DenSco that an update to the Private
14 Offering Memoranda ("POMs") and related investor documents was necessary, but he
15 worked diligently to update such documents throughout his relationship with DenSco. Mr.
16 Beauchamp drafted DenSco's first POM in 2001 and updated it approximately every two
17 years between 2001 and 2011 to reflect changes in the economy and DenSco's business. For
18 example, the 2007 POM was issued in June of that year. Less than two years later, in April
19 2009, Mr. Beauchamp began updating the POM to reflect changes in "the economy and real
20 estate collapse" and the updated POM was issued in June once again. Less than a year after
21 the 2009 POM had been prepared, Mr. Beauchamp began work on the 2011 POM.

22 It is therefore unremarkable that on May 1, 2013, Mr. Beauchamp again began the
23 process of updating the POM to reflect material changes with respect to DenSco, including
24 the size of its portfolio. An invoice sent by Mr. Beauchamp to Mr. Chittick in June 2013,
25 while Mr. Beauchamp was at Bryan Cave, confirms that Mr. Beauchamp worked on the 2013
26 POM throughout May of that year and that Mr. Beauchamp met with Mr. Chittick for several

1 hours on May 9, 2013 "to update private offering memorandum and to verify current
2 information." Additionally, without conceding the admissibility of Mr. Chittick's business
3 journals in this litigation, his May 9, 2013 entry corroborates that he met with Mr. Beauchamp
4 for nearly two hours regarding updates to the 2013 POM. Work on updating the 2013 POM
5 continued through June, July and August.

6 When Mr. Beauchamp left Bryan Cave and joined Clark Hill in September 2013, he
7 had DenSco's files relating to the 2013 POM transferred to Clark Hill, and he promptly
8 opened a New Matter Form to "[f]inish the private offering memorandum." Mr. Chittick,
9 however, instructed Mr. Beauchamp to cease updating it and failed to provide the updated
10 investment, loan, and financial information Mr. Beauchamp required. Efforts to complete the
11 2013 POM were further waylaid by Mr. Chittick's revelation in December 2013 that an
12 unspecified number of loans made to Mr. Menaged were secured by two deeds of trust
13 competing for priority, which did not comport with the representations in the investor
14 documents. Further complicating the issue was the fact that several of the lenders who had
15 provided loans that competed for first position with DenSco's loans threatened suit against
16 DenSco in January 2014 regarding the double liened properties. Mr. Chittick assured Mr.
17 Beauchamp that notwithstanding the threatened lawsuit, he had developed and implemented
18 a plan with Mr. Menaged to rectify the situation.

19 Mr. Beauchamp advised Mr. Chittick that he should document this plan with Mr.
20 Menaged in a Forbearance Agreement, which would then also need to be disclosed to
21 investors. Though negotiating the terms of the Forbearance Agreement proved difficult,
22 spanning nearly four months, Mr. Beauchamp consistently advised Mr. Chittick of his
23 disclosure and update obligations to his investors during this time and reminded him that the
24 terms of the Forbearance Agreement would have to be memorialized in the updated POM.
25 Once the Forbearance Agreement was finally executed in April 2014, Mr. Beauchamp
26 immediately turned to revising the POM again. These revisions included an explanation of

1 the double liening issue and the Forbearance Agreement, as well as updates to investors on
2 DenSco's finances. When Mr. Beauchamp presented Mr. Chittick with a draft of the updated
3 POM, however, Mr. Chittick balked at disclosing the information regarding the double liens
4 or the Forbearance Agreement and refused to proceed with the updated POM. At that point,
5 Mr. Beauchamp terminated the attorney-client relationship.

6
7 **INTERROGATORY NO. 2:**

8 If you answered "yes" to Interrogatory No. 1, please list and identify each such
9 document.

10 **RESPONSE:**

11 Mr. Beauchamp objects to this Interrogatory on the ground that is it overly broad and
12 unduly burdensome. See, e.g., *Steil v. Humana Kansas City, Inc.*, 197 F.R.D. 445 (D. Kan.
13 2000) (contention interrogatories which seek "every fact and document" to support a
14 contention are overly broad and unduly burdensome). Without waiving the foregoing
15 objection, relevant information regarding the contention identified in Interrogatory No. 1 can
16 be found in the following documents, in addition to others: DIC0000965, DIC0006068,
17 DIC0006528, DIC0006625, DIC0006656, DIC0006703, DIC0006707, DIC0006738,
18 DIC0006803, DIC0006904, DIC0008660, DIC0008802, DIC0008874, BC_000003,
19 BC_000756, BC_000296, BC_001614, BC_002005, BC_002027, BC_002082, BC_002982,
20 BC_003087, BC_003091, RECEIVER_000016, RECEIVER_000049, RECEIVER_000054.
21 Defendants reserve the right to supplement this response as discovery progresses.

22
23 **INTERROGATORY NO. 3:**

24 Defendants' Initial Disclosure Statement states, on page 6, lines 23-26, that
25 "Mr. Beauchamp advised Mr. Chittick, as he had done previously, that Mr. Chittick needed
26 to fund DenSco's loans directly to the trustee or escrow company conducting the sale, rather

1 than provide loan funds directly to the borrower, to ensure that DenSco's deed of trust was
2 protected."

3 Are you aware of any document that contains such advice or reflects that it was given?

4 **RESPONSE:**

5 Yes. Mr. Beauchamp prepared all of DenSco's offering documents including the
6 POMs and investor notes, and also reviewed and commented on the promissory notes from
7 borrowers, deeds of trust, mortgages and guaranties, all of which disclosed to DenSco's
8 investors the processes and procedures that DenSco used to protect the investments made in
9 the company. Mr. Chittick did not grant Mr. Beauchamp the authority to draft any of the
10 promissory notes from borrowers, deeds of trust, mortgages and guaranties.

11 For example, the 2007, 2009 and 2011 POMs describe that DenSco "intends to directly
12 . . . or indirectly . . . perform due diligence to verify certain information in connection with
13 funding a Trust Deed." The POMs explain that "[p]rior to purchasing a Trust Deed or funding
14 a direct loan, the Company intends to have an officer, employee or an authorized
15 representative conduct a due diligence review by interviewing its owner, verifying the
16 documentation and performing limited credit investigations as are deemed appropriate by the
17 Company and visiting the subject property in a timely manner." Further, every mortgage
18 evidencing a property purchase made with a DenSco loan stated that the check purchasing the
19 property was made to the Trustee.

20 Not only did Mr. Beauchamp set out the proper method and procedures for funding a
21 loan in the offering documents, but he also expressly told Mr. Chittick that he could not fund
22 loans directly to Mr. Menaged. Mr. Chittick vaguely suggested by email to Mr. Beauchamp
23 that he could "wire Scott the money, he could produce a cashiers check that says remitter is
24 DenSco and it would have the exact same affect as if I got cashiers check that said I'm the
25 remitter" [sic]. Mr. Beauchamp responded that this procedure was "quick and dirty," and that
26 it "[did] not work." Mr. Beauchamp informed Mr. Chittick that the DenSco money to fund

1 DenSco loans to borrowers had to be sent to the Trustee or Title Company, as applicable, in
2 order to both comply with Mr. Chittick's fiduciary duty to DenSco investors and protect
3 DenSco's recording position. That advice obviously went unheeded.

4
5 **INTERROGATORY NO. 4:**

6 If you answered "yes" to Interrogatory No. 3, please list and identify each such
7 document.

8 **RESPONSE:**

9 Mr. Beauchamp objects to this Interrogatory on the ground that is it overly broad and
10 unduly burdensome. *See, e.g., Steil v. Humana Kansas City, Inc.*, 197 F.R.D. 445 (D. Kan.
11 2000) (contention interrogatories which seek "every fact and document" to support a
12 contention are overly broad and unduly burdensome). Without waiving the foregoing
13 objection, relevant information regarding the contention identified in Interrogatory No. 3 can
14 be found in the following documents, in addition to others: DIC0000965, DIC0002508,
15 DIC0004474-75, DIC0007125-26, BC_000296, CH_001511, RECEIVER_000190.
16 Defendants reserve the right to supplement this response as discovery progresses.

17
18 **INTERROGATORY NO. 5:**

19 Defendants' Initial Disclosure Statement states, on page 7, lines 17-26: "In December
20 2013, Mr. Chittick contacted Mr. Beauchamp for the first time in months. He told
21 Mr. Beauchamp over the phone that he had run into an issue with some of his loans to
22 Menaged, and specifically, that properties securing a few DenSco loans were each subject to
23 a second deed of trust competing for priority with DenSco's deed of trust. Mr. Beauchamp
24 reminded Mr. Chittick that he still needed to update DenSco's private offering memorandum.
25 After briefly discussing the allegedly limited double lien issue, Mr. Chittick emphasized to
26 Mr. Beauchamp that Mr. Chittick wanted to avoid litigation with other lenders. Mr. Chittick,

1 however, did not request any advice or help. Accordingly, Mr. Beauchamp suggested that
2 Mr. Chittick develop and document a plan to resolve the double liens, and nothing more came
3 of the conversation."

4 Are you aware of any document that contains your notes from that conversation or
5 reflects that it occurred?

6 **RESPONSE:**

7 Yes. On December 18, 2013, Mr. Chittick reached out to Mr. Beauchamp to finish the
8 2013 POM at the behest of an investor named Warren Bush who was demanding to see it.
9 That same day, the invoices from Clark Hill reflect that Mr. Beauchamp and Mr. Chittick
10 spoke by phone regarding the email and updates to the POM. It was during that brief phone
11 call, spurred by discussing the revisions to the POM, that Mr. Chittick first noted that he was
12 having an issue with a couple of the loans he had made to Mr. Menaged. After Mr. Chittick
13 clarified that he didn't want to litigate the matter and that he didn't want Mr. Beauchamp's
14 help, Mr. Beauchamp checked to see how the information he had been told conflicted with
15 the representations in the POM and he advised Mr. Chittick to devise a plan to resolve the
16 issue without litigation if he could.

17 It was not until January 7th, however, after receiving a letter from attorney Bob Miller
18 threatening suit, that Mr. Chittick first divulged some of the details and scope of the alleged
19 problem. He also notified Mr. Beauchamp that he and Mr. Menaged had developed a
20 proposed plan to deal with the issue, that the plan had already been implemented, and that he
21 had "cleared up 10% of the total \$'s in question."

22
23 **INTERROGATORY NO. 6:**

24 If you answered "yes" to Interrogatory No. 5, please list and identify each such
25 document.
26

1 **RESPONSE:**

2 Mr. Beauchamp objects to this Interrogatory on the ground that is it overly broad and
3 unduly burdensome. *See, e.g., Steil v. Humana Kansas City, Inc.*, 197 F.R.D. 445 (D. Kan.
4 2000) (contention interrogatories which seek "every fact and document" to support a
5 contention are overly broad and unduly burdensome). Without waiving the foregoing
6 objection, relevant information regarding the contention identified in Interrogatory No. 5 can
7 be found in the following documents, in addition to others: DIC0007135 – DIC0007143,
8 CH_0000637, CH_0000708, CH_0009800 - CH_0009809. Defendants reserve the right to
9 supplement this response as discovery progresses.

10
11 **INTERROGATORY NO. 7:**

12 Defendants' Initial Disclosure Statement states, on page 10, lines 13-20:
13 "Mr. Beauchamp's advice to Mr. Chittick regarding disclosures Mr. Chittick had to make to
14 investors was immediate, clear, practical, consistent with his practice and experience, and
15 consistent with the standard of care: (a) DenSco was not permitted to take new money without
16 full disclosure to the investor lending the money; (b) DenSco was not permitted to roll over
17 existing investments without full disclosure to the investor rolling over the money; and (c)
18 DenSco needed to update its POM and make full disclosure to all investors. Mr. Beauchamp
19 provided this advice to DenSco starting with his January 9, 2014 meeting with Mr. Chittick,
20 and repeated it routinely over the next few months."

21 Are you aware of any document that contains the advice you say was given on
22 January 9, 2014 or reflects that it was given?

23 **RESPONSE:**

24 Yes. Throughout 2014, when Mr. Beauchamp was preparing the Forbearance
25 Agreement and later the updated POM that would apprise investors of the double liening issue
26 and Mr. Chittick's plan to resolve it, Mr. Beauchamp consistently reminded Mr. Chittick of

1 his fiduciary obligations to his investors, his obligation to provide full disclosure to his
2 investors (including his obligation to inform investors as to what had occurred prior to taking
3 new investor money or rolling over investor money), as well as his obligation to update the
4 2013 POM as soon as possible.

5 This is evidenced first by the fact that Mr. Beauchamp diligently worked to update the
6 2013 POM between May and August of 2013, until he was ordered to stop by Mr. Chittick.
7 Once Mr. Chittick reinitiated contact with Mr. Beauchamp in mid-December 2013 and
8 informed him of the allegedly limited double lien issue, Mr. Beauchamp immediately
9 advised Mr. Chittick of his general obligation to disclose the problem and his specific
10 obligation to disclose the problem to any investors from whom he was receiving additional
11 money (whether in the form of a new investment or rollover of an existing investment). Mr.
12 Chittick appears to have informed Mr. Beauchamp that he had done so, telling him in a
13 January 12, 2014 email, shortly after the initial January 9, 2014 meeting where Mr.
14 Beauchamp first instructed Mr. Chittick that disclosures were required prior to accepting
15 additional funds, that "I've spent the day contacting every investor that has told me they want
16 to give me more money." The clear implication was that Mr. Chittick was contacting those
17 investors to make adequate disclosures.

18 In the following months, as Mr. Beauchamp worked with Mr. Chittick, Mr. Menaged,
19 and Mr. Menaged's counsel to finalize the Forbearance Agreement and POM, Mr.
20 Beauchamp continually reminded Mr. Chittick of his fiduciary obligations with respect to
21 executing the Forbearance Agreement and updating the POM, as well as his obligations to
22 keep his investors apprised of the double lien issue. For example, on January 21, 2014, as
23 Mr. Chittick continued to work out the loan issues with the other hard money lenders who
24 had threatened suit earlier in the month, Mr. Beauchamp reminded Mr. Chittick that the
25 Forbearance Agreement needed to be finalized and that he was "very concerned about the
26 payoffs getting so far ahead of the documentation. I have authorized the preparation of the

1 Forbearance Agreement and the related documents. Under normal circumstances, this should
2 be finalized and signed before you advance all of this additional money.”

3 Then, as negotiations regarding the language of the Forbearance Agreement stretched
4 on between February and April 2014, Mr. Beauchamp consistently rejected changes to the
5 Forbearance Agreement proposed by Mr. Chittick and Mr. Menaged in favor of Mr. Menaged
6 that did not comport with Mr. Chittick’s fiduciary obligations. On February 4, 2014, for
7 instance, Mr. Beauchamp rejected proposed changes to the Forbearance Agreement by Mr.
8 Menaged’s counsel, Mr. Goulder. Mr. Beauchamp explained that those changes
9 “transfer[red] significant risk to [Mr. Chittick] and [his] investors” and that if even a portion
10 of the changes proposed were allowed to remain, the Forbearance Agreement would no longer
11 have a description of the double lien issue “that you HAVE to provide to your investors.”
12 That same day, Mr. Beauchamp reminded Mr. Chittick that he needed to be clear about what
13 he could and could not do with regards to the Forbearance Agreement “without going back
14 to all of [his] investors for approval.” Mr. Beauchamp acknowledged that while DenSco had
15 helped Mr. Menaged in the past on the double lien properties, Mr. Chittick could not
16 “OBLIGATE DenSco to further help Scott, because that would breach your fiduciary duty to
17 your investors.”

18 On February 7, 2014, Mr. Beauchamp again rejected changes proposed by Mr. Goulder
19 explaining that “the agreement needs to comply with Denny’s fiduciary obligations to his
20 investors.” Mr. Beauchamp clarified that though the parties “had intended to make the
21 document as balanced as possible,” the Forbearance Agreement needed “to set forth the
22 necessary facts for Denny to satisfy his securities obligations to his investors.” Two days
23 later, Mr. Beauchamp again reminded Mr. Chittick that his ability to force DenSco to assume
24 risk or liability related to the double lien properties in the Forbearance Agreement was
25 limited by his fiduciary duty to his investors.

1 On February 14th, Mr. Beauchamp reminded Mr. Chittick yet again that the
2 Forbearance Agreement had to comply with Mr. Chittick's fiduciary obligations to his
3 investors. He warned Mr. Chittick explicitly that Mr. Menaged was trying to get him to accept
4 a "watered down agreement" where DenSco "give[s] up substantial rights that [DenSco]
5 should not have to give up," but that he could not do so because "it is not your money. It is
6 your investors' money. So you have a fiduciary duty." Mr. Beauchamp further admonished
7 Mr. Chittick and reminded him that his "duty and obligation [was] not to be fair to Scott, but
8 to completely protect the rights of your investors. I am sorry if Scott is hurt through this, but
9 Scott's hurt will give Scott the necessary incentive to go after his cousin. Your job is to
10 protect the money that your investors have loaned to DenSco."

11 In late February 2014, while still negotiating the Forbearance Agreement, Mr.
12 Beauchamp learned that the double lien issue was much bigger than Mr. Chittick had
13 suggested initially. As noted in Mr. Chittick's corporate journal (the admissibility of which
14 is not conceded), "I told david the dollars today, he about shit a brick." Mr. Beauchamp once
15 again advised Mr. Chittick to disclose the issue to his investors. As documented in Mr.
16 Chittick's journal, Mr. Chittick recognized that "I have to tell [my investors] and hope they
17 stick with me." On February 21st, Mr. Beauchamp advised Mr. Chittick to inform his
18 investors of what he knew regarding the double lien issue at DenSco's upcoming annual
19 investors meeting on March 8th. Mr. Beauchamp encouraged Mr. Chittick to explain the issue
20 in person at the meeting, as well as provide a summary of the issue in the notice that was sent
21 to the investors before the meeting. Whether Mr. Chittick followed Mr. Beauchamp's advice
22 is unknown, as Mr. Beauchamp was expressly uninvited from the meeting that year, but Mr.
23 Beauchamp again discussed with Mr. Chittick on February 27th what Mr. Chittick should
24 include in the notice to the investors.

25 Throughout March, Mr. Beauchamp continued to be clear in his advice that Mr.
26 Chittick needed to keep his investors in the loop about the double lien issue and get to

1 work on the POM. For example, in mid-March, Mr. Beauchamp warned Mr. Chittick that he
2 was "very late in providing information to your investors about this problem and the resulting
3 material changes from your business plan. We cannot give Scott and his attorney any time to
4 cause further delay in getting this Forbearance Agreement finished and the necessary
5 disclosure prepared and circulated." Similarly on March 11th, Mr. Beauchamp discussed with
6 Mr. Chittick a cover email to the POM that would explain the double lien issue. Finally,
7 after the Forbearance Agreement was executed, Mr. Beauchamp moved swiftly to include in
8 the revised 2013 POM a detailed description of what had occurred. In the prior performance
9 section of the POM, Mr. Beauchamp explained the work out agreement, the total amount of
10 outstanding loans, and why a work out was the most beneficial approach for the investors.
11 Mr. Chittick chose to never complete the POM and Mr. Beauchamp promptly terminated the
12 attorney-client relationship.

13

14 **INTERROGATORY NO. 8:**

15 If you answered "yes" to Interrogatory No. 7, please list and identify each such
16 document.

17 **RESPONSE:**

18 Mr. Beauchamp objects to this Interrogatory on the ground that it is overly broad and
19 unduly burdensome. *See, e.g., Steil v. Humana Kansas City, Inc.*, 197 F.R.D. 445 (D. Kan.
20 2000) (contention interrogatories which seek "every fact and document" to support a
21 contention are overly broad and unduly burdensome). Without waiving the foregoing
22 objection, relevant information regarding the contention identified in Interrogatory No. 7 can
23 be found in the following documents, in addition to others: DIC0005439, DIC0005442,
24 DIC0006068, DIC0006528, DIC0006625, DIC0006656, DIC0006703, DIC0006673,
25 DIC0006803, DIC0006904, DIC0007085, DIC0008874, RECEIVER_000051. Defendants
26 reserve the right to supplement this response as discovery progresses.

1 **INTERROGATORY NO. 9:**

2 Defendants' Initial Disclosure Statement states, on page 10, lines 13-20: "Mr.
3 Beauchamp's advice to Mr. Chittick regarding disclosures Mr. Chittick had to make to
4 investors was immediate, clear, practical, consistent with this practice and experience, and
5 consistent with the standard of care: (a) DenSco was not permitted to take new money without
6 full disclosure to the investor lending the money; (b) DenSco was not permitted to roll over
7 existing investments without full disclosure to the investor rolling over the money; and (c)
8 DenSco needed to update its POM and make full disclosure to all investors. Mr. Beauchamp
9 provided this advice to DenSco starting with his January 9, 2014 meeting with Mr. Chittick,
10 and repeated it routinely over the next few months."

11 Are you aware of any document that contains the advice you say was given on
12 January 9, 2014 or reflects that it was given?

13 **RESPONSE:**

14 Yes. Throughout 2014, when Mr. Beauchamp was preparing the Forbearance
15 Agreement and later the updated POM that would apprise investors of the double lien issue
16 and Mr. Chittick's plan to resolve it, Mr. Beauchamp consistently reminded Mr. Chittick of
17 his fiduciary obligations to his investors, his obligation to provide full disclosure to his
18 investors (including his obligation to inform investors as to what had occurred prior to taking
19 new investor money or rolling over investor money), as well as his obligation to update the
20 2013 POM as soon as possible.

21 This is evidenced first by the fact that Mr. Beauchamp diligently worked to update the
22 2013 POM between May and August of 2013, until he was ordered to stop by Mr. Chittick.
23 Once Mr. Chittick reinitiated contact with Mr. Beauchamp in mid-December 2013 and
24 informed him of the allegedly limited double lien issue, Mr. Beauchamp immediately
25 advised Mr. Chittick of his general obligation to disclose the problem and his specific
26 obligation to disclose the problem to any investors from whom he was receiving additional

1 money (whether in the form of a new investment or rollover of an existing investment). Mr.
2 Chittick appears to have informed Mr. Beauchamp that he had done so, telling him in a
3 January 12, 2014 email, shortly after the initial January 9, 2014 meeting where Mr.
4 Beauchamp first instructed Mr. Chittick that disclosures were required prior to accepting
5 additional funds, that "I've spent the day contacting every investor that has told me they want
6 to give me more money." The clear implication was that Mr. Chittick was contacting those
7 investors to make adequate disclosures.

8 In the following months, as Mr. Beauchamp worked with Mr. Chittick, Mr. Menaged,
9 and Mr. Menaged's counsel to finalize the Forbearance Agreement and POM, Mr.
10 Beauchamp continually reminded Mr. Chittick of his fiduciary obligations with respect to
11 executing the Forbearance Agreement and updating the POM, as well as his obligations to
12 keep his investors apprised of the double lien issue. For example, on January 21, 2014, as
13 Mr. Chittick continued to work out the loan issues with the other hard money lenders who
14 had threatened suit earlier in the month, Mr. Beauchamp reminded Mr. Chittick that the
15 Forbearance Agreement needed to be finalized and that he was "very concerned about the
16 payoffs getting so far ahead of the documentation. I have authorized the preparation of the
17 Forbearance Agreement and the related documents. Under normal circumstances, this should
18 be finalized and signed before you advance all of this additional money."

19 Then, as negotiations regarding the language of the Forbearance Agreement stretched
20 on between February and April 2014, Mr. Beauchamp consistently rejected changes to the
21 Forbearance Agreement proposed by Mr. Chittick and Mr. Menaged in favor of Mr. Menaged
22 that did not comport with Mr. Chittick's fiduciary obligations. On February 4, 2014, for
23 instance, Mr. Beauchamp rejected proposed changes to the Forbearance Agreement by Mr.
24 Menaged's counsel, Mr. Goulder. Mr. Beauchamp explained that those changes
25 "transfer[red] significant risk to [Mr. Chittick] and [his] investors" and that if even a portion
26 of the changes proposed were allowed to remain, the Forbearance Agreement would no longer

1 have a description of the double liening issue "that you HAVE to provide to your investors."
2 That same day, Mr. Beauchamp reminded Mr. Chittick that he needed to be clear about what
3 he could and could not do with regards to the Forbearance Agreement "without going back
4 to all of [his] investors for approval." Mr. Beauchamp acknowledged that while DenSco had
5 helped Mr. Menaged in the past on the double liened properties, Mr. Chittick could not
6 "OBLIGATE DenSco to further help Scott, because that would breach your fiduciary duty to
7 your investors."

8 On February 7, 2014, Mr. Beauchamp again rejected changes proposed by Mr. Goulder
9 explaining that "the agreement needs to comply with Denny's fiduciary obligations to his
10 investors." Mr. Beauchamp clarified that though the parties "had intended to make the
11 document as balanced as possible," the Forbearance Agreement needed "to set forth the
12 necessary facts for Denny to satisfy his securities obligations to his investors." Two days
13 later, Mr. Beauchamp again reminded Mr. Chittick that his ability to force DenSco to assume
14 risk or liability related to the double liened properties in the Forbearance Agreement was
15 limited by his fiduciary duty to his investors.

16 On February 14th, Mr. Beauchamp reminded Mr. Chittick yet again that the
17 Forbearance Agreement had to comply with Mr. Chittick's fiduciary obligations to his
18 investors. He warned Mr. Chittick explicitly that Mr. Menaged was trying to get him to accept
19 a "watered down agreement" where DenSco "give[s] up substantial rights that [DenSco]
20 should not have to give up," but that he could not do so because "it is not your money. It is
21 your investors' money. So you have a fiduciary duty." Mr. Beauchamp further admonished
22 Mr. Chittick and reminded him that his "duty and obligation [was] not to be fair to Scott, but
23 to completely protect the rights of your investors. I am sorry if Scott is hurt through this, but
24 Scott's hurt will give Scott the necessary incentive to go after his cousin. Your job is to
25 protect the money that your investors have loaned to DenSco."
26

1 In late February 2014, while still negotiating the Forbearance Agreement, Mr.
2 Beauchamp learned that the double lien issue was much bigger than Mr. Chittick had
3 suggested initially. As noted in Mr. Chittick's corporate journal (the admissibility of which
4 is not conceded), "I told David the dollars today, he about shit a brick." Mr. Beauchamp once
5 again advised Mr. Chittick to disclose the issue to his investors. As documented in Mr.
6 Chittick's journal, Mr. Chittick recognized that "I have to tell [my investors] and hope they
7 stick with me." On February 21st, Mr. Beauchamp advised Mr. Chittick to inform his
8 investors of what he knew regarding the double lien issue at DenSco's upcoming annual
9 investors meeting on March 8th. Mr. Beauchamp encouraged Mr. Chittick to explain the issue
10 in person at the meeting, as well as provide a summary of the issue in the notice that was sent
11 to the investors before the meeting. Whether Mr. Chittick followed Mr. Beauchamp's advice
12 is unknown, as Mr. Beauchamp was expressly uninvited from the meeting that year, but Mr.
13 Beauchamp again discussed with Mr. Chittick on February 27th what Mr. Chittick should
14 include in the notice to the investors.

15 Throughout March, Mr. Beauchamp continued to be clear in his advice that Mr.
16 Chittick needed to keep his investors in the loop about the double lien issue and get to
17 work on the POM. For example, in mid-March, Mr. Beauchamp warned Mr. Chittick that he
18 was "very late in providing information to your investors about this problem and the resulting
19 material changes from your business plan. We cannot give Scott and his attorney any time to
20 cause further delay in getting this Forbearance Agreement finished and the necessary
21 disclosure prepared and circulated." Similarly on March 11th, Mr. Beauchamp discussed with
22 Mr. Chittick a cover email to the POM that would explain the double lien issue. Finally,
23 after the Forbearance Agreement was executed, Mr. Beauchamp moved swiftly to include in
24 the revised 2013 POM a detailed description of what had occurred. In the prior performance
25 section of the POM, Mr. Beauchamp explained the work out agreement, the total amount of
26 outstanding loans, and why a work out was the most beneficial approach for the investors.

1 Mr. Chittick chose to never complete the POM and Mr. Beauchamp promptly terminated the
2 attorney-client relationship.

3
4 **INTERROGATORY NO. 10:**

5 If you answered "yes" to Interrogatory No. 9, please list and identify each such
6 document.

7 **RESPONSE:**

8 Mr. Beauchamp objects to this Interrogatory on the ground that is it overly broad and
9 unduly burdensome. *See, e.g., Steil v. Humana Kansas City, Inc.*, 197 F.R.D. 445 (D. Kan.
10 2000) (contention interrogatories which seek "every fact and document" to support a
11 contention are overly broad and unduly burdensome). Without waiving the foregoing
12 objection, relevant information regarding the contention identified in Interrogatory No. 9 can
13 be found in the following documents, in addition to others: DIC0005439, DIC0005442,
14 DIC0006068, DIC0006528, DIC0006625, DIC0006656, DIC0006703, DIC0006673,
15 DIC0006803, DIC0006904, DIC0007085, DIC0008874, RECEIVER_000051. Defendants
16 reserve the right to supplement this response as discovery progresses.

17
18 **INTERROGATORY NO. 11:**

19 Defendants' Initial Disclosure Statement states, on page 11, lines 14-15, "Mr. Chittick
20 told Mr. Beauchamp that he was seeking such advice from what Mr. Chittick described as an
21 'advisory council.'"

22 Are you aware of any document that contains your notes from that conversation or
23 reflects that it occurred?

24 **RESPONSE:**

25 Yes. The majority of DenSco's investors were family, friends and acquaintances of
26 Mr. Chittick. He accordingly sought guidance from a subset of these investors throughout

1 DenSco's operations. Though the admissibility of Mr. Chittick's suicide letter to his investors
2 is not conceded, it documents the many times Mr. Chittick approached this group of investors
3 for advice on DenSco's operations. For example, the letter notes that DenSco weathered the
4 2008 housing crash by "talk[ing] to a few of you to help me make decisions on what I should
5 do. . . . Gladly after consultations from several of you, you agreed with my strategy . . ."

6 With respect to Mr. Menaged specifically, Mr. Chittick requested permission in 2012
7 from a select group of investors that he be allowed to waive the 10-15% loan cap to any one
8 borrower for Mr. Menaged. Mr. Chittick explained that after he "talked to a few of you
9 investors and got a positive response," and based on Mr. Menaged's "track record, the down
10 payments etc, the comfort level was there." Mr. Chittick's also noted that "many" of the
11 investors were aware of how DenSco was making loans directly to Mr. Menaged rather than
12 to a trustee. The letter recites that "for efficiency [sic] sake," Mr. Chittick would fund loans
13 directly to borrowers like Mr. Menaged and that "[m]any of you [investors] knew this and I
14 told you this is how I operated. Some of you that were also borrowers and investors have
15 experienced this way of doing business and know it's common." Mr. Chittick also informed
16 his investors that he may have to return some of their investments in DenSco because
17 DenSco's portfolio was reaching the \$50 million limit due to the loans made to Mr. Menaged.

18 Mr. Chittick even sought advice from individual investors regarding updates to his
19 investor offering documents. In 2011, for example, Mr. Chittick updated the POM with the
20 advice and consent of one of his investors named Warren Bush. Mr. Chittick would send to
21 Mr. Bush the revisions that Mr. Beauchamp had made and solicit Mr. Bush's opinion on those
22 changes. It was ultimately Mr. Bush that approved of the revisions to the POM, directing Mr.
23 Chittick "time to wrap it up."

24 In addition to seeking explicit advice from his investors for various company actions,
25 Mr. Chittick also kept his investors apprised of DenSco's processes and the issues with Mr.
26 Menaged specifically. Generally, Mr. Chittick met with DenSco's investors periodically to

1 keep them apprised of DenSco's business. He also sent investors quarterly updates on
2 DenSco's operations.

3
4 **INTERROGATORY NO. 12:**

5 If you answered "yes" to Interrogatory No. 11, please list and identify each such
6 document.

7 **RESPONSE:**

8 Mr. Beauchamp objects to this Interrogatory on the ground that is it overly broad and
9 unduly burdensome. *See, e.g., Steil v. Humana Kansas City, Inc.*, 197 F.R.D. 445 (D. Kan.
10 2000) (contention interrogatories which seek "every fact and document" to support a
11 contention are overly broad and unduly burdensome). Without waiving the foregoing
12 objection, relevant information regarding the contention identified in Interrogatory No. 11
13 can be found in the following documents, in addition to others: BC_000750, BC_000753,
14 BC_000767, BC_001174, BC_001198, BC_001273-74, BC_001828, DIC0000459,
15 DIC0000487-89, DIC0000609, DIC0000493-95, DIC0002044, DIC0002465, DIC0004056-
16 59, DIC0009462, DIC0011987, CH_0013624-13946. In addition, please see all of the
17 DenSco quarterly newsletters, DenSco invitations to attend investor meetings in Arizona,
18 Idaho, and other locations, and the correspondence between DenSco and individual investors.
19 Defendants reserve the right to supplement this response as discovery progresses.

20
21 **INTERROGATORY NO. 13:**

22 Defendants' Initial Disclosure Statement states, on page 15, lines 16-20,
23 "Mr. Beauchamp informed Mr. Chittick that Beauchamp and Clark Hill could not and would
24 not represent DenSco any longer."

25 Please list and identify any document through which you conveyed that information to
26 Mr. Chittick.

1 **RESPONSE:**

2 After Mr. Chittick made clear in May 2014 that he would not issue a revised POM,
3 Mr. Beauchamp terminated the attorney-client relationship and no further securities work was
4 done on behalf of DenSco other than cleaning up the documents related to the Forbearance
5 Agreement that had been executed in April 2014. The Clark Hill invoices make clear that
6 Mr. Beauchamp did not take on any new work on behalf of DenSco after May 20, 2014. Once
7 a clean up of the Forbearance Agreement documents was complete in July 2014, the invoices
8 show that no further work was done for DenSco until March 2016 when the Arizona
9 Department of Financial Institutions ("ADFI") informed Mr. Chittick that DenSco was being
10 investigated and Mr. Chittick reached back out to Mr. Beauchamp.

11 The communications between the parties corroborate that the attorney-client
12 relationship was terminated. The parties did not exchange any written communications
13 between July 2014 and March 2016, save for a few emails in March 2015, and a single email
14 exchange in September 2015 that related to spam being sent to Mr. Beauchamp from Mr.
15 Chittick's email address. After a single meeting in March 2015, the parties did not speak for
16 nearly a year until Mr. Chittick approached Mr. Beauchamp about the ADFI investigation.
17 Though the admissibility of Mr. Chittick's business journal is not conceded, it confirms these
18 facts.

19
20 **INTERROGATORY NO. 14:**

21 Please list and identify any document through which you conveyed to persons within
22 Clark Hill that you had "informed Mr. Chittick that Beauchamp and Clark Hill could not and
23 would not represent DenSco any longer?

24 **RESPONSE:**


25 Mr. Beauchamp objects to this Interrogatory on the ground that is it overly broad and
26 unduly burdensome. *See, e.g., Steil v. Humana Kansas City, Inc.*, 197 F.R.D. 445 (D. Kan.

1 2000) (contention interrogatories which seek "every fact and document" to support a
2 contention are overly broad and unduly burdensome). Without waiving the foregoing
3 objection, relevant information regarding the contention identified in Interrogatory No. 13
4 can be found in the following documents, in addition to others: CH_0009825 – CH_0009845,
5 CH_0006602 – CH_0006605, RECEIVER_000063 – RECEIVER_000146. Defendants
6 reserve the right to supplement this response as discovery progresses.

7 DATED this 21st day of June, 2018.

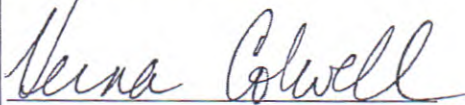
8
9 Coppersmith Brockelman PLC

10 By


John E. DeWulf
Marvin C. Ruth
Vidula U. Paki
2800 North Central Avenue, Suite 1900
Phoenix, Arizona 85004
Attorneys for Defendants

11
12
13
14 ORIGINAL mailed and emailed this
15 21st day of June, 2018 to:

16 Colin F. Campbell, Esq.
17 Geoffrey M. T. Sturr, Esq.
18 Joshua M. Whitaker, Esq.
19 OSBORN MALEDON, P.A.
20 2929 N. Central Ave., Suite 2100
21 Phoenix, AZ 85012-2793
22 Attorneys for Plaintiff



1
2
3 VERIFICATION

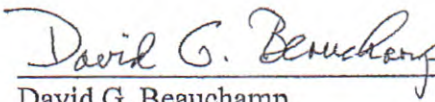
4 STATE OF ARIZONA)
5) ss.
6 COUNTY OF Maricopa)
7

8 David G. Beauchamp, being first duly sworn upon his oath, deposes and says:

9 I, David G. Beauchamp, am a Defendant in the matter *Peter S. Davis, as Receiver*
10 *for DenSco Investment Corp. v. Clark Hill PLC; David G. Beauchamp and Jane Doe*
11 *Beauchamp, Maricopa County Superior Court Case No. CV2017-013832*. I have read the
12 foregoing Defendant David Beauchamp's Responses to Plaintiff's First Set of Non-
13 Uniform Interrogatories and know its contents. The matters stated in the foregoing
14 Responses are true and correct to the best of my knowledge except as to those matters that
15 are stated upon information and belief, and as to those matters, I believe them to be true.
16

17 I declare under penalty of perjury under the laws of the State of Arizona that the
18 foregoing is true and correct.

19 DATED this 21st day of June, 2018.
20

21 
22 _____
23 David G. Beauchamp
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David G. Beauchamp, being first duly sworn upon his oath, deposes and says:

I, David G. Beauchamp, am a Defendant in the matter *Peter S. Davis, as Receiver for DenSco Investment Corp. v. Clark Hill PLC; David G. Beauchamp and Jane Doe Beauchamp*, Maricopa County Superior Court Case No. CV2017-013832. I have read the foregoing Defendant David Beauchamp's Responses to Plaintiff's First Set of Non-Uniform Interrogatories and know its contents. The matters stated in the foregoing Responses are true and correct to the best of my knowledge except as to those matters that are stated upon information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of Arizona that the foregoing is true and correct.

DATED this 21st day of June, 2018.

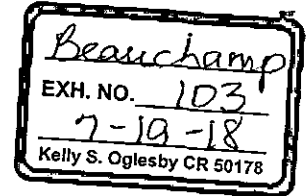
David G. Beauchamp

Exhibit No. 68

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20130267156 03/25/2013 09:41
ELECTRONIC RECORDING

When Recorded Return To:
Active Funding Group, LLC
8925 E Pima Center Parkway
Ste 135
Scottsdale, AZ 85258

1easy7089-12-1-1--
Palumboa



DEED OF TRUST AND SECURITY AGREEMENT
WITH ASSIGNMENT OF RENTS

TRUSTOR: EASY INVESTMENTS, LLC
3030 N CENTRAL AVE #803
PHOENIX, AZ 85012

TRUSTEE: David W. Cowles, Esq.
Tiffany & Bosco, P.A.
Third Floor Camelback Esplanade II
2525 East Camelback Road
Phoenix, AZ 85016-9240

BENEFICIARY: Active Funding Group, LLC an Arizona Limited Liability Company
8925 E Pima Center Pkwy., Ste 135
Scottsdale, AZ 85258

PROPERTY LOCATED AT: 7089 W ANDREW LANE PEORIA, AZ 85383

COUNTY: MARICOPA

DATE: MARCH 25, 2013

A. CONVEYANCE OF TRUST PROPERTY:

TRUSTOR HEREBY IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS TO TRUSTEE, IN TRUST, with power of sale and right of entry and possession, that certain real property described in Exhibit "A" attached hereto and made a part hereof;

TOGETHER WITH all of Trustor's interest now held or hereafter acquired in any of the following: all buildings and improvements now or hereafter erected thereon and any easement appurtenant to said property, or in land lying in any street, roadway or alleyway adjoining or being a part of said real property, and all personal property and fixtures now or hereafter attached to or used in connection with the premises herein described, including, but by no means limited to, all ventilating, heating, air conditioning, plumbing, and lighting fixtures and equipment, and all power and sprinkling systems;

TOGETHER WITH all water and water rights, pipes, flumes and ditches and the water flowing through the same, belonging or in any way appertaining to said property;

TOGETHER WITH the rents, issues and profits thereof, SUBJECT HOWEVER, to the right, power and authority hereinafter given to and conferred upon BENEFICIARY to collect and apply such rents, issues and profits;

TOGETHER WITH all right, title and interest in and to, and rights of use and enjoyment, licenses, memberships, privileges and appurtenances arising out of or pertaining to (i) the inclusion of the foregoing real property in a condominium, horizontal property regime, planned unit

development, master planned community (or equivalent property regimes), (ii) ownership of the foregoing real property or other legal or beneficial interest in a condominium, horizontal property regime, planned unit development, master planned community (or equivalent property regimes), and (iii) membership in any master association, homeowners' association, property owners' association, golf club, social club (or equivalent non-profit or for-profit association or corporation).

All of the above-described property shall hereinafter be referred to as the "Trust Property".

B. FOR THE PURPOSE OF SECURING:

1. Timely payment of the indebtedness evidenced by a Promissory Note of even date herewith, and any renewals, extensions, modifications, or replacements thereof, in the original principal amount of ONE HUNDRED SEVENTY FIVE THOUSAND FIVE HUNDRED DOLLARS AND 00/100 (\$175,500.00) executed by Trustor and delivered to Beneficiary (the "Note"), together with interest thereon, fees, and late charges as provided by the Note.

2. Timely payment of such further sums as Trustor or any successor in ownership hereafter may borrow from Beneficiary, whether as future advancements or otherwise.

3. Timely repayment of any costs, expenses or other sums expended, incurred or advanced by Beneficiary or Trustee for the protection of the security of this Deed of Trust (an "Advancement"), with interest thereon at the same rate as the Note, from date of Advancement until paid in full. All such Advancements are due and payable in full at the time of and in addition to the next monthly payment under the Note falling due after the date of written demand for repayment.

4. Timely performance of each agreement of Trustor contained in this Deed of Trust, and contained within the other instruments, account servicing agreements, escrow instructions or other documents utilized in connection with the transaction evidenced by the foregoing.

C. TRUSTOR'S WARRANTY:

Trustor warrants that Trustor is seized of good and merchantable title to the Trust Property, and that the title hereby conveyed is free, clear and unencumbered, subject only to those certain exceptions expressly approved in writing by the Beneficiary which are identified on Exhibit "B" attached hereto and made a part hereof.

1. TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:

1.1 To take reasonable care of the Trust Property; to maintain said property in good repair and condition; to replace all items of property secured by this Deed of Trust which may wear out, or be lost, damaged or destroyed; to commit or permit no waste, and do no act which will unduly impair or depreciate the value of the trust property as security; not to impair or abandon any water or other rights of whatever nature now or hereafter appurtenant to the Trust Property. Trustor agrees not to remove or demolish any building on the Trust Property; to complete or restore promptly and in good and workmanlike manner any building which may be constructed thereon and to pay when due all claims for labor performed and materials furnished therefor; and to comply with all laws affecting the Trust Property or requiring any alterations or improvements to be made thereon. Trustor further agrees not to do, or permit any acts to be done, which might reduce or tend to reduce the value of the Trust Property or to threaten the security of this Deed of Trust.

1.2 That no Financing Statement or Security Agreement, covering the property which is or may be the subject of this Deed of Trust, or the proceeds from such property, is on file in any public office and that, except for the security interest granted in this Deed of Trust, there is no lien, security interest or encumbrance in or on such property or the proceeds thereof. Trustor shall protect and prevent all such property from deterioration, except for ordinary wear and tear from its intended primary use.

1.3 [Applies if the Trust Property is Improved.] To provide and maintain policies of fire and extended coverage insurance on the Trust Property in an amount not less than the full replacement value (as determined by Beneficiary) of the improvements, fixtures, and equipment comprising part of the Trust Property. Such policies shall have a replacement cost endorsement and an inflation guard endorsement. Trustor will also provide comprehensive general liability insurance for bodily injury (including death) and property damage in an amount not less than \$1,000,000.00; rent loss insurance for a minimum period of one year; and, when requested by Beneficiary, insurance against any other risks as are regularly required by lenders for similar types of Arizona real property, all in such amounts as may be reasonably required by Beneficiary. If the Trust Property is located in a "flood plain area" as defined by the Federal Insurance Administration pursuant to 44

C.F.R. Part 59, then federal flood insurance in the maximum obtainable amount (but not exceeding the loan amount) shall be required. All such policies shall be with companies or associations of companies from time to time approved by Beneficiary, shall contain standard trust deed beneficiary clauses endorsed thereon making losses payable to Beneficiary, and shall otherwise be in form and substance satisfactory to Beneficiary. Trustor shall not permit any condition to exist that would wholly or partially invalidate any such insurance. Trustor shall assign and deliver any and all policies of insurance to Beneficiary or shall provide Beneficiary with certificates of such insurance coverage that shall be irrevocable without thirty (30) days prior notice to Beneficiary and not subject to modification without Beneficiary's prior written approval. At least fifteen (15) days before expiration of such policies, Trustor shall deliver to Beneficiary renewals thereof, or renewal certificates therefore, along with a premium receipt evidencing payment in full of the required premiums for at least one year's coverage.

In the event of loss, Trustor shall give immediate notice by mail to Beneficiary, and Beneficiary may make proof of loss if not made promptly by Trustor. Each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Beneficiary, instead of to Trustor or Trustor and Beneficiary jointly.

1.4 To pay prior to becoming delinquent, all taxes, assessments, water dues/assessments and all other charges of every type or nature assessed, or which may be assessed, against the Trust Property or any part thereof or upon the interest of the Beneficiary in said Trust Property or upon any personal property, and to pay, when due, any other taxes (including corporate taxes), assessments or charges, claims or encumbrances that might become a lien prior to the security of this Deed of Trust, or which might have priority in distribution of the proceeds of a judicial sale.

1.5 [Applies if initiated by Trustor _____] Trustor shall make monthly deposits into an impound account with Beneficiary, which account shall be subject to the control of Beneficiary, of a sum equal to one-twelfth (1/12) of the yearly taxes and assessments against the Trust Property

1.6 That upon written request by Beneficiary, Trustor will appear in and prosecute or defend any action or proceeding that may affect the priority of this Deed of Trust or the security of the Beneficiary hereunder or the Trust Property and will pay all reasonable costs, expenses (including the cost of searching title), and attorneys' fees incurred in such action or proceeding. Should Trustor fail to so act within such time as required to avoid entry of a default judgment Beneficiary may, at its option, appear in and defend any action or proceeding purporting to affect the priority of this Deed of Trust or the Trust Property or the rights or powers of Beneficiary. Beneficiary may, at its option, pay, purchase, contest, or compromise any adverse claim, encumbrance, charge or lien, that in the reasonable judgment of Beneficiary appears to be prior or superior to the lien of this Deed of Trust. All amounts paid, suffered or incurred by Beneficiary in exercising the authority herein granted, including reasonable attorneys' fees, shall be Advancements, as that term is defined in Section B.3.

1.7 To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Trust Property and not to suffer or permit any act to be done in or upon the Trust Property in violation thereof.

1.8 If Trustor fails to observe or perform any monetary or non-monetary condition or obligation to be observed or performed by Trustor under this Deed of Trust or to pay expenses in connection therewith, Beneficiary, in its sole discretion and without demand or notice, may perform such obligation or do any act to cause such condition to be observed or incur and pay expenses in connection therewith. However, Beneficiary will not be obligated to perform any such obligation of Trustor or to take any action to cause any such condition to be observed and any such performance or action by Beneficiary will not create an obligation on the part of Beneficiary.

1.9 To pay to Beneficiary, as Advancements, all sums of money which Beneficiary shall pay pursuant to any of the provisions of this Deed of Trust, together with interest upon each of said amounts at the rate(s) set out in the Note, until repaid, from the time of the payment thereof by Beneficiary, at the Default Interest Rate set forth in the Note. Trustor agrees to pay all costs incurred by Beneficiary in connection with any modification of this Deed of Trust and any release of property subject to this Deed of Trust. Trustor further agrees to pay all costs incurred in connection with the payoff of the Note and release of this Deed of Trust.

1.10 That any amount or amounts paid by Beneficiary under any provision of this Deed

of Trust, or otherwise, shall be added to the indebtedness secured by this Deed of Trust.

2. ADDITIONAL SECURITY/COVENANTS:

2.1 This Deed of Trust shall cover all personal property now or at any time hereafter owned by Trustor and affixed to, located upon or used in connection with or in the operation of the Trust Property, and all renewals, replacements and substitutions thereof, which, to the fullest extent permitted by law, shall be deemed fixtures and a part of the real property, and shall cover all articles of personal property and all materials delivered to the Trust Property for incorporation or use in any construction conducted thereon, including, but not limited to, construction materials, supplies, lumber, machinery, furniture, furnishings, equipment, decorative items and fixtures, heating equipment and air conditioning equipment, together with all substitutions, accessions, repairs, replacements and additions thereof, including the proceeds of sales thereof.

In addition, this Deed of Trust encumbers all inchoate rights, contract rights, licenses, choses in action, intangibles and tangible personal property on or appurtenant to the real property, whether or not described in Exhibit "C", if such exhibit be attached hereto.

2.2 As additional security and to facilitate payment and performance of its obligations hereunder, Trustor hereby assigns to Beneficiary the right, power and authority to collect any rent, issues and profits of the Trust Property, reserving unto Trustor the right, prior to any default by Trustor, to collect and retain such rents, issues and profits. Upon any default, Beneficiary may at any time, without notice, either in person, by agent, or by a receiver, enter upon and take possession of the Trust Property, sue for or otherwise collect the rents, issues and profits of said Trust Property, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, to any indebtedness secured hereby, and in such order as Beneficiary may determine. Upon any default, Beneficiary may exercise any rights of Trustor to terminate any tenancy or occupancy of said property, evict any person wrongfully in possession of occupancy thereof, and let said property, in whole or part, and deliver possession thereof. The entering upon and taking possession of said Trust Property, the collection of such rents, issues and profits, and the application thereof as aforesaid shall not cure or waive any default by Trustor hereunder.

2.3 To the extent any property covered by this Deed of Trust consists of rights of action or personal property covered by the Uniform Commercial Code, this Deed of Trust constitutes a Security Agreement and Trustor hereby grants a security interest in such property in favor of Beneficiary; and all the above property, whether described generically or specifically, shall be kept at or on the Trust Property or at Trustor's place of business unless Trustor notifies Beneficiary in writing of a proposed removal of such property and Beneficiary consents in writing prior to its removal to another location. This Deed of Trust shall be self-operative with respect to all such property, but Trustor agrees to execute and deliver on demand such security agreements, financing statements and other instruments as Beneficiary may request in order to impose the lien created herein more specifically upon any of such property. Trustor agrees that all property of every nature and description, whether real or personal, covered by this Deed of Trust, together with all personal property covered by such security interests, are encumbered as one unit, and that upon default by Trustor under the Note secured hereby, or under this Deed of Trust or any security agreement given pursuant to this paragraph, this Deed of Trust and such security interests may be foreclosed or sold in the same proceedings, and all of the Trust Property (both realty and personalty) may be sold as one unit as a going business subject to the provisions of A.R.S. §33-810(A).

2.4 Should the Trust Property or any part thereof be taken by reason of any public improvement or condemnation proceeding, Beneficiary shall be entitled to all compensation, awards, or other payments in respect thereof up to the balance of the indebtedness secured hereby. Beneficiary shall be entitled, at its option, to commence, appear in and prosecute in its own name any action or proceeding, or to make any compromise or settlement, in connection with such action or proceeding. All such compensation and proceeds are hereby assigned to Beneficiary who may, in its sole discretion, apply same to the indebtedness secured hereby. Trustor agrees to execute such further assignments of any compensation, awards or other payments as Beneficiary may require.

2.5 In the event the Trust Property or any part thereof is damaged by fire, flood or in any other manner, all proceeds from any policies of fire or other insurance affecting the Trust Property are hereby assigned to Beneficiary.

2.6 By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to

declare default for failure to pay same.

2.7 At any time or from time to time, without liability therefore and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and all notes secured hereby for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of the Trust Property; consent to the making of any map or plat thereof; join in the grant of any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

2.8 Trustor expressly covenants that if, without prior written consent of Beneficiary (a) all or any part of any interest in the Trust Property is directly or indirectly sold, transferred, assigned, mortgaged, pledged or otherwise conveyed, or (b) a contract of sale or other conveyance is entered into with respect thereto, or (c) title to the Trust Property or any part of it becomes directly or indirectly, legally or beneficially, vested in any party other than Trustor in any manner whatsoever, or (d) any lien or other encumbrance is recorded or claimed against the Trust Property with Trustor's consent subsequent to the recordation of this Deed of Trust, then, upon the occurrence of any one or more of the foregoing events, Beneficiary shall have the right, at its option, to declare all of the accrued and unpaid interest and the entire outstanding principal under the Note to be immediately due and payable and avail itself of any and all remedies provided for in the Note and this Deed of Trust, in the event of default. Trustor shall give Beneficiary prior written notice of any proposed transaction which requires Beneficiary's written consent and Beneficiary shall have the right to require, among other things: (i) financial statements and other information relating to the proposed transferee including information about the experience and management expertise of the proposed transferee; and (ii) assurances, in form and substance satisfactory to Beneficiary, that Trustor will continue to be liable to Beneficiary for all of the unpaid indebtedness under the Note and Deed of Trust. Beneficiary may refuse to consent to a transfer of less than all of the Trust Property (there shall be no partial releases) or a transfer of all of the Trust Property for any valid business reason. Beneficiary may also require that: (a) the transferee or purchaser, as the case may be, execute, prior to such transfer or sale, a written assumption agreement in form and content acceptable to Beneficiary; and (b) Trustor pay all costs of Beneficiary (including without limitation, actual but reasonable attorneys' fees) incurred in evaluating the proposed sale or transfer. The foregoing provisions shall not apply to Trustor's conveyance of the Trust Property to a trust, solely for personal estate planning purposes.

2.9 As long as no Event of Default exists under any of the documents evidencing this loan, Beneficiary will consent to one (1) transfer or sale of the Trust Property and to the assumption of Beneficiary's loan, provided that: (a) Trustor shall give Beneficiary prior written notice of any proposed transfer, and Beneficiary shall have the right to require, among other things, financial statements and other information relating to the proposed transferee's credit-worthiness, including information about the experience and management expertise of the proposed transferee; (b) Beneficiary approves the terms and conditions of the proposed sale or transfer; (c) Trustor and all guarantors of the indebtedness secured hereby shall remain personally, jointly and severally liable to Beneficiary; (d) the proposed transferee shall execute, prior to the transfer, a written assumption agreement in form satisfactory to Beneficiary; (e) all costs and legal fees of Beneficiary in preparation of the assumption agreement and all other required documents and an assumption fee equal to One Percent (1%) of the outstanding principal balance under the Note shall be paid to Beneficiary by Trustor or the proposed transferee; (f) Trustor and all guarantors shall execute such documents as are required to evidence their continued liability for the performance and payment of the obligations of the proposed transferee to Beneficiary under the loan documents following an assumption/transfer.

2.10 [Applies if Initiated by Trustor _____.] Within ninety (90) days after the end of each fiscal year, Trustor shall furnish Beneficiary with a current statement of income and expenses of the Trust Property, and Trustor's financial statements including a balance sheet and income statement.

2.11 [Applies if the Trust Property is improved.] At all times hereunder, Trustor shall operate and maintain the Trust Property in compliance with the requirements of The American Disabilities Act (the "Disabilities Act"). If, in Beneficiary's reasonable determination, it is necessary that an independent entity provide an inspection of the Trust Property to responsibly determine if there are any areas of non-compliance, Trustor shall secure such an inspection at Trustor's expense.

Trustor is obligated and responsible for correcting such Disabilities Act non-compliance, if any, and Trustor shall develop and present its plan for correcting such item of non-compliance ("Trustor's Plan") to Beneficiary within thirty (30) days following receipt of the inspection report of the Trust Property. Trustor's Plan shall include a complete summary of the items to be corrected, the individual and aggregate cost of such items, and the time-frame within which the necessary work will be completed. Failure to complete such correction within the time-frame shall constitute a default hereunder.

2.12 That Trustor will, upon request of the Trustee or Beneficiary, promptly correct any defect, error or omission which may be discovered in the contents of this Deed of Trust or in the execution or acknowledgement hereof and will execute, acknowledge and deliver such further instruments and do such further acts as may be necessary or as may be reasonably requested by the Trustee or by the Beneficiary to carry out more effectively the purposes of this Deed of Trust, to subject to the lien and security interest hereby created any of Trustor's properties, rights or interests covered or intended to be covered hereby, and to perfect and maintain the lien and security interest hereby created. If any rights, easements or other hereditament shall hereafter become appurtenant to the Trust Property or any part thereof, Trustor shall deliver to Beneficiary, upon demand, a supplemental Deed of Trust in the form approved by Beneficiary covering such rights and interests.

3. DEFAULT/REMEDIES.

3.1 Any one, or combination, of the following events shall be an event of material default under this Deed of Trust, authorizing the Trustee to exercise all of its remedies hereunder. In the case of a monetary default under Section 3.1.1, the event of default shall be deemed to have taken place immediately after the expiration of the time periods set out therein. In the case of a non-monetary default under Sections 3.1.2 through and including 3.1.11, the event of default shall be deemed to have taken place after notice and expiration of any cure period set out in Section 3.2.2.

3.1.1 If Trustor (i) fails to pay interest, default interest, late charges or other amounts under the Note when due, (ii) fails to repay an Advancement when due, or (iii) fails to pay any other monetary obligation secured by this Deed of Trust when due and payable, or if no date is specified, then within ten (10) days of Beneficiary's demand for payment;

3.1.2 If Trustor fails to perform or discharge, at the time and in the manner specified, any non-monetary term, provision, agreement, covenant or other obligation contained herein, or in any other agreement given by Trustor to Beneficiary for the purpose of further securing the indebtedness secured hereby;

3.1.3 If Trustor commits any act prohibited by this Deed of Trust, or omits to perform any act required under this Deed of Trust, at the time and in the manner specified;

3.1.4 If any representation or warranty made by Trustor in the Note, this Deed of Trust, or in any other agreement, document, or instrument evidencing, securing, or relating to any of the obligations, covenants, promises, and agreements secured hereby proves to have been materially false or incorrect as of the date made;

3.1.5 If Trustor or any guarantor shall admit in writing their inability to pay such debts, or shall make an assignment for the benefit of creditors, or if Trustor or any guarantor shall take any action to authorize or in contemplation of any of the actions set forth in this subparagraph;

3.1.6 The commencement of any case, proceeding or other action by or against Trustor or any guarantor of Trustor's obligations hereunder (i) seeking to have an order of relief entered against Trustor or such guarantor as debtor or to adjudicate Trustor or such guarantor bankrupt or insolvent; (ii) seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of Trustor or Trustor's debts or such guarantor or such guarantor's debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors; or (iii) seeking appointment of a receiver, trustee, custodian or other similar official for Trustor or such guarantor or for all or any substantial part of its property, and such case, proceeding or other action (a) results in the entry of an order for relief against Trustor or such guarantor which is not fully stayed within thirty (30) business days after the entry thereof or (b) shall remain undismissed for a period of sixty (60) days;

3.1.7 If any part of the Trust Property is liened, attached, levied upon, or otherwise seized by legal process;

3.1.8 If all or any part of the Trust Property is sold, assigned, conveyed or transferred, as provided in Paragraph 2.8 of this Deed of Trust, without the prior written consent of

the Beneficiary and full compliance with said Paragraph 2.8 and Paragraph 2.9;

3.1.9 The occurrence of any event (including, without limitation, a change in the financial condition of Trustor for any reason whatsoever) which materially and adversely affects the ability of Trustor to perform any of its obligations under the Note, this Deed of Trust, and any other agreements, documents or instruments evidencing, securing or relating to any of the obligations, covenants, promises and agreements secured hereby and the continuance of such event or such material and adverse effect on the ability of Trustor to perform any of its obligations for thirty (30) days after notice thereof to Trustor by Beneficiary; or

3.1.10 Any proceeding is filed to foreclose or any notice of Trustee's sale is recorded with respect to any other lien on the Trust Property (whether junior or senior to this Deed of Trust).

3.1.11 If there should be an Event of Default under or breach of any term or provision contained within any other loan agreement, promissory note, deed of trust or other form of loan document, by and between Lender and Borrower ("Other Loans"). In regard to this it is specifically acknowledged and agreed by Borrower that an event of material default under this Deed of Trust shall be conclusively deemed to be an event of default under Other Loans and an event of default under Other Loans shall be an event of default under this Deed of Trust.

3.1.12 The failure to deliver to Lender a copy of the recorded Trustee's Deed Upon Sale (bearing the recording date and instrument number) within twenty one (21) days following Lender's disbursement of loan funds hereunder.

3.2 Notice of Default. Notice of default may be required as follows:

3.2.1 Upon an event of default described under Paragraph 3 above, the Beneficiary or Trustee, or both, may, without notice, opportunity to cure or the necessity for delivery of a declaration of default, and without regard to the adequacy of the security for the indebtedness secured hereby, pursue any and all legal and/or equitable remedies available at law or in equity, or any combination thereof, included but not limited to the remedies set forth in Paragraph 3.3 below;

3.3 Remedies. Immediately upon the occurrence of an event of default under Paragraph 3.1.1, and upon the expiration of the Cure Period for events of default under Paragraphs 3.1.2 through and including 3.1.11, if default be not cured during such Cure Period, Beneficiary and/or Trustee shall have the following rights, in addition to all other rights provided herein and/or by law or equity:

3.3.1 To declare all principal indebtedness, with interest, late charges and any other sums secured hereby, immediately due and payable, without further notice or demand; provided, however, that should Beneficiary, upon default of Trustor, exercise its option to declare the entire amount of the principal immediately due and payable, and should such acceleration be revoked by agreement or operation of law, then such indebtedness shall be payable in accordance with the original schedule therefore unless otherwise agreed to between Trustor and Beneficiary;

3.3.2 To sell the Trust Property, after recording notice of sale, and after the lapse of such time as may be required by law, at the time and place fixed by Trustee in said notice of sale, either as a whole or in separate parcels, and in such order as Trustee may determine, at public auction to the highest bidder for cash, or, if Beneficiary shall be the highest bidder, in satisfaction of such amount secured hereby as is bid. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied;

3.3.3 To foreclose this Deed of Trust by court action;

3.3.4 To collect, in addition to all other indebtedness due hereunder, the costs that are recoverable under the law, which costs and fees shall be secured by this Deed of Trust;

3.3.5 To appoint a receiver to take charge of the Trust Property and to manage the Trust Property, and to carry on, protect, preserve, replace and repair the Trust Property, and receive and collect all the rents and issues or profits thereof and to apply the same first to the payment of receiver's expenses for management, operation and protection of such business and the Trust Property, and then to Beneficiary for application toward the indebtedness secured hereby. Upon appointment of said receiver, Trustor shall immediately deliver possession of the Trust Property to such receiver, along with all records and contracts relative to the operation of the Trust

Property, including leases, and all security or other deposits made pursuant to said leases.

3.3.6 To have, in addition to all other rights and remedies provided herein and at law or in equity, the rights and remedies afforded by Arizona Revised Statutes Paragraph 33-702. In the event Trustor fails or refuses to surrender possession of the Trust Property after any Trustee's sale, Trustor shall be deemed a tenant at sufferance, subject to eviction by means of forcible entry and detainer proceedings, provided that this remedy is not exclusive or in derogation of any other right or remedy available to Beneficiary. Trustor expressly agrees to pay to Beneficiary all costs or expenses, including attorneys' fees, paid or incurred by Beneficiary resulting from such action, and effectiveness of this paragraph shall survive the sale of the Trust Property at Trustee's sale.

3.3.7 To exercise all such other remedies and rights as the Beneficiary may have under the documents and instruments evidencing the Other Loans.

3.3.8 Unless prohibited by law, Beneficiary shall be entitled to a deficiency judgment against Trustor if the Trustee's Sale yields an amount insufficient to fully satisfy Trustor's obligation hereunder. **ARS § 33-814**

3.4 If the indebtedness secured hereby is now or hereafter further secured by chattel mortgages, security interests, deeds of trust, pledges, contracts of guaranty, or other additional securities, Beneficiary may, at its option, exhaust any one or more of said securities as well as the security hereunder, either concurrently or independently and in such order as it may determine, and may apply the proceeds received upon the indebtedness secured hereby without affecting the status of, or waiving any right to exhaust, all or any other security including the security hereunder and without waiving any breach or default or any right or power, whether exercised hereunder or contained herein or in any other security instrument. Trustor hereby waives any right or privilege which it or its creditors might otherwise have to require Trustee and/or Beneficiary to proceed against the assets encumbered hereby or by any other security documents or instruments securing said Note in any particular order or fashion under any legal or equitable doctrines or principles of marshalling and/or suretyship and further agrees that upon default, and after the expiration of any applicable grace period, Trustee and/or Beneficiary may proceed to exercise any or all remedies with regard to any or all assets encumbered hereby or by any other security documents or instruments securing said Note in such manner and order as Beneficiary in its sole discretion may determine.

4. MISCELLANEOUS PROVISIONS.

4.1 At all times during the life of this Deed of Trust, the Beneficiary or Trustee shall have the right to go in and upon the Trust Property and to inspect such property at any reasonable time, in order to determine whether the provisions of this Deed are being kept and performed. Such right shall not be exercised in such manner as to interfere with any tenants' rights under their leases.

4.2 No delay by Beneficiary or Trustee in exercising any right or remedy hereunder, or otherwise afforded by law, shall operate as a waiver of such right or remedy or preclude the exercise thereof during the continuance of any default hereunder.

4.3 If Trustor, through action or inaction, in any way impairs or threatens to impair the security of this Deed of Trust, or fails to pay any claim, lien or encumbrance which shall be prior to this Deed of Trust, or to pay, when due, any tax or assessment, or any insurance premium required hereunder, or to keep the Trust Property in repair, then Beneficiary or Trustee, at its option, without any obligation so to do, without notice to or demand upon Trustor, and without releasing Trustor from any obligation hereunder, may pay said claims, liens, encumbrances, taxes, assessments or premiums, with right of subrogation thereunder, and may take any action which Beneficiary or Trustee deems necessary to protect the security of this Deed of Trust. Trustor will pay to Beneficiary or Trustee, immediately upon demand, all sums of money advanced or expended by Beneficiary or Trustee pursuant to this paragraph, together with interest thereon on each such advance or expenditure at the default interest rate set forth in the Note, and all such sums and interest shall be secured by this Deed of Trust.

4.4 This Deed of Trust is governed by the substantive laws of the State of Arizona. The Superior Court of Maricopa County, Arizona, shall be the exclusive forum and venue for any action arising hereunder. In the event suit is brought to enforce the terms of this Deed of Trust, including any action under A.R.S. §33-814, the prevailing party shall be entitled to recover reimbursement of its attorneys' fees and all costs incurred in connection therewith, including: appraisal fees, expert witness fees, investigation costs, taxable costs, photocopying, facsimile, postage and long distance telephone charges, and travel expenses of any witnesses required to testify in said action.

4.5 Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and all notes secured hereby to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters of facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto".

4.6 Trustee may resign by mailing or delivering notice thereof to the Beneficiary and Trustor. Beneficiary may, at any time Beneficiary may desire, appoint another Trustee in place and stead of said Trustee or any successor in trust. The title herein conveyed to Trustee shall be vested in said successor, which appointment shall be in writing and shall be duly recorded in the Recorder's Office of the County in which the Trust Property is situated.

4.7 Trustee shall be entitled to reasonable compensation for all services rendered or expenses incurred in the administration or execution of the trust hereby created and Trustor hereby agrees to pay same, subject to all legal limitations. Unless there is negligence or willful misconduct by either, Trustee and Beneficiary shall be indemnified, held harmless and reimbursed by Trustor for any liability, damage or expense, including attorneys' fees and amounts paid in settlement, which they or either of them may incur or sustain in the execution of this trust or in the doing of any act which they, or either of them, are required or permitted to do by the terms hereof or by law, and shall be reimbursed therefore in accordance with the provisions of Paragraph 4.3 hereof.

4.8 Whenever possible, each provision or term of this Deed of Trust shall be interpreted in such manner as to be valid and enforceable. In the event any provision or term of this Deed of Trust should be determined to be invalid or unenforceable by a court of competent jurisdiction, all other provisions and terms of this Deed of Trust shall remain unaffected to the extent permitted by law.

4.9 Unless otherwise required by applicable law, all notices required to be given hereunder shall be either served personally, by U.S. mail, postage prepaid, certified, return receipt requested and addressed to Trustor, Trustee and Beneficiary at their respective addresses first above written, or by any nationally recognized overnight delivery service and delivered to Trustor, Trustee and Beneficiary at said addresses. Such addresses may be changed by notice to the other parties given in the same manner as provided in this paragraph. Notices given by U.S. mail shall be deemed to have been given upon the earlier of actual receipt or two (2) days following deposit in the United States mails, postage prepaid, registered or certified mail, return receipt requested, to the address of Trustor, or one (1) day following pickup by a nationally recognized overnight delivery service.

4.10 The plural of any word herein shall include the singular, and the singular of any word shall include the plural, wherever such inclusion shall not be inconsistent with the context of this Deed of Trust.

4.11 This Deed of Trust, and the provisions hereof, shall be binding upon the Parties hereto and their respective personal representatives, heirs, successors and assigns.

4.12 Wherever the term "Beneficiary" is used in this Deed of Trust, it shall be deemed to include any successor or assignee of Beneficiary first designated in this instrument.

4.13 In the event of any ambiguity, conflict or inconsistency between the Loan Agreement and this Deed of Trust, the terms of the Deed of Trust shall prevail.

4.14 Trustor shall, within fifteen (15) days of receipt, send to Beneficiary a copy of any notice it receives of any pending or threatened environmental regulatory action, and shall immediately notify Beneficiary of any release or discharge of any hazardous substance on the Trust Property.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

-SIGNATURE PAGE TO FOLLOW-

"TRUSTOR"
EASY INVESTMENTS, LLC

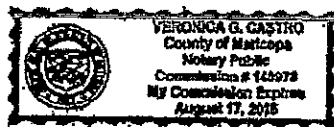
By: YOMTOV S. MENAGED
Its: MEMBER

[illegible]

The foregoing instrument was acknowledged before me, the undersigned Notary Public, this 25 day of MARCH, 2013 by YOMTON S. MENAGE

~~SIGNATURE OF NOTARY PUBLIC:~~

NOTARY PUBLIC EXP DATE:



20130267156

EXHIBIT "A"

Legal Description: LOT 92, OF SONORAN MOUNTAIN RANCH PARCEL 5, ACCORDING TO
THE PLAT OF RECORD IN THE OFFICE OF THE COUNTY RECORDER OF MARICOPA
COUNTY, ARIZONA, RECORDED IN BOOK 672 OF MAPS, PAGE 37.

Commonly Known As: 7089 W ANDREW LANE PEORIA, AZ 85383

Assessor's Parcel Number: 201-03-725

20130267156

EXHIBIT "B"

PERMITTED EXCEPTIONS

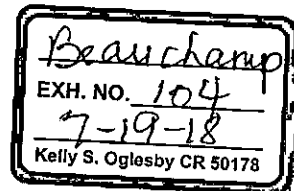
NONE

Exhibit No. 69

WHEN RECORDED MAIL TO:

DenSco Investment
6132 W. Victoria Place
Chandler, AZ 85226

4180DOT-5-1-1---
sarabiam



SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

DEED OF TRUST AND ASSIGNMENT OF RENTS

Date: April 2, 2013

TRUSTOR: Easy Investments, LLC

Address: 3030 N Central Ave Ste # 603, Phoenix, AZ 85012

BENEFICIARY: DenSco Investment Corporation, an Arizona corporation ("Lender")

Address: 6132 W. Victoria Place, Chandler, AZ 85226

TRUSTEE: Executive Trustee Services, LLC

Address: 2255 N Ontario Street, Ste#400, Burbank, CA 91504

PROPERTY in the County of Maricopa, State of Arizona, described as: Lot 92, Subdivision Sonoran Mountain Ranch Parcel 5, according to the Book 672, of Maps, Page 37, in the Recorder's office of Maricopa County.

Street address: 7089 W Andrew Ln, Peoria, AZ 85383

WITNESSETH THAT Borrower does hereby irrevocably grant, bargain, sell and convey to Trustee, in trust, with power of sale, the above-described real property;

TOGETHER WITH all the improvements now or hereafter erected on the Property, and all easements, appurtenances and fixtures now or hereafter a part of the Property, and all rents, issues and profits thereof, **SUBJECT, HOWEVER,** to the right, power and authority hereinafter given to and conferred upon Lender to collect and apply such rents, issues and profits. All replacements and additions also shall be covered by this Deed of Trust. All of the foregoing is referred to in this Deed of Trust as the "Property."

FOR THE PURPOSE OF SECURING:

A. Performance of each and every agreement of Borrower herein contained. B. Payment of the principal sum of \$170,000.00 (U.S. \$One Hundred Seventy Thousand Dollars and No Cents). This debt is evidenced by Borrower's NOTE or NOTES dated the same date as this DEED OF TRUST, and any extension or renewal thereof (collectively, if applicable, the "Note"). C. Payment of all additional sums and interest thereon which at any time now or hereafter are owed by Borrower to Lender, or its successors or assigns. D. Payment of any amounts hereafter advanced by Lender or paid on behalf of Borrower to perform any duties or obligations of Borrower hereunder, or otherwise to protect the Property or the lien of this Deed of Trust.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, BORROWER AGREES:

1. Borrower has the right to grant and convey the Property and that Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

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5/22/2007

2. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

3. Unless applicable law provides otherwise, all payments received by Lender under Paragraph 2 shall be applied first in payment of any costs or charges, then to Default Interest (as defined in the Note) accrued, then to interest accrued, and then to reduce principal.

4. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Deed of Trust, and leasehold payments or ground rents, if any. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Paragraph 4. Borrower shall promptly furnish to Lender receipts evidencing the payments.

5. Borrower shall promptly discharge any lien in which has priority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more actions set forth within 10 days of the beginning of notice.

6. Borrower shall keep said Property in good condition and repair; not to remove or demolish any building thereon unless part of the construction plan approved in writing by Lender; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said Property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said Property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said Property may be reasonably necessary, the specific enumerations herein not excluding the general.

7. Borrower shall provide, maintain and deliver to Lender fire insurance and general liability insurance on the Property satisfactory to and with loss payable to Lender. The amount collected under any fire or other insurance policy may be applied by Borrower upon any indebtedness secured hereby and in such order as Borrower may determine, or at option of Borrower the entire amount so collected or any part thereof may be released to Lender. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

8. Borrower shall appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Lender or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorneys' fees in a reasonable sum, in any such action or proceeding in which Lender or Trustee may appear.

9. Borrower shall pay immediately and without demand all sums expended by Lender or Trustee pursuant to the provisions hereof, with interest from date of expenditure, at the rate of interest found on the Note.

10. Borrower shall not cause or permit the presence, use, disposal, storage or release of any Hazardous Substances on or in the Property. Borrower shall not do or allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use or storage on the Property of small immaterial quantities of Hazardous Substances that are generally recognized to be appropriate to normal cleaning and maintenance purposes of a commercial or residential property. Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property or any Hazardous Substance or Environmental Law of which Borrower has actual or constructive knowledge. If

Borrower learns, or is notified by any governmental or regulatory authority, that any removable or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Laws. As used in this Paragraph 10, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides or herbicides, volatile solvents, materials containing asbestos, formaldehyde or dioxins, and radioactive materials. As used in this Paragraph 10, "Environmental Law" means all federal laws and laws of the state, county and city of the jurisdiction where the Property is located that relates to health, safety or environmental protection.

IT IS MUTUALLY AGREED:

11. Should Borrower fail to make any payment or to do any act as herein provided, then Lender or Trustee, but without obligation so to do and without notice to or demand upon Borrower and without releasing Borrower from any obligation hereof, may: (a) make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Lender or Trustee being authorized to enter upon said Property for such purposes; (b) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Lender or Trustee; (c) pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgement of either appears to be prior or superior hereto; and (d) in exercising any such powers, or in enforcing this Deed of Trust by foreclosure, pay necessary expenses, employ counsel and pay his reasonable fees. Any amounts dispersed by Lender under this Paragraph 11 shall become additional debt of Borrower's, secured by this Deed of Trust unless Borrower and Lender agree to other terms of payment, these amounts shall be payable, with interest, upon demand from Lender to Borrower.

12. Any award of damages in connection with any condemnation for public use of or injury to said Property or any part thereof is hereby assigned and shall be paid to Lender who may apply or release such monies received by it in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

13. TIME IS OF THE ESSENCE IN EACH COVENANT OF THIS DEED OF TRUST; and that by accepting payment of any sums secured hereby after its due date, Lender does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure to pay.

14. At any time or from time to time, without liability therefor and without notice, upon written request of Lender and presentation of this Deed of Trust and said Note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: (a) reconvey all or any part of said Property; consent to the making of any map or plat thereof; (b) join in granting any easement thereon; or (c) join in any extension agreement or any agreement subordinating the lien or change hereof.

15. As additional security, Borrower hereby gives to, confers upon and assigns to Lender the right, power and authority during the continuance of these Trusts, to collect the rents, issues and profits of said Property, reserving unto Borrower the right, prior to any default by Lender payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Lender may at any time without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said Property or any part hereof, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby, and in such order as Lender may determine. The entering upon and taking possession of said Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

16. The failure of Borrower to comply fully with the terms of the Note or this Deed of Trust shall constitute an immediate default hereunder, and the occurrence of any default under any other notes or deeds of trust

between the parties securing any other indebtedness owed by Borrower to Lender shall also constitute a default under this Deed of Trust. Upon any such default, Lender shall have the right, at its election, to accelerate immediately any or all of the loans, and proceed to enforce all of Lender's rights, in accordance with Arizona law, including without limitation, the right to foreclose any or all of the deeds of trust and pursue a deficiency judgment(s).

If the Property is sold, assigned or transferred, whether voluntarily, involuntarily, or by operation of law, the entire principal balance together with accrued interest and all other charges shall become immediately due and payable.

17. Notice of sale having been given as then required by law, and not less than the time required by law having elapsed, Trustee, without demand on Borrower, shall sell said Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee shall deliver to the purchaser its deed conveying the Property so sold, but without any covenant or warranty express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Borrower, Trustee or Lender, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title and reasonable attorneys' fees in connection with sale, Trustee shall apply the proceeds of sale to payment of; all sums then secured hereby and all other sums due under the terms hereof, with accrued interest; and all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto, or as provided in A.R.S. § 33-812. To the extent permitted by law, an action may be maintained by Lender to recover a deficiency judgment for any balance due hereunder. Lender may foreclose this Deed of Trust as a realty mortgage.

If Property under this Deed of Trust is located in more than one county, regardless of whether Property is contiguous or not, Trustee may sell all Property in any one of the counties in which part of Property is located; and unless Trustee receives contrary written instructions from Lender or Borrower, Trustee may sell all Property either in parcels or in whole.

If indebtedness secured hereby is secured by one or more other deeds of trust, the upon default of Borrower in payment of indebtedness or performance of any other agreement with Lender, Trustee may sell Property subject to this Deed of Trust and to any other deeds of trust securing said indebtedness at Trustee's sale conducted serially.

Trustee is not obligated to notify any party hereto of pending sale under any other deeds of trust, or of any action or proceeding in which Borrower, Lender or Trustee shall be a party, unless brought by Trustee.

18. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Lender shall mean the holder and owner of the Note secured hereby; or, if the Note has been pledged, the pledgee thereof. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

19. Lender may, for any reason or cause, from time to time remove Trustee and appoint a substitute/successor trustee to any Trustee appointed hereunder, and when any such substitution has been filed for record in the Office of the Recorder of the County in which the Property herein described is situated, it shall be conclusive evidence of the appointment of such trustee or trustees. Without conveyance to the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

20. The Note or a partial interest in the Note (together with this Deed of Trust) may be sold one or more times without notice to Borrower. A sale may result in the change of the person who collects monthly payments due under the Note and this Deed of Trust.

21. Borrower/mortgagor hereby waives, releases and discharges any homestead exemption claimed or declared against Property.

22. If any term or provision of this Deed of Trust is held invalid or unenforceable by a court or arbitrator of competent jurisdiction, such terms shall be reduced or otherwise modified by such court or arbitrator to the minimum extent necessary to make it valid and enforceable. If such term or provision cannot be so modified, it shall be severed and the remaining terms and provisions of this Deed of Trust shall be interpreted in such a way as to give maximum validity and enforceability to this Deed of Trust. The remaining terms and provisions hereof shall continue in full force and effect.

23. Upon payment of all sums secured by this Deed of Trust, Lender shall release this Deed of Trust without charge to Borrower, except that Borrower shall pay any recordation costs.

Upon written request of Lender stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and said Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held thereunder. The recitals in any reconveyance executed under this Deed of Trust of any matters or facts shall be conclusive proof of the truthfulness thereof. Borrower in such reconveyance may be described as "the person or persons legally entitled thereto."

Request is hereby made that a copy of any notice of default and a copy of any notice of sale hereunder be mailed to Borrower at its/his/her address hereinbefore set forth.

BORROWER: Easy Investments, LLC

NAME and Title of Principal Borrower: Yomtov Scott Menaged, Managing Member of LLC

SIGNATURE: 

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This Instrument was acknowledged before me this 2 day of April, 2013
By: YomTov Menaged

Commission Expires: 8-17-15


Notary

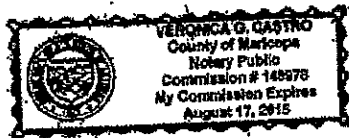
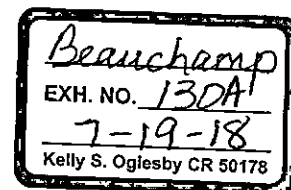


Exhibit No. 70



Beauchamp, David

DenSco / Page 1 of 2
2013

From: Denny Chitlick [dcmoney@yahoo.com]
Sent: Wednesday, July 10, 2013 9:27 AM
To: Beauchamp, David
Subject: Re: Term Sheet - Breaking News

yes, they announced it on CNBC a few mins ago. although i'm not planning on soliciting in the future.
dc

DenSco Investment Corp
www.denscoinvestment.com/
602-469-3001
602-532-7737 f

From: "Beauchamp, David" <David.Beauchamp@bryancave.com>
To: "dcmoney@yahoo.com" <dcmoney@yahoo.com>
Cc: "Beauchamp, David" <David.Beauchamp@bryancave.com>
Sent: Wednesday, July 10, 2013 9:09 AM
Subject: Fw: Term Sheet - Breaking News

Denny:

FYI.

Talk later.

Best, David

(Sent from my Blackberry wireless)
David G. Beauchamp, Esq.
Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406

email: david.beauchamp@bryancave.com
(602) 364-7060 | Direct Tel.
(602) 716-8060 | Direct Fax
(602) 319-5602 | Mobile Tel.

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From: Dan Primack [mailto:Dan_Primack@fortune.chtah.net]

7/10/2013

DIC0003490

Sent: Wednesday, July 10, 2013 08:58 AM
To: Beachamp, David
Subject: Term Sheet -- Breaking News

FORTUNE TERM SHEET by Dan Primack



[Email Dan](#) [Follow Dan on Twitter](#) [Subscribe](#) [Send an anonymous tip](#)

Breaking: General solicitation ban lifted

The SEC commissioners just voted 4-1 to end the ban on general solicitation, which could result in some fundamental changes for the private capital markets (both companies and funds). But the SEC also put some new rules in place, which could complicate things for those who want to take advantage of the new flexibility (and help provide lots more billable hours for attorneys).

For more details, [please go here](#).



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bcl/p2013

7/10/2013

DIC0003491



Beauchamp, David

From: Denny Chittick [dcmoney@yahoo.com]
Sent: Thursday, July 11, 2013 10:12 AM
To: Beauchamp, David
Subject: Re: Troy McNaughton

i am , but i leave again this weekend and be back on the 22nd
dc

Densco Investment Corp
www.denscoinvestment.com/
602-469-3001
602-532-7737 f

From: "Beauchamp, David" <David.Beauchamp@bryancave.com>
To: "dcmoney@yahoo.com" <dcmoney@yahoo.com>
Cc: "Beauchamp, David" <David.Beauchamp@bryancave.com>
Sent: Thursday, July 11, 2013 10:10 AM
Subject: Re: Troy McNaughton

Denny:

Thanks for the notice. Are you back in town?

Best, David

(Sent from my Blackberry wireless)
David G. Beauchamp, Esq.
Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406

email: david.beauchamp@bryancave.com
(602) 364-7060 | Direct Tel.
(602) 716-8060 | Direct Fax
(602) 319-5602 | Mobile Tel.

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From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Thursday, July 11, 2013 10:08 AM
To: Beauchamp, David
Subject: Troy McNaughton

7/12/2013

DIC0003486

He might call you. i used to lend him money, then he and some friends put a few mmillion together and started lending. today he got his inquire letter from the dept of finance. i wouldn't spend more than 5 mins with him unless he pays you. i'm asking for no favors!

thx

dc

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bcllp2013

7/12/2013

DIC0003487

Exhibit No. 71

<i>Beauchamp</i>	
EXH. NO.	<i>130</i>
	<i>7-19-18</i>
Kelly S. Oglesby CR 50178	

Revised to new version
for b/l purposes

Confidential Private Offering Memorandum

DenSco Investment Corporation

JULY -
May 2013

No: _____

Name of Payee: _____

Confidential Private Offering Memorandum

DenSco Investment Corporation

General Obligations Notes

Minimum Purchase \$50,000

The General Obligation Notes (the "Notes") are general obligations of DenSco Investment Corporation, an Arizona corporation (the "Company"). The Notes, together with all other outstanding notes and all other advances or liabilities owed by the Company to any holder of an outstanding note will be secured by a general pledge of all assets owned by or later acquired by the Company. The Company's largest assets will be the Trust Deeds, as defined herein, acquired by the Company and the Notes will be superior in priority and liquidation preference to Notes subscribed for by officers and shareholders of the Company. Interest will be paid monthly, quarterly or at maturity. The Notes are not insured or guaranteed by any state or federal government entity or any insurance company, and the Company will not establish a sinking fund for the Notes. The Company generally may transfer, sell or substitute collateral for the Notes. The Company may modify the interest rate to be paid on subsequently issued Notes. The Company will use good faith efforts to prepay Notes upon receipt of written request, but the Company will not be obligated to do so. The Notes may be redeemed by the Company prior to maturity upon notice at a price equal to the principal amount of the Notes plus accrued interest to the date of redemption. See "Description of Securities – Note Terms." Default may occur with respect to one Note and not another. The Notes may be purchased directly from the Company without commission. The Company intends to offer the Notes on a continuous basis until the earlier of (a) the sale of the maximum offering, or (b) two years from the date of this memorandum; provided, however, the Company reserves the right to amend, modify and/or terminate this offering if the Company changes its operations or method of offering in any material respect. See "Description of Securities" and "Plan of Distribution."

THE NOTES ARE SPECULATIVE AND INVESTMENT IN THE NOTES INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS."

THE NOTES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE REGULATORY AUTHORITY REVIEWED, APPROVED OR DISAPPROVED THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM OR ENDORSED THE MERITS OF THE PLACEMENT OF NOTES. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE NOTES ARE OFFERED PURSUANT TO EXEMPTIONS PROVIDED BY SECTION 4(2) OF THE ACT, REGULATION D THEREUNDER, CERTAIN STATE SECURITIES LAWS AND CERTAIN RULES AND REGULATIONS PROMULGATED PURSUANT THERETO. THE NOTES MAY NOT BE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

	Offering Price (1)	Underwriting Commissions (2)	Proceeds to the Company (3)
Note	\$50,000	-0-	\$50,000
Total Minimum Offering	\$500,000	-0-	\$475,000
Offering Maximum	\$50,000,000	-0-	\$49,975,000

- (1) The Notes are offered in \$50,000 initial investment with additional increments with a minimum of at least \$10,000. All subscriptions for Notes are subject to review and acceptance by the Company.
- (2) The Company's President, Denny J. Chittick, is making the private placement of the Notes on behalf of the Company. Mr. Chittick will not receive any sales commission in connection with the placement of the Notes. The Company reserves the right to pay costs and commission to a licensed broker-dealer with an approved custodian to facilitate procedures by investors using qualified funds (i.e., IRA, SEP IRA, ROTH IRA and KEOGH Plans), up to one percent (1%) of the principal Note amount.
- (3) Offering expenses, estimated at \$25,000, will be paid from the Company's general operating funds.

DenSco Investment Corporation

6132 W. Victoria Place
Chandler, Arizona 85226
(t) 602-469-3001
(f) 602-532-7737

THE NOTES ARE OFFERED ONLY TO PERSONS WHO ARE: (1) "ACCREDITED INVESTORS" WITHIN THE MEANING OF RULE 501(a) OF REGULATION D PROMULGATED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAW; (2) ABLE TO BEAR THE ECONOMIC RISK OF AN INVESTMENT IN THE NOTES, INCLUDING A LOSS OF THE ENTIRE INVESTMENT; AND (3) SUFFICIENTLY KNOWLEDGEABLE AND EXPERIENCED IN FINANCIAL AND BUSINESS MATTERS TO BE ABLE TO EVALUATE THE MERITS AND RISKS OF AN INVESTMENT IN THE NOTES EITHER ALONE OR WITH A PURCHASER REPRESENTATIVE. SEE "INVESTOR SUITABILITY." THE NOTES ARE NOT OFFERED AND WILL NOT BE SOLD TO ANY PROSPECTIVE INVESTOR UNLESS SUCH INVESTOR HAS ESTABLISHED TO THE SATISFACTION OF DENNY J. CHITTICK, THAT THE INVESTOR MEETS ALL OF THE FOREGOING CRITERIA. EACH INVESTOR MUST ACQUIRE THE NOTES FOR HIS, HER OR ITS OWN ACCOUNT, FOR INVESTMENT PURPOSES ONLY, AND WITHOUT ANY INTENTION OF DISTRIBUTING OR RESELLING ANY OF THE NOTES, EITHER IN WHOLE OR IN PART.

THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO ANYONE IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED. IN ADDITION, THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM CONSTITUTES AN OFFER ONLY TO THE PERSON WHOSE IDENTITY APPEARS IN THE APPROPRIATE SPACE PROVIDED ON THE COVER PAGE HEREOF. THE RIGHT TO PURCHASE NOTES AS DESCRIBED HEREIN IS NOT ASSIGNABLE.

TO ENSURE COMPLIANCE WITH CIRCULAR 230 GOVERNING STANDARDS OF PRACTICE BEFORE THE INTERNAL REVENUE SERVICE, POTENTIAL INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED BY A POTENTIAL INVESTOR, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A POTENTIAL INVESTOR UNDER THE INTERNAL REVENUE CODE; (B) SUCH

DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE NOTES OFFERED HEREBY; AND (C) POTENTIAL INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

CERTAIN "REPORTABLE TRANSACTIONS" REQUIRE THAT PARTICIPANTS AND CERTAIN OTHER PERSONS FILE DISCLOSURE STATEMENTS WITH THE IRS, AND IMPOSE SIGNIFICANT PENALTIES FOR THE FAILURE TO DO SO. AN INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE, OR OTHER AGENT OF THE INVESTOR) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF AN INVESTMENT IN THE NOTES AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTOR RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE, EXCEPT TO THE EXTENT THAT SUCH DISCLOSURE IS RESTRICTED BY APPLICABLE SECURITIES LAWS.

THE OBLIGATIONS AND REPRESENTATIONS OF THE PARTIES TO THIS TRANSACTION WILL BE SET FORTH ONLY IN THE DOCUMENTS DESCRIBED HEREIN. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS CONCERNING THE COMPANY OTHER THAN AS CONTAINED IN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON. THE DELIVERY OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM DOES NOT IMPLY THAT THE INFORMATION SET FORTH IN IT IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF CERTAIN INVESTORS TO WHOM IT HAS BEEN DIRECTED. A PROSPECTIVE INVESTOR, BY ACCEPTING DELIVERY OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, AGREES TO

RETURN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM AND ALL ENCLOSED DOCUMENTS TO THE COMPANY IF THE HOLDER DOES NOT UNDERTAKE TO PURCHASE ANY OF THE NOTES OFFERED HEREBY.

PRIOR TO THE SALE OF ANY NOTES OFFERED HEREBY, THE COMPANY WILL MAKE AVAILABLE TO EACH INVESTOR THE OPPORTUNITY TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM MR. CHITTICK CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND TO OBTAIN ADDITIONAL INFORMATION NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED HEREIN, TO THE EXTENT THE COMPANY OR MR. CHITTICK POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

ANY REPRODUCTION OR DISTRIBUTION OF THE CONFIDENTIAL PRIVATE OFFERING MEMORANDUM IN WHOLE OR IN PART, OR THE DISCLOSURE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF MR. CHITTICK IS STRICTLY PROHIBITED.

REFERENCE IS MADE TO THE SUBSCRIPTION AGREEMENT AND SUITABILITY QUESTIONNAIRE ATTACHED HERETO FOR COMPLETE INFORMATION CONCERNING THE RIGHTS AND OBLIGATIONS OF INVESTORS WHO PURCHASE THE NOTES OFFERED HEREBY. CERTAIN PROVISIONS OF AGREEMENTS AND DOCUMENTS ARE SUMMARIZED IN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, AND THE SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE DETAILED INFORMATION OR AGREEMENT OR DOCUMENT APPEARING ELSEWHERE. IN CASE OF A CONFLICT BETWEEN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM AND SUCH AGREEMENTS OR DOCUMENTS, THE AGREEMENT OR DOCUMENT, AS THE CASE MAY BE, SHALL GOVERN. REFERENCE IS MADE HEREBY TO THE COMPLETE TEXT OF ALL DOCUMENTS RELATING TO THIS PLACEMENT THAT ARE DESCRIBED HEREIN. A COPY OF ALL DOCUMENTS AND AGREEMENTS SO DESCRIBED BUT NOT INCLUDED HEREIN WILL BE MADE

AVAILABLE TO A PROSPECTIVE INVESTOR AND ITS COUNSEL, ACCOUNTANT AND ADVISER(S) UPON REQUEST.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE COMPANY OR MR. CHITTICK OR THEIR AFFILIATES AS LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN COUNSEL, ACCOUNTANT AND OTHER ADVISERS AS TO TAX MATTERS AND RELATED MATTERS CONCERNING AN INVESTMENT IN THE COMPANY'S NOTES.

NOTWITHSTANDING ANYTHING CONTAINED IN THIS CONFIDENTIAL OFFERING MEMORANDUM TO THE CONTRARY, EXCEPT AS REASONABLY NECESSARY TO COMPLY WITH APPLICABLE SECURITIES LAWS, INVESTORS (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF THE INVESTORS) MAY NOT DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE U.S. FEDERAL INCOME TAX TREATMENT AND TAX STRUCTURE OF THIS OFFERING AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTORS RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. FOR THIS PURPOSE, "TAX STRUCTURE" IS LIMITED TO FACTS RELEVANT TO THE U.S. FEDERAL INCOME TAX TREATMENT OF THIS OFFERING AND DOES NOT INCLUDE INFORMATION RELATING TO THE IDENTITY OF THE ISSUER, ITS AFFILIATES, AGENTS OR ADVISORS.

TABLE OF CONTENTS

MEMORANDUM SUMMARY.....	1
BUSINESS.....	4
RISK FACTORS	11
FORWARD-LOOKING STATEMENTS.....	30
USE OF PROCEEDS	31
PRIOR PERFORMANCE	34
MANAGEMENT.....	38
PRINCIPAL SHAREHOLDER.....	41
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	42
DESCRIPTION OF SECURITIES.....	43
PLAN OF DISTRIBUTION.....	47
DETERMINATION OF OFFERING PRICE.....	49
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS	50
INVESTOR SUITABILITY	57

MEMORANDUM SUMMARY

The following summary should be read in conjunction with, and is qualified in its entirety by the more detailed information appearing elsewhere in this Confidential Private Offering Memorandum.

(taxable as a Chapter
S corporation)

The Company

DenSco Investment Corporation, an Arizona corporation (the "Company"), is an Arizona corporation which has been in operation since April, 2001. In the ¹³ten years of operation from April, 2001 through 2011, the Company has engaged in 13 loan transactions. The Company has been and will continue to be engaged primarily in the business of making high-interest loans with defined loan-to-value ratios to residential property remodelers ("Foreclosure Specialists") who purchase houses through pre-foreclosure process and foreclosure sales, all of which are secured by real estate deeds of trust ("Trust Deeds") recorded against Arizona residential properties, but the Company will not limit its efforts to this niche. In connection with its business, the Company will seek to maintain a diversity of builders, loan size, back-office commercial properties, medical offices, strip commercial centers, high-end specialty and custom residential properties and construction locations. The Company does not intend to exceed a maximum loan size of \$1,000,000.00. The Company intends to maintain a loan-to-value ratio below 70% percent in the aggregate for all loans in the loan portfolio.

The Company's office is currently located at 6132 W. Victoria Place, Chandler, Arizona 85226. Its current telephone number is 602-469-3001.

The Offering

Securities:

The Company is offering the first \$500,000 in principal amount of Notes on an "all-or-none, best efforts basis" and on a "best efforts" basis with respect to the remaining \$49.5 million in principal amount of Notes. In addition to the Company's President's (Denny Chittick) initial capital contribution to the Company, Mr. Chittick maintains a \$1 million

SEP and
the investment is
from "qualified funds"
(KEDGHS IRAs, ROTH)

investment in the Company at all times. This investment takes the form of Notes. Therefore, depending on the maturity of the Notes currently held by Mr. Chittick, the minimum offering may be met with his investment only. The interest rates of the Notes will vary and will depend on the denomination of the Note and the term selected by the investor. The

Notes are offered in denominations ranging from ~~\$50,000~~ ^{\$250,010} to ~~\$1,000,000.00~~ ^{\$2,500,000.00}, increasing in additional increments with a minimum of \$10,000. The Notes are paid "interest only" during their terms, with principal payable only at maturity. Investors may elect to have interest paid monthly, quarterly or at maturity. If interest is paid other than monthly, interest will compound monthly. The Notes are not transferable without obtaining the prior written consent of the Company. The Notes are general obligations of the Company and are not directly secured by any specific asset of the Company. At any particular point in time, the assets of the Company will consist primarily of Trust Deeds in an aggregate principal amount approximately equal to the amount of the outstanding Notes. See "Use of Proceeds" and "Description of Securities."

Restricted Nature of

Securities:

The Notes are not registered and are restricted securities. This is a private placement intended to be exempt from the registration requirements under federal and applicable state securities laws, and may only be made personally by a principal of the Company to a qualified investor who intends to hold the investment to maturity. See "Description of Securities."

Risk Factors:

An investment in the Notes involves a significant degree of risk. Only investors who can bear the economic risk of such an investment should purchase the Notes. See "Risk Factors" and "Investor Suitability."

Use of Proceeds: The proceeds of the offering will be used as working capital primarily for lending secured by, and the purchase of, Trust Deeds within the guidelines set by the Company. See "Use of Proceeds" and "Business."

Plan of Distribution: Notes may be purchased directly from the Company without commission.

The Company intends to make a continuous offering of the Notes until the earlier of two years from the date of this memorandum or upon the sale of the maximum offering of \$50 million; provided, however, the Company reserves the right to amend, modify or terminate this offering if the Company changes its operations or method of offering in any material respect. See "Description of Securities" and "Plan of Distribution."

(Indicate
current
balance raised)

BUSINESS

The Company was incorporated in Arizona on April 30, 2001 and is engaged primarily in the business of funding Foreclosure Specialists, who purchase houses through the preforeclosure process, and at foreclosure sales and through a sale of REO properties (Real Estate Owned by a financial institution after a foreclosure) or short sale transactions.

Target Markets and Potential Future Markets

The Company will target the funding and purchasing of Trust Deeds to qualified purchasers of foreclosed homes and qualified builders of Arizona commercial and residential projects. The primary focus is to lend money to qualified borrowers who can fulfill their loan obligation on highly marketable real properties with sufficient equity. When purchasing Trust Deeds, the Company intends to consider Trust Deeds that the loan-to-value ratio does not exceed 70 percent (70%) and the current yield is 18 percent (18%) or greater. Most of these purchased loans will have short-term maturities (less than one year), and under certain circumstances, Company may charge a higher interest rate or pass through additional costs incurred on short-term loans. Most Trust Deeds will range in size from \$25,000 to \$500,000, and the largest loan size is not intended to exceed ~~\$1,000,000~~ ^{\$2,500,000}. Each loan will be secured by its underlying real property (or in rare instances, separate real properties) as well as by personal property involved in the construction projects and personal guaranties (as determined on a case by case basis). The loans are written to be repaid in six months and all loans are structured to require monthly interest payments. A majority of the loans are paid back within three months, however, some loans are allowed to be extended on a case by case basis.

For lending to Foreclosure Specialists who purchase foreclosed homes prior to or at the foreclosure sale, the Company will target remodelers, contractors and other entities engaged in this niche real estate market, but the Company will not limit its efforts to this niche. The Company intends to have these Trust Deeds have loan-to-value ratios, no greater than 70 percent but with an objective goal of 50 percent to 60 percent. The Company anticipates that the minimum loan size will continue to be \$25,000, and the maximum loan size will continue to be

~~\$2,500,000~~
~~\$1,000,000~~ The values of these homes are determined to be based on the value to which they will appraise at or sell for on the retail market.

For lending on commercial projects, the Company will target established, reputable contractors and developers who are developing back-office commercial properties, medical and other professional offices, strip and pre-sold commercial centers, multi-unit apartment complexes, build-outs and high-end specialty projects on Arizona land they own or have rights to purchase. The Company intends to have these Trust Deeds have loan-to-value ratios, no greater than 65 percent but with an objective goal of 50 percent to 60 percent. The maximum loan size is intended to be ~~\$1,000,000~~ ^{\$2,500,000}, with subordinated participation from other lenders for larger projects, which will probably obligate the Company to act on behalf of the other participating lenders. The Company intends to directly (through an officer or employee) or indirectly (through a real estate consultant) perform due diligence to verify certain information in connection with funding a Trust Deed. The loan-to-value ratio is determined by calculating the reasonable market value of the property at the end of the construction project.

For residential loans, the Company will seek reputable, licensed contractors who have pre-sold homes to build for qualified buyers. The Company also plans to finance builders' models, builders' "spec" homes, and those projects that are highly marketable and have substantial builder equity. Most of these borrowers may qualify for conventional bank financing but they may use the Company because of the faster financing, competitive over all costs, better service and personal relationships with Mr. Chittick. The Company will not lend to natural persons for personal, family or household purposes.

The Company may elect to participate as an equity partner in some projects should the benefits warrant the risk. From time to time, a default occurs on a loan and the Company needs to conduct a Trustee's Sale or accept a Deed In Lieu of Foreclosure on the real property securing a loan. As such, if the Trustee conducting the Trustee's Sale does not receive a bid in excess of the Company's credit bid (in the amount of the loan, accrued interest and costs) at the Trustee's Sale, the Company becomes the owner of the subject real property. The Company intends to sell such properties as quickly as possible in an effort to minimize resulting costs and losses, and to maintain a diversified financing operation. However, the Company reserves the right to lease

any property obtained through a Trustee's Sale or a Deed in Lieu of Foreclosure until the Company determines that the property can be sold at a sufficient price. The Company may diversify its financing operations in the future to include other areas of finance. The Company does not anticipate entering any non-Arizona market without first attempting to contact the significant Note holders and discussing this market with them.

Cash Flow

The Company uses a proprietary cash flow-management model for balancing the terms of the Trust Deeds the Company makes to its borrowers with the terms of the Notes purchased by the Company's investors. The Company's objective is to have sufficient cash coming in from Trust Deed payoffs to be able to redeem all Notes as they come due and maintain reserves without any need to sell assets or issue new Notes to repay the earlier maturing Notes. See "Risk Factors - Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes."

Limited Due Diligence

To the extent Trust Deeds are purchased, Trust Deeds will be purchased through a network of consultants, mortgage brokers and title companies that the Company believes are reliable referral sources. Prior to purchasing a Trust Deed or funding a direct loan, the Company intends to have an officer, employee or an authorized representative conduct a due diligence review by interviewing its owner, verifying the documentation and performing limited credit investigations as are deemed appropriate by the Company and visiting the subject property in a timely manner. For purchases of foreclosed homes, the properties are inspected after purchase, before or during rehabilitation and after rehabilitation to insure the property is improved to a marketable condition. The Company will not make residential loans to natural persons for personal, family or household purposes.

Funding and Purchase of Loans

The Company reserves the right to approve or decline the funding of each direct loan or the purchase of each Trust Deed submitted for purchase.

Collections

The Company services the contracts it purchases and originates. If a customer misses a payment without making satisfactory arrangement prior to the due date, the Company's policy will be to contact the customer within three to five days and watch the account closely until the payment or satisfactory arrangement has been made. At the discretion of the Company, the Company's normal documents provide that a late charge of ten percent of the interest amount due is to be assessed on a delinquent payment that is not cured within five days. If payment on a Trust Deed is thirty (30) days delinquent, an accelerated default rate goes into effect and foreclosure proceedings may begin under the Deed of Trust; provided, however, the Company may elect not to begin foreclosure proceedings if the property secured by the loan is under contract for sale or is in the process of being refinanced. The goal of the Company is to recover the principal of a loan and any interest and or any late fees assessed. If the borrower is unable in a timely manner to sell or refinance the subject property, the Company may request that the borrower execute a Deed in Lieu of Foreclosure (a "Deed in Lieu") to the Company so that the Company will gain immediate control of the subject property rather than going through the ninety (90) day process and expense associated with a Trustee's Sale. Upon the Company gaining control of the property through a Deed in Lieu or a Trustee's Sale, the Company will decide either to market the subject property at retail, which may require additional monies to improve the property to retail ready condition, or to wholesale the subject property "as is." The Company may also decide to rent the subject property as an investment property. If applicable, the management of the rental properties will be maintained by a professional management company chosen by the Company.

Regulation

The financing of construction loans and other types of real estate transactions are regulated by various federal and state government agencies, including the Arizona Department of Financial Institutions. Arizona Revised Statutes §§ 6-901 to 910, §§ 6-941 to 948 and 6-971 to 985, and regulations issued thereunder, have specific mortgage broker and mortgage banker licensing and operating requirements. The Company's Management believes that it is not required to be licensed by the Arizona Department of Financial Institutions as a mortgage broker or a mortgage banker nor under certain federal laws, such as Truth-In-Lending Act or the Real Estate Settlement Procedures Act. The Company intends to take the necessary steps to ensure that the borrowers it lends to and the projects covered by such loans will not fall within the requirements imposed by the foregoing agency and acts.


The Company will not receive any points, commissions, bonuses, referral fees, loan origination fees or other similar fees in connection with its real estate loans. The Company will only receive periodic interest resulting from the application of the note rate of interest to the outstanding principal balance remaining unpaid from time to time. By limiting its compensation in this manner, the Company's Management believes it does not need a license from the Arizona Department of Financial Institutions as either a mortgage loan broker or mortgage banker; provided, however, the Company reserves the right to work with and to pay a reasonable and customary mortgage broker fee to a licensed mortgage loan broker or mortgage banker for services in connection with its loans, or to other third-party professionals in connection with due diligence for its loans.

Certain federal laws and regulations, such as the Truth-in-Lending Act, Real Estate Settlement Procedures Act and others contain specific requirements for lenders seeking to make loans to certain types of borrowers, which may or may not be secured by certain types of residential real property. Most of these statutes and regulations apply to transactions only if the loans are made to natural persons for personal, family or household purposes. The Company will not lend to natural persons for these purposes.

If new regulations are issued by the U.S. Federal Housing Administration (the "FHA") or if a more strict interpretation of the current FHA regulations is implemented in the future, such regulations could reduce the demand for the Company's loans from Foreclosure Specialists which could impair the Company's ability to keep all of the proceeds from this offering fully invested in loans with borrowers.

Other states in the West have instituted additional restrictions concerning loans secured by private real estate, which are commonly referred to as "predatory mortgage lending laws." Although Arizona has not passed a similar statute, such provisions may come into effect in Arizona either through law or regulation during this offering. The Company's Management believes that its practices will not need to change in order to comply with any of the current proposals if they should go into effect. However, there can be no assurance that such will be the case.

The Company's Management believes that it is not required to register or be licensed as an investment adviser with the State of Arizona or with the U.S. Securities Exchange Commission ("SEC") pursuant to the Investment Advisers Act of 1940 (the "Advisers Act"), as amended. The Advisers Act and the analogous Arizona law generally requires all persons that are engaged in the business of providing investment advice for compensation to register with the SEC or Arizona provided that such adviser is not exempt from registration. The Company's Management believes that it is not engaged in the business of providing investment advice for compensation, and as such, is not required to register as an investment adviser with either the SEC and/or the State of Arizona. In addition, even if the Company were deemed to be engaged in the business of providing investment advice for compensation, the Company anticipates that it would exempt from registration as a "private investment adviser" under rules and regulations of the SEC and/or the State of Arizona given that the Company has fewer than the threshold number of clients that would trigger registration with the SEC and/or the State of Arizona.

 Under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), the "private investment adviser" exemption was eliminated and replaced by a number of other specific exemptions. As directed by the Dodd-Frank Act, the SEC is currently preparing

the final rules (the "Rules") that will provide guidance as to the applicability of the additional specific exemptions that replace the "private investment adviser" exemption. The Company expects that the SEC will issue the Rules during this offering; however, until this occurs, the Company cannot determine whether it will be required to register as a result of the Dodd-Frank Act and the Rules promulgated thereunder. Should the Rules require the Company to register as an investment adviser, the Company intends to take the necessary steps to register as an investment adviser with the State of Arizona and/or the SEC within the time frame outlined in such Rules.

Diversity of Risk

The Company will attempt to maintain a diverse portfolio of Trust Deeds and loans by seeking a large borrowing base, participating in several local markets, acquiring Trust Deeds for any lending into residential and commercial projects, establishing loan-to-value guidelines and limiting financing to short terms. Currently, the Company's base of borrowers exceed _____ approved and qualified borrowers. It is the Company's plan that the base of borrowers eventually will exceed _____ qualified contractors and foreclosure specialists. The Company will maintain loans throughout the Phoenix metropolitan area to reduce its risk to fluctuations in values and conditions in markets within the metropolitan area. The Company also believes that it can reduce risk by participation in various types of financing: Trust Deeds on foreclosed properties, residential Trust Deeds and lending from \$50,000 tract homes and condominiums to ~~\$1,000,000~~ ^{\$2,500,000} custom "spec" homes; and commercial investments for flex-office, back-office, medical/general office and retail. In addition, the Company intends to maintain general loan-to-value guidelines that currently range from 50 percent to 65 percent (but it is intended not to exceed 70%), to help protect the Company's portfolio of loans. Further, all loans are relatively short term.

apartment projects,
multi
condo
projects,

Because of these varying degrees of diversification, the relatively short duration of each of the loans, and Management's knowledge of the Phoenix metropolitan area market, the Company's Management anticipates that it will not experience a significant amount of losses; however, there can be no assurance that the Company will not experience such losses. Mr. Chittick, individually, has made or participated in approximately _____ loans secured by real

estate over the last fourteen (14) years. As of the date of this Memorandum, Mr. Chittick and the Company have collectively experienced 44 loan defaults that required initiating a Trustee's sale process, with seven (7) of such loans being settled prior to the Trustee Sale auction. Various borrowers have conveyed seven (7) properties to the Company pursuant to a Deed in Lieu. To the extent the Company deems necessary, the Company intends to use the services of outside real estate lending consultants to assist in evaluating any loan or the security for the loan to reduce the risk of a loss of principal due to the default of a real estate loan by a borrower and the resulting foreclosure upon the security for the loan.

The Company will make available to each prospective investor, prior to the consummation of the offering and sale of a Note to such investor and such investor's representative and advisers, the opportunity to ask questions and receive answers concerning the terms and conditions of this offering and to obtain any additional information that the Company may possess or may be able to obtain without unreasonable effort or expense, and which may be necessary to verify the accuracy of the information furnished to such prospective investor.

Executive Offices

The Company's office is currently located at 6132 W. Victoria Place, Chandler, Arizona 85226. Its current telephone number is 602-469-3001.

RISK FACTORS

An investment in the Notes offered by the Company involves a significant degree of risk. The securities offered hereby should not be purchased by anyone who cannot tolerate significant risk, including the possibility of losing their total investment in the Notes. In analyzing a possible investment in the Notes, prospective investors should consider carefully the following factors, together with the information contained elsewhere in this Memorandum.

Operating History

In the Company's ^{twelve} ~~ten~~ year operating history through June, 201³, the Company has completed in excess of _____ loan transactions. However, even with these number of loans over ten years, the evaluation of prior company performance set forth in Prior Performance is limited in time. Accordingly, there can be no assurance that the Company will be able to continue to operate and achieve these results on a going-forward basis, which could limit the Company's ability to repay the Notes as planned.

Competition

The Company is engaged in a highly competitive industry. The Company competes with banks, savings and loan institutions, credit unions, mortgage brokers, finance companies and other private investors that are established in the finance business. Competition in the finance business is based upon the lowest overall loan cost, which consists of interest rates, fees, closing costs, document fees, reputation, and availability of funds and the length of time it takes to approve a loan. The cost of funds to many of our competitors is typically lower than the Company's, allowing them to compete for borrowers on better terms, such as interest rates, which is a significant component of loan cost. The competition usually has lower costs on longer-term loans. The Company's higher cost of capital and lending rates may result, in part, in the Company acquiring Trust Deeds and lending to borrowers who are unable to obtain financing from these larger competitors. In some cases, these types of borrowers have weaker credit worthiness than other borrowers, which could expose the Company to a greater risk of

nonpayment of its loans by borrowers. See "Business-Target Markets and Potential Future Markets."

Ability to Generate Sufficient Cash Flow to Service the Outstanding Notes

The Company's ability to generate cash in amounts sufficient to pay interest on the Notes and to repay or otherwise refinance the Notes as they mature depends upon the Company's receipt of payments due under the loans that are in the Company's portfolio. The Company's financial performance and cash flow depends upon prevailing economic conditions and certain financial, business and other factors that are beyond the Company's control. These factors include, among others, economic and competitive conditions, particularly in areas in which the borrowers operate their businesses, and general economic conditions that affect the financial strength of developers and real estate investors in the areas that the Company intends to make investments. In recent years the decline of real estate values has been the largest challenge facing the real estate finance industry. This development is something new to the industry that typically sees a slow rising in values of properties or at least a stability of prices. The dramatic and prolonged decrease in values has forced the Company to change how it operates, which is requiring monthly interest payments under its loans rather than allowing the interest to compound. The Company has also shortened the maturity of loans to borrowers in some cases and is only extending the loans to a few borrowers under strict conditions. Accordingly, an investment in the Notes offered hereby involves substantial risk and Notes should not be purchased by anyone who cannot tolerate substantial risk, including the possibility of losing their total investment in the Notes. There can be no assurance that the Company will be able to continue to operate and repay the Notes as planned.

update

Decrease in Value of Collateral for the Loans in Company's Portfolio

The Company is responsible for collecting payments from loan obligors and for foreclosing under an applicable Trust Deed in the event of default by an obligor. If the Company is forced to conduct a Trustee's Sale to obtain ownership and possession of a property securing a loan, the value of the property may have decreased between the time that the outstanding loan

was initially made to the time of repossession pursuant to a Deed in Lieu or a Trustee's Sale. Consequently, the Company's sale of such property may result in a loss as a result of the amount owed to the Company being in excess of the value received by the Company pursuant to a subsequent sale of the property. Accordingly, an investment in the Notes offered hereby involves substantial risk and Notes should not be purchased by anyone who cannot tolerate substantial risk, including the possibility of losing their total investment in the Notes. There can be no assurance that the Company will be able to continue to operate and repay the Notes as planned.

Expansion of Real Estate Loan Base

After giving effect to this offering and the application of the net proceeds, the Company will have significant outstanding indebtedness. The Company's ability to make scheduled principal and interest payments on the Notes will depend upon the Company's ability to generate adequate revenues from its real estate lending operations. The Company has historically received approximately ___% effective interest on its real estate loans but minimal interest on its cash accounts at its bank. Therefore, in order to pay the principal and interest due on the Notes, the Company will need to loan a significant amount of its capital to its real estate loan borrowers and reloan any repayment proceeds in a timely manner. As the Company receives the proceeds from this offering, the Company intends to expand its real estate loan base in order to keep its capital loaned to its real estate loan borrowers as opposed to being in its cash accounts at the bank. If the Company cannot continue to expand its real estate loan base, it may not generate enough revenues to service its debt obligations, including the Notes. Accordingly, the Company will continue to rely upon repeat borrowers, word of mouth referrals and the referral network of outside mortgage brokers and consultants that Mr. Chittick has developed. See "Business-Target Markets and Potential Future Markets."

insert sentence

Demand for Real Estate Loans

The Company's success depends, in part, upon its ability to continue to develop and achieve growth in its real estate lending operations and to manage this growth effectively. In

formulating and implementing its business plan, the Company relied on the judgment of its officer and consultants, and on their research and collective experience to determine customers, marketing strategy and procedure. The Company has not planned, conducted or contracted for any independent market studies concerning the anticipated demand for the Company's real estate lending services. Although the Company has reviewed general reports concerning the number of houses being built, houses for sale, jobs created and people relocating to Metropolitan Phoenix, the Company has not reviewed any specific analysis concerning the demand for its niche in real estate lending. Although Mr. Chittick and the Company have developed a network of qualified borrowers and referral sources of current borrowers and escrow officers, there can be no assurance that there will continue to be sufficient demand for loans by qualified borrowers. To the extent that there is insufficient demand for loans by qualified borrowers, this could have an adverse effect on the anticipated demand for the Company's real estate lending services and limit the Company in its efforts to generate sufficient revenues to make scheduled interest and principal payments on the Notes needed for growth. See "Business-Target Markets and Potential Future Markets."

Management of Rapid Growth

The Company's success depends, to a large extent, on its ability to achieve growth in the number of loan applications and closings, the due diligence and servicing of these loans and the ability to manage this growth effectively. This growth will challenge the Company's management, resources and systems. As part of its business strategy, the Company intends to pursue continued growth through its business contacts, marketing capabilities and marketing alliances. As the Company continues to grow, the Company will need to expand its resources and systems to manage future growth, but there can be no assurance that the Company will continue to be able to grow in the future or to even manage this growth effectively. Failure to do so could materially and adversely affect the Company's business and financial performance. See "Business," and "Management."

No Sinking Fund Provision; No Separate Loan Loss Reserve; Lack of Governmental Insurance

The Notes represent general obligations of the Company and will not be subject to redemption through a sinking fund. Although the Company does not currently maintain a loan loss reserve fund, the Company's Management tries to maintain an allowance for losses as part of the Company's general assets at a level that Management believes is adequate to absorb any anticipated losses. At this time, the Company reserves the right to maintain such reserve in the Company's discretion, but the Company has no plans to currently implement a separate loan loss reserve fund. As a result, the risk of loss on the Notes is greater than would be the case if the Notes were backed by a sinking fund or if the Company funded and maintained a separate loan loss reserve fund. Repayment of the Notes by the Company is not secured by any property owned by the Company or any third party. There will be no limitation on the amount of future indebtedness that the Company may issue, create or incur, and the Company will not be prohibited from permitting liens to be placed on or creating senior liens on its property for any purpose, including for the purpose of securing payments or additional indebtedness. Furthermore, neither the Federal Deposit Insurance Corporation nor any other state or federal government agency insures the Notes. See "Description of Securities."

Terms of Notes

The Company expects to redeem the Notes as they mature, including the initial principal balance of each Note and all accrued and unpaid interest. However, the Company has the right to redeem the Notes at any time prior to maturity upon 30 days' written notice to the Noteholder. In the case of early redemption, the Company has the absolute discretion to select the Notes that it will redeem, and there is no requirement that Notes be redeemed from Noteholders on a pro rata or any other basis. Notes redeemed prior to maturity would prevent Noteholders of the Notes called for redemption from receiving the anticipated return on such Notes. See "Description of Securities."

Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes

The Company may be dependent upon the proceeds of subsequently issued Notes to repay earlier maturing Notes. If sufficient proceeds from such subsequently issued Notes are not raised, the Company would rely on its cash reserves, its operating capital and proceeds from the sale of Trust Deeds to repay the earlier maturing Notes. Such funds may be insufficient to repay the earlier maturing Notes, in which event the Company may be unable to repay such Notes or the subsequently issued Notes. The ability of a Noteholder to obtain payment of principal and interest on a Note in these circumstances could be limited to the extremely unlikely event that the Noteholder gains control over and sell assets of the Company. See "Use of Proceeds" and "Description of Securities."

Variable Rates and Maturities of Notes

Each Note bears a fixed rate of interest from the date of its issuance until maturity or early redemption. However, Notes issued subsequent to those purchased by an investor may be issued at higher or lower interest rates and shorter or longer maturities, depending upon market conditions and other factors. Notes outstanding at any given time will not be modified to reflect the terms and conditions of such subsequently issued Notes. Therefore, any particular investor risks investing in the Notes on terms less favorable than may be available at later dates to future investors. See "Description of Securities."

Management anticipates that the interest rate on each Note will be determined and agreed upon on the date of issuance, in significant part, by the demand for funds and the competitive environment in the foreseeable future by the Company. Since the interest rate the Company may charge for its loans to its customers is limited by competitive and other factors, the Company may not be able to increase the interest rates charged on its loans to compensate for increases in its funding rate to investors. Similarly, the Company may not be able to decrease the funding rate to its investors to compensate for decreases in the interest rates charged on its loans to its customers. Also, market forces could eliminate the interest rate difference between the interest rate paid to Investors and the interest rate charged to the Company's customers. See "Description of Securities."

Value of Company's Assets

The Notes, together with all other outstanding Notes and all other advances or liabilities owed by the Company to any holder of an outstanding Note, will be unsecured as to any and all assets owned by or later acquired by the Company (the "Company's Assets"). There can be no assurance that the proceeds of any sale of the Company's Assets pursuant to and following an Event of Default (as defined in "Description of Securities") would be sufficient to repay the Notes. In addition, investors in the Notes will have no ability to cause a sale of Company assets. See "Use of Proceeds," "Business" and "Description of Securities."

Collections and Foreclosures

The Company is responsible for collecting payments from loan obligors and for foreclosing under the applicable Trust Deed in the event of default by an obligor. If the Company must complete a project repossessed by it, the Company may have to inject additional capital, which it may not be able to fully recover. Further, the completion time may be in excess of one year, causing a severe strain on the cash flow of the Company, depending upon the project size. The Company also is subject to strict state law requirements in the collection and repossession of its collateral securing each loan. Although the Company will make every effort to comply with all applicable laws, any failure to comply may subject the Company to severe monetary damages or penalties and may result in administrative or judicial action against the Company. See "Business-Regulation."

No Assurance of Conventional Financing for the Company's Operations

In addition to Note proceeds, the Company may establish lines of credit or obtain various forms of financing from a financial institution or any other person or entity. The Company's Management believes that during the past few years, conventional financing for speculative business enterprises, such as the Company's lending operations, has become more difficult to obtain. If regular, continued sale of the Notes is not successful, and the Company is not able to

(discretion)

Revised to reflect that the line of credit is fully discretionary

obtain sufficient financing from other sources, the Company may be forced to sell Trust Deeds and/or loans in its portfolio to pay maturing Notes as they come due. Mr. Chittick has provided liquidity to the Company through an equity line of credit in the past and he intends to do so in the future. When Mr. Chittick advances funds to the Company from this equity line of credit, Mr. Chittick draws an interest rate of ___% per annum from the Company. Funds advanced in this manner are generally only short term (3-5 days). If the Company were to require additional conventional financing, the lender will probably secure its loan through Mr. Chittick to the Company by requiring a lien on the Company's assets, including the Trust Deeds. The lender's lien would have priority to any claims of any of the investors in the Notes, which puts these investors at risk. There can be no assurance the Company would be able to receive sufficient proceeds from the sale of the loans or Trust Deeds to repay any additional financing, if applicable, and to repay all of the outstanding Notes. See "Use of Proceeds," "Business" and "Description of Securities."

Regulation

Because it will not make loans for personal, family or household purposes, the Company believes it has structured its operations to be exempt from various federal and state regulations, and particularly from regulations affecting lending and financial institutions. If it is determined that the Company has not structured its operations so that it is exempt from regulation, the Company could become subject to extensive regulation, including the Truth in Lending Act, the Homeownership and Equity Protection Act of 1994, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Real Estate Settlement Procedures Act and the Home Mortgage Disclosure Act, as well as various state laws and regulations. Failure to comply with any of these requirements, or any similar state law requirement, may result in, among other results, demands for indemnification or repurchase, rescission rights, lawsuits, administrative enforcement actions and civil and criminal liability. In addition, there can be no assurance that existing regulations will not be revised to govern the activities of the Company as currently structured. Compliance with existing or future regulation could be costly and could materially and adversely affect the operations of the Company. See "Business - Regulation," including the predatory mortgage lending discussion contained therein.

FHA Regulations

If new regulations are issued by the Federal Housing Administration or if a more strict interpretation of any of its regulations is implemented in the future, such regulations could reduce the demand for the Company's loans from prospective borrowers, which could impair the Company's ability to keep all of the proceeds from this offering fully invested. See "Business – Regulation."

No Assurance of Successful Placement of the Notes

The Notes are being privately placed by the Company to qualified investors who intend to hold them for their own account until maturity. There is no underwriter, and there is no assurance that the Company will be successful in the continued placement of the Notes in a manner sufficient to satisfy its cash flow requirements to continue funding loans to its borrowers. See "Use of Proceeds" and "Business."

Absence of Public Market/ Non-Transferability of Notes

The Notes have not been registered under the Act or any state securities law and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Act and applicable state securities laws. The Company does not intend to register the Notes under the Act or any state securities law. In addition, the Notes are non-transferable without the prior written consent of the Company, which consent may be withheld in the Company's sole discretion. Accordingly, there is no public or private trading market for the Notes, and it is highly unlikely that a trading market will develop. The Company has no obligation to make any effort to cause a trading market to develop and does not intend to take any actions to cause a trading market to develop. Accordingly, and because the restricted nature of the security prohibits the purchase of the Notes

for any purpose other than holding to maturity, an investor in the Notes must anticipate holding the Notes to maturity. See "Description of Securities."

Impact of Change in Economic Conditions

An unforeseen change of general economic conditions, and particularly in Arizona and the southwestern United States, may adversely impact the Company's business and its ability to generate sufficient operating income to satisfy its debt obligations, including its obligations under the Notes as they become due. The Company maintains the right to adjust the interest paid in subsequently offered Notes and on the Notes offered hereby with 30 days' written notice. In the past, Arizona's real estate market has been cyclical and has experienced severe fluctuations. Investors should anticipate that these real estate markets might experience cyclical fluctuations in the future. The Company would adjust its operations in response to changing conditions, but there can be no assurance that the Company will be able to operate as planned during periods of such fluctuation or adjust its operations to avoid the impact of such changed conditions. See "Business-Target Markets and Potential Future Markets."

Dependence on Key Personnel

The Company is dependent on the continued services of Mr. Chittick. The Company's ability to continue its lending operations would be significantly and adversely affected by the loss of Mr. Chittick if a qualified replacement could not be found without undue delay. Although Mr. Chittick occasionally uses the services of outside consultants who have assisted Mr. Chittick in limited absences, it is unlikely that an outside consultant would be able to perform Mr. Chittick's duties as successfully as Mr. Chittick has done. If Mr. Chittick is disabled or unavailable for a long period of time, Mr. Chittick has developed a contingency plan for a consultant to wind down the Company's business, but there can be no assurance that such plan will be successful. See "Management-Contingency Plan in the Event of the Death or Disability of Mr. Chittick."

Management's Outside Interests and Conflicts of Interest

Mr. Chittick may maintain some activity in personal investments outside of the Company and he may manage similar types of outside portfolios as those maintained by the Company. Some of the Company's outside consultants who occasionally assist Mr. Chittick also make investments in loans secured by deeds of trust. In addition, Mr. Chittick invests in similar instruments on his own behalf. Since the Company plans to invest in portfolios similar to those of some of its consultants and Mr. Chittick, and because of the past (and limited present) consulting relationships between and among Mr. Chittick and some consultants, conflicts of interest exist and will continue to exist between the Company and the outside interests of Mr. Chittick and some consultants. See "Management."

No Protections From Investment Company Act Registration

The Company is not registered, and does not intend to register, under the Investment Company Act of 1940 in reliance upon an exclusion from the definition of an investment company provided in Section 3(c)(5) thereof. As a result, the operation and conduct of the Company's business will be subject to substantially less federal and state regulation and supervision than a registered investment company. If the Company was subject to the Investment Company Act of 1940, the Company would be required to comply with significant, ongoing regulation which would have an adverse impact on its operations. This could occur if a significant proportion of the proceeds from the sale of the Notes were invested in short-term debt instruments for longer than a one-year period. The Company intends to take all reasonable steps to avoid such classification. See "Business."

No Protections From Investment Advisers Act of 1940 or Analogous Arizona Law

The Company is not registered or licensed, and does not intend to register or become licensed as an investment adviser with the State of Arizona or with the SEC pursuant to the Investment Advisers Act of 1940 because the Company's Management believes that the Company is not engaged in the business of providing investment advice for compensation.

Accordingly, the operation and conduct of the Company's business will be subject to less federal and state regulation and supervision than a registered investment adviser. If the Company was subject to the Investment Advisers Act of 1940 or the analogous Arizona law, the Company would be required to comply with significant, ongoing regulation which could cause the Company to incur additional costs, adversely impacting its operations. This could occur if the Company were deemed to be engaged in the business of providing investment advice for compensation and the Company cannot avail itself of the private investment adviser exemption under Arizona law or the forthcoming exemptions under the Rules to be promulgated by the SEC pursuant to the Dodd-Frank Act. The Company intends to take all reasonable steps to avoid such classification. See "Business."

Control by and Benefits to Insiders

Noteholders will not be able to influence the management of the Company because Mr. Chittick owns all of the outstanding shares of common stock of the Company. See "Management" and "Principal Shareholder."

Difficulties and Costs of Continuous Offering

Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this Memorandum unless the Company changes its operations or method of offering in any material respect prior to the expiration of the two year offering period. See "Plan of Distribution." In order to continue offering the Notes during this period, the Company will need to update this Memorandum from time to time. Keeping the information in the Memorandum current will cause the Company to incur additional costs. A failure to update this Memorandum as required could result in the Company being subject to a claim under Section 10b-5 of the Securities Act for employing a manipulative or deceptive device in the sale of securities, subjecting the Company, and possibly the management of the Company, to claims from regulators and investors. In addition, an investor might seek to have the sale of the Notes hereunder rescinded which would have a serious adverse effect on the Company's operations.

Certain Charter Provisions

Arizona law provides that Arizona corporations may include provisions in their articles of incorporation or bylaws relieving directors and officers of monetary liability for breach of their fiduciary duty as director or officers, respectively, except for the liability of a director or officer resulting from: (i) any transaction from which the director derives an improper personal benefit; (ii) acts or omissions involving intentional misconduct or the absence of good faith; (iii) acts or omissions showing reckless disregard for the director's or officer's duty; or (iv) the making of an illegal distribution to shareholders or an illegal loan or guaranty.

The Company's Articles of Incorporation provide that the Company's directors are not liable to the Company or its shareholders for monetary damages for the breach of their fiduciary duties to the fullest extent permitted by Arizona law. The Company's Bylaws provide that the Company may indemnify its directors and officers as to those liabilities and on terms and conditions permitted by Arizona law including the payment of expenses incurred by a director or

officer in advance of final disposition of the proceeding following the furnishing of certain written representations.

Notes Are Unsecured General Obligations

The Notes are unsecured obligations of the Company, and Noteholders will be general unsecured creditors of the Company. The Notes do not limit the Company's ability to obtain additional capital from other sources and do not limit the Company's ability to grant such other financing sources liens or other security interests in the Company's assets and other property. If a bankruptcy proceeding is commenced by or against the Company, creditors of the Company who were granted a security interest in the Company's property will be entitled to repayment prior to any general unsecured creditors of the Company, including the Noteholders. The Company may also incur additional unsecured obligations which could reduce the funds available for repayment of the Notes in a bankruptcy or other liquidation scenario. Title 11 of the United States Code (the Bankruptcy code) also specifies that certain other creditors be entitled to repayment prior to general unsecured creditors. There can be no assurance that the Noteholders will receive any payments in respect of the Notes if the indebtedness of any secured creditors of the Company exceeds the value of such secured creditors' collateral.

Changes in Investment and Financing Policies Without Noteholder Approval

The major business decisions and policies of the Company, including its investment and lending policies and other policies with respect to growth, operations, debt and distributions, will be determined by the Company's Management. The Company's Management will be able to amend or revise these and other policies, or approve transactions that deviate from these policies, from time to time without a vote of the Noteholders. Accordingly, the Noteholders will have no control over changes in strategies and policies of the Company, and such changes may not serve the interests of all the Noteholders and could materially and adversely affect the Company's financial condition or results of operations.

Issuance of Additional Debt and Equity Securities

The Company will have authority to offer additional debt and equity securities for cash, in exchange for property, services or otherwise. The Noteholders will have no preemptive right to acquire any such securities. Further, the Company is not subject to any agreement that limits or restricts the amount or the terms of additional debt that the Company may incur in the future. To the extent that the Company incurs debt and grants its creditors security interests in or other liens upon the Company's assets or other collateral, those other creditors would enjoy priority in right of payment compared to the Noteholders, up to the value realizable from such collateral.

Concentration of Loans in Arizona

The Company's portfolio of loans is concentrated in Arizona. Consequently, the Company's operations and financial condition are dependent upon general trends in the Arizona market in which such concentration exists and, more specifically, its respective real estate market. A decline in a market in which the Company has a concentration may adversely affect the values of properties securing the Company's loans, such that the principal balance of such loans may equal or exceed the value of the underlying properties, making the Company's ability to recover losses in the event of a borrower's default unlikely. In addition, uninsured disasters such as floods, terrorism, and acts of war may adversely impact the borrowers' ability to repay loans, which could have a material adverse effect on the Company's results of operations and financial condition.

Possible Inadequacy of Allowances for Loan Losses

currently does not have an allowance for loan losses in the traditional sense of loan loss reserve. Company has been building retained earnings, which are

~~The Company's allowance for losses related to the loans is maintained at a level~~ considered adequate by Management to absorb anticipated losses, based upon historical experience and upon Management's assessment of the collectibility of loans in the Company's portfolio from time to time. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates that may be beyond the

Company's control and such losses may exceed current estimates. Although Management believes that the Company's allowance for losses related to the loans is adequate to absorb any losses on existing loans that may become uncollectible, there can be no assurance that the allowance will prove sufficient to cover actual losses related to the loans in the future.

Broad Management Discretion as to Use of Proceeds

The net proceeds to be received by the Company in connection with this offering will be used for working capital and general corporate purposes, including the funding of loans. Accordingly, Management will have broad discretion with respect to the expenditure of such proceeds. Purchasers of the Notes will be entrusting their funds to the Company's Management, upon whose judgment they must depend, with limited information concerning the specific working capital requirements and general corporate purposes to which the funds will ultimately be applied. See "Use of Proceeds."

Company Is Exposed to Risks of Being a Lender

^{previous} The ~~current~~ economic downturn ~~could~~ ^{ad} severely disrupt the market for real estate loans and adversely affect the value of any outstanding real estate loans made by the Company, and in turn the Notes. Non-performing real estate loans may require substantial negotiations by the Company with the borrower in order for the Company to ultimately obtain the underlying property used as collateral for the loan. The Company may incur additional expenses to the extent it is required to negotiate with the borrower in order to obtain the underlying property. In the event the Company is unable to obtain the underlying property, because of the unique and customized nature of a real estate loan, certain real estate loans may not be sold easily. One or more non-performing real estate loans secured by property that the Company is unable to obtain could have a negative affect on the performance of the Company and the return on your investment.

*Reward to past lender
but still a real risk*

Governmental Action May Reduce Recoveries on Non-Performing Real Estate Loans

In the event the Company decides to foreclose on a real estate loan, legislative or regulatory initiatives by federal, state or local legislative bodies or administrative agencies, if enacted or adopted, could delay foreclosure, provide new defenses to foreclosure or otherwise impair the ability of the Company to foreclose on a real estate loan in default. Various jurisdictions have considered or are currently considering such actions, and the nature or extent of the limitation on foreclosure that may be enacted cannot be predicted. Bankruptcy courts could, if this legislation is enacted, reduce the amount of the principal balance on a real estate loan, reduce the interest rate, extend the term to maturity, or otherwise modify the terms of a bankrupt borrower's real estate loan.

Property Owners Filing for Bankruptcy May Adversely Affect the Company and the Notes

The filing of a petition in bankruptcy automatically stops, or "stays" any actions to enforce the terms of a real estate loan. Further, the bankruptcy court may take other actions that prevent the Company from foreclosing on the underlying property. A court may require modifications of the terms of a real estate loan, including reducing the amount of each monthly payment, changing the rate of interest and altering the payment schedule, thus allowing the borrower to keep the underlying property and thus preventing foreclosure by the Company and/or making the sale of the real estate less profitable. A court may also permit a borrower to cure a monetary default relating to a real estate loan by paying arrearages within a reasonable period and reinstating the original real estate loan payment schedule, even if a final judgment of foreclosure has been entered in a state court. Any bankruptcy proceeding will, at a minimum, delay the Company in achieving its investment objectives and may adversely affect the Company's profitability.

Violation of Various Federal, State and Local Laws May Result in Losses

Violations of certain federal, state or local laws and regulations relating to the protection of consumers, unfair and deceptive practices and debt collection practices may subject the

Company to damages and administrative enforcement. In the event that a real estate loan issued by the Company was not originated in compliance with applicable federal, state and local law, the Company may be subject to monetary penalties and could result in the borrowers rescinding the affected real estate loan. As a result, the Company may not be able to achieve its financial projections with respect to the particular underlying property.

Delays in Liquidation Due to State and Local Laws

Property foreclosure actions are regulated by state and local statutes and rules and are subject to many of the delays and expenses of other lawsuits, sometimes requiring several years to complete. As a result, if the Company is not able to obtain the property voluntarily from the borrower, the Company may not be able to quickly foreclose on and subsequently sell a property securing a real estate loan.

An Investment in the Notes May Not Be Consistent With Section 404 of ERISA

Persons acting as fiduciaries on behalf of a qualified profit sharing, pension or other retirement trusts subject to the Employee Retirement Income Security Act of 1974 ("ERISA") should satisfy themselves that an investment in the Notes is consistent with Section 404 of ERISA and that the investment is prudent, taking into consideration cash flow and other objectives of the investor.

There Can Be no Assurance of Confidentiality

As part of the subscription process, investors will provide significant amounts of information about themselves to the Company. Pursuant to applicable laws, such information may be made available to third parties that have dealings with the Company, and governmental authorities (including by means of securities law-required information statements that are open to public inspection). Investors that are highly sensitive to such issues should consider taking steps

to mitigate the impact upon them of such disclosures (such as by investing in the Notes through an intermediary entity).

Legal Counsel to the Company and Its President Does Not Represent the Noteholders

Each investor must acknowledge and agree in the Subscription Agreement that legal counsel representing the Company and its President does not represent, and shall not be deemed under the applicable codes of professional responsibility, to have represented or to be representing, any or all of the investors.

Legal Counsel to the Company Will Represent the Interests Solely of the Company and Its President

Documents relating to the purchase of Notes, including the Subscription Agreement to be completed by each investor, will be detailed and often technical in nature. Legal counsel to the Company will represent the interests solely of the Company and its President, and will not represent the interests of any investor. Accordingly, each prospective investor is urged to consult with its own legal counsel before investing in the Company and the purchase of the Notes. Finally, in advising as to matters of law (including matters of law described in this Memorandum), legal counsel has relied, and will rely, upon representations of fact made by the Company's President. Such advice may be materially inaccurate or incomplete if any such representations are themselves inaccurate or incomplete, and legal counsel generally will not undertake independent investigation with regard to such representations.

Federal Income Tax Risks

→ need to reflect risk due to DenSco being a Chapter S → which could involve DenSco in any personal tax situation between IRS & D.C.

The discussion entitled "Certain United States Federal Income Tax Considerations" includes a discussion of certain U.S. income tax risks involved in an investment in the Notes. The section does not discuss all aspects of U.S. federal income taxation that may be relevant to any particular investor and cannot address any investor's specific investment circumstances. In

addition, the section does not include a discussion of state, local or foreign tax laws. Each investor should consult its own tax advisor with respect to these and other tax consequences of an investment in the Notes.

FORWARD-LOOKING STATEMENTS

This Confidential Private Offering Memorandum, including information incorporated by reference in this Memorandum, contains forward-looking statements regarding the Company's plans, expectations, estimates and beliefs. Actual results could differ materially from those discussed in, or implied by, these forward-looking statements. When used in this Memorandum, the words "anticipate," "intend," "believe," "estimate," and other similar expressions generally identify forward-looking statements, which are found throughout this Memorandum whenever statements are made that are not historical facts. Accordingly, such forward-looking statements might not accurately predict future events or the actual performance of an investment in the Notes. In addition, you must disregard any projections and representations, written or oral, which do not conform to those contained in this Confidential Private Offering Memorandum.

USE OF PROCEEDS

The Company intends to use the net proceeds received from the sale of the Notes, primarily for operating capital, to purchase and fund Trust Deeds and to acquire interests in properties or notes, which the Company's Management anticipates to be able to resell or collect as applicable. The proceeds from the sale of Notes may be used to repay earlier maturing Notes; provided, however, the Company will limit the amount of money that may be raised for this purpose so that the Company will not become subject to the Investment Company Act of 1940. See "Risk Factors – Proceeds From Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes."

The Company may use proceeds from this private placement for general business purposes, including rent, advertising, labor and administrative expenses, if needed, investment, expansion or the purchase of capital assets and to fund loans to borrowers and purchase Trust Deeds. However, the Company expects that no more than .05 percent of the proceeds of the offering will be allocated to general business purposes. The Company is not required to maintain reserves or to deposit any of the proceeds of the offering, into a reserve account, for the purpose of providing liquidity to service interest payments on, and redemption of, the Notes as they mature. The Company does not intend to maintain reserves from the proceeds of the offering in a cash reserve account. The remaining proceeds, net of cash reserves, if any, should be available to fund and purchase Trust Deeds. The Company is not required or obligated to give Noteholders notice of any changes in the Company's intended use of proceeds of the offering. See "Business."

The following table sets forth the Company's best estimates of the use of the minimum and maximum target gross proceeds from the sale of the Notes.

	Minimum Amount Raised	Percent of Offering	Target Amount Raised	Percent of Offering
Gross Offering Proceeds	\$500,000	100%	\$50,000,000	100%
Commissions & Costs (1)	-0-	0%	-0-	0%
Cash Reserve (2)	-0-	0%	-0-	0%
General Business (3)	\$25,000	5%	\$25,000	.05%
Proceeds Available For Funding/ Purchase of Construction Loans (4)	\$475,000	95%	\$49,975,000	99.95%

- (1) The Company does not anticipate paying costs and commissions in excess of the costs associated with this offering. The Notes may be purchased directly from the Company without commission. Notes maturing more than two years also may be purchased by investors using qualified funds (i.e., IRA, SEP IRA, ROTH IRA and Keogh Plans), through a licensed broker-dealer and with an approved custodian; provided, that such investments meet the investor suitability requirement. Transaction costs for Notes purchased with qualified funds may be paid, solely at the Company's discretion, by the Company up to one percent (1%) of the principal Note amount.
- (2) Company intends (but is not required) to maintain cash reserves (or access to other funds) approximately equal to a minimum of one percent of the aggregate balance of Notes outstanding in its general accounts to provide funds to service interest payments and to facilitate redemption of the Notes. This amount will be calculated using a proprietary cash-flow management model. Interest accruing in the general accounts will belong to the Company.
- (3) Company anticipates that its current facilities are adequate to fund real estate loans and to service the volume of contracts that would be purchased at the minimum level of proceeds. If its business is significantly increased, the Company may invest in additional personnel, computer equipment and facilities capable of processing increased data. General business expenses may also include the offering expenses.

use in
each
reference

- (4) This use of the proceeds is only an estimate and the Company reserves the right to allocate the proceeds in a different manner consistent with the Confidential Private Offering Memorandum.

PRIOR PERFORMANCE

Mr. Chittick organized the Company in April of 2001 to provide a short-term funding source for primarily real estate developers and foreclosure specialists. Mr. Chittick has arranged for the funding and administration of real estate loans since that time. The chart set forth below indicates the Company's history in raising money from investors, the number of loans made, the aggregate amount of such loans, the underlying values of the security for such loans and any problems with respect to such loans.

Mr. Chittick initially capitalized the company with one million dollars of his personal funds. From July 2001 through December 2001, an additional \$500,000 was raised from investors. In 2002, an additional \$930,000 was raised from investors. In 2003, an additional \$1,550,000 was raised from existing and new investors. In 2004, the amount from both old and new investors increased to an additional \$2,450,000. In 2005, an additional \$2,670,000 was raised from existing and new investors. In 2006, an additional \$2,800,000 was raised from existing and new investors. In 2007, an additional \$2,400,000 was raised from existing and new investors. In 2008, an additional \$3,000,000 was raised from existing and new investors. In 2009, an additional \$ 3,100,000 was raised from existing and new investors. In 2010, an additional \$ 2,800,000 was raised from existing and new investors. From January 2011 to June, 2011, an additional \$ 4,700,000 was raised from existing and new investors. Mr. Chittick uses an equity line of credit to help facilitate cash flow for the Company. All of the money raised from investors has been through the sale of promissory notes like those being offered in this placement. Such notes were for terms of 6 to 60 months and have, to date, drawn interest at the rate of 8 to 12% per annum. The Company has never defaulted on either interest or principal for any of such notes.

The money raised by the Company from investors has historically been divided into a large portfolio of loans secured by marketable properties with varying values and locations in the Phoenix metro area. The Company is currently lending in approximately 20 cities in the Phoenix metro area, which includes Maricopa and Pinal Counties. The Company will have loans secured by properties in many of these cities simultaneously. The Company has endeavored to maintain a large and diverse base of borrowers as well as a diverse selection of properties as

primarily
with a few loans in Pima, Coconino & Yavapai Counties.

collateral for its loans to the borrowers. However, in response to the more recent challenging conditions in the real estate market, the Company has focused on maintaining relationships with borrowers that have a proven track record with a good payment history and performance. The Company continues to strive to achieve a diverse borrower base by attempting to ensure that one borrower will not comprise more than 10 to 15 percent of the total portfolio.

All real estate loans funded by the Company have been and are intended to be secured through first position trust deeds. The loan to value ratio of the Company's overall portfolio has averaged less than 70% and the Company intends to maintain a loan to value ratio of 50% to 65%.

[Replace w/ Chart]

In 2001, the Company funded 37 loans in its first year of operation. The aggregate amount of these loans totaled \$3,378,000, with the value of underlying homes totaling \$6,393,000. Of those 37 loans, 15 were repaid in 2001. The repaid loans totaled \$1,452,000, with the value of the underlying homes equaling \$2,431,000. All interest due from all loans was collected.

In 2002, the Company funded 69 loans in its first full year of operation. The aggregate amount of these loans totaled \$5,685,000, with the value of the underlying homes totaling \$8,780,000. Of the 69 new loans in 2002 and the remaining unpaid loans from late 2001, 66 were repaid in 2002. These repaid loans totaled \$5,267,000, with the value of the underlying homes equaling \$9,076,300. All interest due from all loans was collected.

In 2003, the Company funded 124 loans. The aggregate amount of these loans totaled \$11,673,000, with the value of the underlying homes totaling \$17,530,500. Of the 124 new loans in 2003 and the remaining unpaid loans from late 2002, 106 were repaid in 2003. These repaid loans totaled \$9,693,500, with the value of the underlying homes equaling \$14,488,500. All interest due from all loans was collected.

In 2004, the Company funded 185 loans. The aggregate amount of these loans totaled \$19,907,000, with the value of the underlying homes totaling \$30,422,600. Of the 185 new loans in 2004 and the remaining unpaid loans from late 2003, 170 were repaid in 2004. These

repaid loans totaled \$17,951,700, with the value of the underlying homes equaling \$26,939,500. All interest due from all loans was collected.

In 2005, the Company funded 236 loans. The aggregate amount of these loans totaled \$34,955,700, with the value of the underlying homes totaling \$50,487,300. Of the 236 new loans in 2005 and the remaining unpaid loans from late 2004, 232 were repaid in 2005. These repaid loans totaled \$31,001,940, with the value of the underlying homes equaling \$45,111,500. All interest due from all loans was collected.

In 2006, the Company funded 215 loans. The aggregate amount of these loans totaled \$34,468,100, with the value of the underlying homes totaling \$52,784,000. Of the 215 new loans in 2006 and the remaining unpaid loans from 2005, 212 were repaid in 2006. These repaid loans totaled \$35,301,250, with the value of the underlying homes equaling \$53,057,200. One loan that was foreclosed on, and successfully resold, did not pay all the interest due. However, the small uncollected amount was absorbed by the Company.

In 2007, the Company funded 271 loans. The aggregate amount of these loans totaled \$42,269,767, with the value of the underlying homes totaling \$65,574,500. Of the 271 new loans in 2007 and the remaining unpaid loans from 2006, 257 were repaid in 2007. These repaid loans totaled \$41,424,815, with the value of the underlying homes equaling \$65,482,800. One condominium loan, two house loans, and one land loan were foreclosed. While the condominium and houses were sold with minimal principal loss, much of the interest was collected on all four loans. The loss was absorbed by the Company.

In 2008, the Company funded 364 loans. The aggregate amount of these loans totaled \$47,329,758, with the value of the underlying homes totaling \$77,616,000. Of the 364 new loans in 2008 and the remaining unpaid loans from 2007, 257 were repaid in 2008. Such repaid loans totaled \$34,578,755 with the value of the underlying homes equaling \$56,255,500. While one condominium and six homes were sold with minimal principal loss, much of the interest was collected on all the loans. The loss was absorbed by the Company. There were 15 more homes that were either foreclosed on or ownership was acquired through the deed in lieu process.

These houses are presently either for sale on the retail market, or have been rented and are for sale on the investor market.

In 2009, the Company funded ____ loans. The aggregate amount of these loans totaled \$_____, with the value of the underlying homes totaling \$_____. Of the _____ new loans in 2009 and the remaining unpaid loans from 2008, _____ were repaid in 2009. Such repaid loans totaled \$_____ with the value of the underlying homes equaling \$_____.

In 2010, the Company funded ____ loans. The aggregate amount of these loans totaled \$_____, with the value of the underlying homes totaling \$_____. Of the _____ new loans in 2010 and the remaining unpaid loans from 2009, _____ were repaid in 2010. Such repaid loans totaled \$_____ with the value of the underlying homes equaling \$_____.

From January 1, 2011, through _____, 2011, the Company has funded ____ loans for a total of \$_____, with the underlying homes valued at \$_____. There have been _____ loans repaid in 2011 for a total of \$_____, and house values of \$_____.

Since inception through _____, 2011, the Company has participated in _____ loans, with an average loan amount of \$_____, with the highest single loan being \$_____ and lowest being \$_____. The aggregate amount of loans funded is \$_____ with property values totaling \$_____. The total amount of loans that have funded and closed is \$_____ with home values equaling \$_____. These loans have borne interest rates of ____% to ____% per annum. The interest rate paid to noteholders has ranged from ____% to ____% per annum through such date. Each and every Noteholder has been paid the interest and principle due to that Noteholder in accordance with the respective terms of the Noteholder's Notes. Despite any losses incurred by the Company from its borrowers, no Noteholder has sustained any diminished return or loss on their investment in a Note from the Company.

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MANAGEMENT

Directors and Executive Officers

The Director and Executive Officer of the Company are: Denny J. Chittick, 45, President, Vice President, Treasurer, and Secretary.

Denny J. Chittick worked at Insight Enterprises, Inc., a publicly traded company, for nearly 10 years, holding many different positions from finance, accounting, operations and held the position of Sr. Vice President and CIO when he left the company in 1997. Since leaving Insight, he has been involved in several different companies, including a software company, internet company and finance company. Mr. Chittick holds a degree in Finance from Arizona State University.

Real Estate Consultant

The Company will have only one employee, which will require the Company to use outside consultants on a periodic basis to provide various services. These consultants may be retained to assist with any necessary due diligence in connection with these loans and, to the extent necessary, to assist with the closing of a loan.

Employees

With the assistance of outside consultants on an as-needed basis, Mr. Chittick intends to operate the Company, as its primary employee, analyzing, negotiating, originating, purchasing and servicing Trust Deeds by himself. As the portfolio of contracts increases, the Company may add additional personnel.

Contingency Plan in the Event of Death or Disability of Mr. Chittick

In the event that Mr. Chittick is unable to perform his duties to continue the operation of the Company in any capacity, Mr. Chittick has a written agreement with Robert Koehler, an owner of RLS Capital, Inc. to provide or arrange for any necessary services for the Company. Robert has twelve (12) years of experience supporting real estate loan portfolios similar to the portfolio of the Company. Robert holds a real estate license in Arizona and has worked as a loan officer in the residential and commercial transactions and has conducted due diligence effort for hundreds of private purchase of notes and trust deeds. Robert is respected as a member of the Arizona real estate investment community by investors, borrowers, mortgage brokers, escrow officers and real estate agents. As part of this contingency plan, Robert is a signatory on the Company's bank account. On a weekly basis, Robert receives an updated spreadsheet of all properties currently being used as collateral for a loan. On a monthly basis, Robert receives a spreadsheet of all the investors and what is owed to each of them, and receives the monthly statements for all investors. Pursuant to the agreement with Robert, upon Robert's receipt of instructions from Denny Chittick, or from other designated individuals, or upon medical confirmation that Mr. Chittick is unable to continue to perform his duties as President of the Company for an extended period of time, Robert will act to close down the Company's business by collecting all of the monies due on the Trust Deeds and Robert will return all of the principal and interest owed to the investors pursuant to the Notes.

Management Compensation

As the sole shareholder, Mr. Chittick receives a salary consistent with IRS guidelines. Salary adjustments are made at year-end in order for Mr. Chittick to fund his 401(K) and to pay his income taxes. Year-end profits are taxed to Mr. Chittick pursuant to the U.S. Internal Revenue Code rules applicable to Subchapter S corporations. ~~Therefore, year-end profits may be distributed to Mr. Chittick.~~ In addition, Mr. Chittick is paid interest on Notes funded by Mr. Chittick in the same manner as the other investors. See "Management - Management Compensation." As the Company expands its lending operations and increases the workload of

→ parallel the ^{earlier} change to the retained earnings

The defined benefit retirement plan

Mr. Chittick, he reserves the right to receive an increased salary so long as there is no current default under the Notes.

Ownership Compensation

The Company receives its revenue primarily from interest earned on trust deeds, rents on properties owned by the Company, interest on cash reserve accounts, and interest earned on investments made by the Company after subtracting interest paid on its debts. The amount of profits, and therefore, compensation to Mr. Chittick, will be dependent upon the amount of Notes sold, Trust Deeds acquired, loans made and the terms of such loans. After payment of its principal and interest obligations under the Notes, the Company distributes the balance to Mr. Chittick; provided, however, the Company may (but is not required to) retain earnings in the Company up to a level of "reserve" or "retained earnings" goals that the Company deems adequate. Subject to the need to adjust these goals due to special liquidity needs due to plans to repay Notes or to fund future Trust Deeds, the Company anticipates that it will be able to achieve and maintain adequate reserve goals to meet the Company's obligations.

Mr. Chittick may have significant investments in the Notes, for which the Company will pay him monthly interest on the same basis as other Noteholders which investment amount will be subordinated to all other Notes placed pursuant to this Memorandum. (Mr. Chittick currently has invested approximately \$2,200,000 in Notes, but this amount varies from \$1.5 million to \$3.2 million.) See "Description of Securities." The Company intends to pay to Mr. Chittick all retained earnings in excess of any reserves deemed necessary or desirable by Mr. Chittick to meet the Company's obligations.

STBT

make consistent w/ retained earnings

PRINCIPAL SHAREHOLDER

The following table sets forth the beneficial ownership of shares of the Company's outstanding common stock.

Name and Address	Number of Shares	Percent
Denny J. Chittick	500,000	100%
6132 W. Victoria Place		
Chandler, AZ 85226		

The Company is authorized to issue up to 25,000,000 shares of common stock, but has no intent to issue additional common stock at this time.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Ownership

Based on his 100 percent ownership of the Company's common stock, Denny J. Chittick maintains the exclusive ability to elect directors, appoint officers and manage the operations of the Company.

Competing Businesses

During the four years prior to forming the Company, Denny Chittick personally invested in companies and in real estate loans that are substantially similar to the Company's investments in Trust Deeds. In addition to his activities on behalf of the Company, Mr. Chittick reserves the right to continue his personal investments in real estate and instruments similar to Trust Deeds, which are considered competing businesses of the Company. See "Risk Factors – Management's Outside Interests and Conflicts of Interest."

see earlier work

DESCRIPTION OF SECURITIES

The Company is offering up to \$50 million in Notes. The minimum denomination is ~~\$50,000~~ ^{\$250,000}, and the maximum denomination is ~~\$1,000,000~~ ^{\$2,500,000} in a single note. An investor may purchase more than ~~\$1,000,000~~ ^{\$2,500,000} in Notes, but it will be distributed over different Notes. Denominations increase from the minimum to the maximum in additional increments with a minimum incremental increase of \$10,000. Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this Memorandum. Absent an earlier termination, the offering will continue for so long as the Company has not changed its operations or method of offering in any material respect. If the Company changes its operations or method of offering in any material respect, the Company will update the Memorandum as necessary to provide correct information to investors. The Company may experience difficulties in conducting a continuous offering of Notes. See "Risk Factors - Difficulties and Costs of Continuous Offering."

The Notes are general obligations of the Company and are superior in priority and liquidation preference to any Notes payable to Mr. Chittick. Mr. Chittick has agreed to subordinate any Notes to which he subscribes to Notes with similar maturities placed with other investors. Although the Company has never defaulted with respect to a Note, including any regular interest payment or the principal and interest due upon the maturity of the Note, if the Company should ever be in default with respect to any Note, Mr. Chittick will subordinate any Notes he may hold until the default is cured and Mr. Chittick will also defer any compensation until the default is cured. While Mr. Chittick has agreed and will act as set forth above in this Memorandum, such agreement is not evidenced in a separate writing signed by Mr. Chittick.

The Notes will bear interest at the rates stated for the term selected. The investor may elect to have interest paid monthly, quarterly or accrue and be paid at maturity. If the investor elects to have interest paid at maturity or quarterly, the interest will accrue monthly and earn compounded interest. Interest is payable on the last day of each period to the investors of the Notes at the principal office of the Company in Chandler, Arizona. At the option of the

Company, interest payments may be paid by check mailed to the address of the investor entitled thereto as it appears on the Subscription Agreement for the Notes. An investor may request in writing to the Company that a deposit be made to a designated bank or investment account.

The Notes are not transferable without the prior written consent of the Company, which the Company may withhold in its sole discretion. The Company anticipates withholding its consent if the transfer could jeopardize the Company's exemption under Regulation D or any applicable state blue-sky law or the Company's exclusion from the definition of an investment company under the Investment Company Act of 1940.

The Notes are unsecured and are not insured or guaranteed by any state or federal government entity or any insurance company. In event of default, an investor could look only to the Trust Deeds or other assets of the Company for repayment.

As unsecured, general obligations of the Company, the Notes will not have any specific collateral. The Company's Assets include all of the Company's right, title and interest in Trust Deeds owned by the Company, together with all payments and instruments received thereto, real estate owned by the Company as a result of a deed-in-lieu of foreclosure due to a borrower default, and all proceeds of the conversion of any of the foregoing into cash or other liquid property. So long as the Company is not in default on the Notes, the Company is permitted to freely transfer, sell or substitute, in the normal course of business, any Trust Deeds it owns, subject to general restrictions concerning transfers of property; provided, however, the Company may transfer, sell or substitute one or more Trust Deeds if such transfer, sale or substitution is done in connection with a plan to cure a default.

On an annual basis, the Company will retain an independent accounting firm to prepare the 1099's to be issued by the Company to the investors and to prepare the tax return for the Company. ~~On an annual basis and upon written request from an investor, the Company will~~ *operate so* ~~certify to the requesting investor(s) that the aggregate outstanding principal amount of all cash accounts, other property and Trust Deeds is at least equal to the principal amount of outstanding Notes as of the date of the request.~~ *will* *on any specific day.*

The Company may, in its discretion, modify the interest rate paid on subsequently issued Notes or the term of such Notes. Any such modification of the interest rate or term will not affect Notes then issued and outstanding.

Notes are initially being offered at the following rates and maturities:

add prior language

<u>Note Terms (2)(3)</u>			
Note Amount (1)	6 Months	1 Year	2 Years to 5 Years
\$50,000 and up	8% ⁽⁴⁾	10% ⁽⁴⁾	12% ⁽⁴⁾

\$250,000 \$2,500,000

- (1) Note amounts are issued in varied denominations from ~~\$50,000~~ to ~~\$1,000,000~~, and in additional increases with a minimum of \$10,000. For qualified funds, the Company will accept minimum contributions in such amounts as reasonably determined by the Company.
- (2) Although the Company intends to use its good faith efforts to accommodate written requests from an investor to prepay any Note prior to maturity and the Company has in fact been able to satisfy such requests in a timely manner with interest paid in full, the Company has no obligation to do so and the investor has no right to require the Company to redeem the Note prior to maturity. Upon the Company's election to honor an investor's request to prepay any Note prior to maturity, the Company reserves the right to adjust any interest payable to the investor to the interest rate that would have been payable for the actual outstanding term of the Note.
- (3) The Notes may be redeemed by the Company at any time prior to maturity upon 30 days written notice to the investor at a price equal to the principal amount of the Note plus accrued interest to the date of redemption.
- (4) The Company also reserves the right, in its sole discretion, to adjust the interest paid on outstanding Notes on 30 days written notice to Noteholders.

The Company has the right to sell, encumber, mortgage, create a lien on or otherwise dispose of any or all of its property, or in any manner secure an indebtedness so that such indebtedness shall have a claim against the assets of the Company securing such indebtedness, all without the consent of the investors of the outstanding Notes provided no Notes are in default. Any security interest granted in any of the Company's assets to secure an indebtedness will be superior in priority to the general claim of a Noteholder.

Default may occur with respect to one Note and not another. The Company shall be in default of a particular Note if any of the following events, ("Event of Default") occurs with respect to that Note: (a) default for 30 days in any payment of interest on a Note when due; (b) default for 15 days in any payment of principal on a Note when due after maturity; (c) a filing for protection by the Company under Chapters 11 or 7 of the U.S. Bankruptcy Code or a filing for the Company under the U.S. Bankruptcy Code by creditors of the Company which filing is not dismissed within 90 days of the filing date; or (d) default for 90 days after receiving appropriate notice of a breach of any other covenant applicable to a Note. Notwithstanding the events listed above, Mr. Chittick may defer any payment of interest or principal due to Mr. Chittick or an entity controlled by him on any of the Notes subscribed to personally by Mr. Chittick without creating an Event of Default.

The Company may not consolidate with or merge into any corporation, or transfer substantially all of its assets to any person, unless the successor corporation or transferee assumes the Company's obligations on the Notes. The Company has no present intention of merging with another company or consolidating with another company or transferring its assets.

PLAN OF DISTRIBUTION

The Notes may be purchased directly from the Company without commission. Notes maturing in two through five years also may be purchased with qualified monies (such as IRA, SEP IRA, ROTH IRA and KEOGH plans) through a licensed broker-dealer and with an approved custodian; provided, that such investments meet the investor suitability requirements. Transaction costs for Notes purchased with qualified funds will be paid by the Company up to one percent of the Note's face amount. The principal amount of the Note will be equal to the amount paid by the investor, and interest would be calculated on that amount.

The Notes are not registered with the SEC or any other state or federal regulatory agency. No state or federal agency has made any finding or determination as to the fairness of this offering for investment, the adequacy or accuracy of the disclosures, nor any recommendation or endorsement of the Notes.

The offering and sale of the Notes is intended to be exempt from registration under the Act by virtue of one or more of the following exemptions provided by: (i) Section 4(2) of the Act; and (ii) Regulation D promulgated under the Act. See "Investor Suitability." In accordance therewith, substantial restrictions are placed on the offering and purchase of the Notes, including, but not limited to, the following:

- (1) The transaction may not include any public offering. The offer to sell Notes must be directly communicated to the investor by an officer of the Company and at no time may the Company advertise or solicit by means of any leaflet, public promotional meeting, newspaper or magazine article, radio or television advertisement or any other form of general advertising or general promotion.
- (2) The Notes may be purchased only for the investor's own account, for investment purposes only and not with a view to distribution, assignment, hypothecation, resale or to fractionalization in whole or in part.
- (3) An investor must meet certain suitability requirements, which are set forth under "Investor Suitability."

- (4) The Company must have furnished and made available for inspection all documents and information that the investor has reasonably requested relating to an investment in the Company, including its Articles of Incorporation, stock records and financial account records. ✓

DETERMINATION OF OFFERING PRICE

The rate of return for the Notes offered hereby will be set from time to time by Management of the Company to approximate a rate of return competitive with similar securities of other companies engaged in the finance industry. The Company has been in operation since April 2001. There is no market for the Company's securities and none is expected to develop. Accordingly, the rate of return on any Note bears no relation to the results of the Company, to any market price for the Company's securities, to the level of risk involved, or to any recognized measure of valuation or return on investment.

→ need to update
→ add 3.8%
for health

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of certain U.S. federal tax considerations and consequences that may be relevant to a decision to acquire, own and dispose of Notes by an initial holder thereof. This summary only applies to Notes held as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). Except as set forth below, this summary does not address all of the tax consequences that may be relevant to a particular Noteholder and it is not intended to be applicable to Noteholders that are subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, U.S. expatriates, partnerships or other pass-through entities, tax-exempt organizations or dealers or traders in securities or currencies, or to Noteholders that will hold Notes as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes or that have a functional currency other than the U.S. dollar. Moreover, except as set forth below, this summary does not address the U.S. federal estate and gift tax law, the tax laws of any state, local or foreign government or alternative minimum tax consequences of the acquisition, ownership or other disposition of Notes and does not address the U.S. federal income tax treatment of Noteholders that do not acquire Notes as part of the initial distribution at their initial issue price. Each prospective investor should consult its tax advisor, attorney and accountant with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and disposing of Notes.

This summary is based on current provisions of the Code, as amended, existing and proposed U.S. Treasury Regulations, current administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. No advance tax ruling has been sought or obtained from the Internal Revenue Service regarding the tax consequences of the transactions described herein. This discussion does not address tax considerations arising under the laws of any particular state, local or foreign jurisdiction.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS, ATTORNEYS AND ACCOUNTANTS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES THAT MAY ARISE UNDER THE LAWS OF ANY FOREIGN, STATE, LOCAL OR OTHER TAXING JURISDICTION.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Notes who for U.S. federal income tax purposes is (i) a citizen or resident (or is treated as a resident for U.S. federal income tax purposes) of the United States; (ii) a corporation created or organized in or under the laws of the United States or any State or political subdivision thereof; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2) (a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control. A "Non-U.S. Holder" is a beneficial owner of Notes who for U.S. federal income tax purposes is (i) a non-resident alien individual; (ii) a foreign corporation; or (iii) a foreign estate or trust the fiduciary of which is a nonresident alien.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such partner should consult its own tax advisor as to its consequences of holding and disposing of the Notes.

U.S. Holders

Interest

Except as set forth below, interest paid on a Note generally will be includible in a U.S. Holder's gross income as ordinary interest income at the time it is paid or accrued in accordance with the U.S. Holder's usual method of tax accounting for U.S. federal income tax purposes.

Market Discount

A holder of Notes may in very limited circumstances, transfer their Notes to third parties. If the Company authorizes such a transfer, Notes sold on a secondary market after their original issue for a price lower than their stated redemption price at maturity are generally said to be acquired at market discount. Code Section 1278 defines "market discount" as the excess, if any, of the stated redemption price at maturity of the Note, over the purchaser's initial adjusted basis in the Note. If, however, the market discount with respect to a Note is less than 1/4th of one percent (.0025) of the stated redemption price at maturity of the Note multiplied by the number of complete years to maturity from the date the subsequent purchaser has acquired the Note, then the market discount is considered to be zero. Notes acquired by holders at original issue and Notes maturing not more than one year from the date of issue are not subject to the market discount rules.

Gain on the sale, redemption or other disposition of a Note, including full or partial redemption thereof, having "market discount" will be treated as interest income to the extent the gain does not exceed the accrued market discount on the Note at the time of the disposition. A holder may elect to include market discount in taxable income for the taxable years to which it is attributable. The amount included is treated as interest income. If this election is made, the rule requiring interest income treatment of all or a portion of the gain upon disposition is inapplicable. Once the election is made to include market discount in income currently, it cannot be revoked without the consent of the IRS. The election applies to all market discount notes acquired by the holder on or after the first day of the first taxable year to which such election applies.

Sale, Exchange or Disposition of Notes

A U.S. Holder's adjusted tax basis in a Note generally will equal the cost of the Note to such U.S. Holder, increased by any original issue discount ("OID") or market discount previously included by the holder in income with respect to the Note. Upon the sale, exchange or other disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other disposition (less an amount equal to the accrued but unpaid interest which will be taxable as ordinary income) and such U.S. Holder's adjusted tax basis in the Note. Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder, capital gains derived in respect of a Note that is held as a capital asset and that is held for more than one year are eligible for reduced income tax rates and may be deemed a long-term capital gain. The deductibility of capital losses is subject to limitations.

Non-U.S. Holders

Interest

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," payments of principal of, and interest on (including any OID), a Note to (i) a controlled foreign corporation, as such term is defined in Section 957 of the Code, which is related to the Company, directly or indirectly, through stock ownership, (ii) a person owning, actually or constructively, securities representing at least more than 50% of the total combined outstanding voting power of all classes of the Company's voting stock and (iii) banks which acquire such Note in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. withholding tax provided that the beneficial owner of the Note provides certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "U.S. Backup Withholding and Information Reporting," or an exemption is otherwise established.

If a Non-U.S. Holder cannot satisfy the requirements above, payments of interest made to a Non-U.S. Holder will be subject to a U.S. withholding tax equal to 30% of the gross payments

made to the Non-U.S. Holder unless the Non-U.S. Holder provides the Company or the Company's paying agent, as the case may be, with a properly executed (1) IRS Form W-8BEN claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty or (2) IRS Form W-8ECI stating that interest paid on the note is not subject to withholding tax because it is effectively connected with the beneficial owner's conduct of a trade or business in the United States. Alternative documentation may be applicable in certain situations.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a note is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from withholding as discussed above (provided the certification requirements described above are satisfied), will be subject to U.S. federal income tax on such interest (including OID) on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. In addition, if such Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lesser rate under an applicable income tax treaty) of such amount, subject to adjustments.

Sale, Exchange or Other Disposition of Notes

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," any gain realized by a Non-U.S. Holder upon the sale, exchange or other disposition of a Note generally will not be subject to U.S. federal income tax or withholding tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of such sale, exchange or disposition and certain other conditions are met. Special rules may apply upon the sale, exchange or disposition of a Note to certain Non-U.S. Holders, such as "controlled foreign corporations," "passive foreign investment companies," "foreign personal holding companies" and certain expatriates, that are subject to special treatment under the Code. Such entities and individuals should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

U.S. Federal Estate Taxes

A Note that is held by an individual who at the time of death is not a citizen or resident (as specially defined for United States federal estate tax purposes) of the United States will not generally be subject to U.S. federal estate tax as a result of such individual's death, provided that such individual is not a shareholder owning actually or constructively more than 10% of the total combined voting power of all classes of our stock entitled to vote and, at the time of such individual's death, payments of interest with respect to such note would not have been effectively connected with the conduct by such individual of a trade or business in the United States.

U.S. Backup Withholding and Information Reporting

U.S. Holders

Information reporting requirements will apply to certain payments of principal and interest and the accrual of OID, if any, on an obligation and to proceeds of the sale, exchange or other disposition of an obligation, to certain U.S. Holders. This obligation, however, does not apply with respect to certain U.S. Holders including, corporations, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts. In general, the Company is required to file with the IRS each year a Form 1099 information return reporting the amount of interest that was paid or that is considered earned by a U.S. Holder with respect to the Notes held during each calendar year, and a U.S. Holder is required to report such amount as income on its federal income tax return for that year. A U.S. backup withholding tax currently at a rate of 28% will apply to such payments if a U.S. Holder fails to provide a correct taxpayer identification number or certification of other tax-exempt status or fails to report in full dividend and interest income. Any amount withheld under the backup withholding rules is allowable as a credit against the taxpayer's U.S. federal income tax liability, provided that the required information is furnished to the IRS.

Non-U.S. Holders

Information reporting will generally apply to payments of interest on a Note to a Non-U.S. Holder and the amount of tax, if any, withheld with respect to such payments. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty. Payments of principal and interest on any Notes to Non-U.S. Holders will not be subject to any U.S. backup withholding tax if the beneficial owner of the Note (or a financial institution holding the note on behalf of the beneficial owner in the ordinary course of its trade or business) provides an appropriate certification to the payor and the payor does not have actual knowledge or reason to know, that the certification is incorrect. Payments of principal and interest on Notes not excluded from U.S. backup withholding tax discussed above generally will be subject to United States withholding tax at a rate of 28%, except where an applicable United States income tax treaty provides for the reduction or elimination of such withholding tax.

In addition, information reporting and, depending on the circumstances, backup withholding, will apply to the proceeds of the sale of a Note within the United States or conducted through United States-related financial intermediaries unless the beneficial owner provides the payor with an appropriate certification as to its non-U.S. status and the payor does not have actual knowledge or reason to know that the certification is incorrect.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a Non-U.S. Holder's U.S. federal income tax liability provided the required information is furnished to the Internal Revenue Service.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE ACQUISITION, OWNERSHIP, DISPOSITION OR RETIREMENT OF THE NOTES. PROSPECTIVE INVESTORS OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS, ATTORNEYS AND ACCOUNTANTS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.

INVESTOR SUITABILITY

General

An investment in the Notes involves significant risks and is suitable only for persons of adequate financial means who have no need for liquidity with respect to this investment and who can bear the economic risk of a complete loss of their investment. This private placement is made in reliance on exemptions from the registration requirements of the Act and applicable state securities laws and regulations.

The suitability standards discussed below represent minimum suitability standards for prospective investors. The satisfaction of such standards by a prospective investor does not necessarily mean that the Notes are a suitable investment for such prospective investor. Prospective investors are encouraged to consult their personal financial advisors to determine whether an investment in the Notes is appropriate. The Company may reject subscriptions, in whole or in part, in its absolute discretion.

The Company will require each investor to represent in writing, among other things, that (i) by reason of the investor's business or financial experience, or that of the investor's professional advisor, the investor is capable of evaluating the merits and risks of an investment in the Notes and of protecting its own interest in connection with the transaction, (ii) the investor is acquiring the Notes for its own account for investment only and not with a view toward the resale or distribution thereof, (iii) the investor is aware that the Notes have not been registered under the Act or any state securities laws and that there is no market for the Notes, (iv) such investor meets the suitability requirements set forth below and (v) they have read and taken full cognizance of the Risk Factors and other information set forth in this Confidential Private Offering Memorandum.

Suitability Requirements

Except as set forth below, each investor must represent in writing that it: (a) is "sophisticated" in so far as it is sufficiently knowledgeable and experienced in financial and business matters to be able to evaluate the merits and risks of an investment in the Notes either alone or with a purchaser representative; (b) is able to bear the economic risk of an investment in the Notes, including a loss of the entire investment; and (c) qualifies as an "accredited investor," as such term is defined in Rule 501(a) of Regulation D under the Act and must demonstrate the basis for such qualification. To be an accredited investor, an investor must fall within any of the following categories at the time of sale of Notes to that investor:

- (1) A bank as defined in Section 3(a)(2) of the Act or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; an insurance company as defined in Section 2(13) of the Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; a Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- (2) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;
- (3) An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Notes, with total assets in excess of \$5,000,000;

- (4) Any director, executive officer, or general partner of the Company, or any director, executive officer, or general partner of a general partner of the Company;
- (5) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of such person's purchase of the Notes exceeds \$1,000,000 (excluding the value of such person's primary residence);
- (6) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- (7) Any trust with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring the Notes, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; and
- (8) An entity in which all of the equity owners are accredited investors (as defined above).

As used in this Memorandum, the term "net worth" means the excess of total assets over total liabilities. In determining income an investor should add to the investor's adjusted gross income any amounts attributable to tax exempt income received, losses claimed as limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA, KEOGH, SEP IRA or ROTH IRA retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

PRIOR PERFORMANCE

Mr. Chittick organized the Company in April of 2001 to provide a short-term funding source for primarily real estate developers and foreclosure specialists. Mr. Chittick has arranged for the funding and administration of real estate loans since that time. The chart set forth below indicates the Company's history in raising money from investors, the number of loans made, the aggregate amount of such loans, the underlying values of the security for such loans and any problems with respect to such loans.

Mr. Chittick initially capitalized the company with one million dollars of his personal funds. From July 2001 through December 2001, an additional \$500,000 was raised from investors. In 2002, an additional \$930,000 was raised from investors. In 2003, an additional \$1,550,000 was raised from existing and new investors. In 2004, the amount from both old and new investors increased to an additional \$2,450,000. In 2005, an additional \$2,670,000 was raised from existing and new investors. In 2006, an additional \$2,800,000 was raised from existing and new investors. In 2007, an additional \$2,400,000 was raised from existing and new investors. In 2008, an additional \$3,000,000 was raised from existing and new investors. In 2009, an additional \$2,100,000 was raised from existing and new investors. In 2010, an additional \$2,800,000 was raised from existing and new investors. From January 2011 to June, 2011, an additional \$4,700,000 was raised from existing and new investors. Mr. Chittick uses an equity line of credit to help facilitate cash flow for the Company. All of the money raised from investors has been through the sale of promissory notes like those being offered in this placement. Such notes were for terms of 6 to 60 months and have, to date, drawn interest at the rate of 8 to 12% per annum. The Company has never defaulted on either interest or principal for any of such notes.

The money raised by the Company from investors has historically been divided into a large portfolio of loans secured by marketable properties with varying values and locations in the Phoenix metro area. The Company is currently lending in approximately 20 cities in the Phoenix metro area, which includes Maricopa and Pinal Counties. The Company will have loans secured by properties in many of these cities simultaneously. The Company has endeavored to maintain a large and diverse base of borrowers as well as a diverse selection of properties as collateral for

its loans to the borrowers. However, in response to the more recent challenging conditions in the real estate market, the Company has focused on maintaining relationships with borrowers that have a proven track record with a good payment history and performance. The Company continues to strive to achieve a diverse borrower base by attempting to ensure that one borrower will not comprise more than 10 to 15 percent of the total portfolio.

All real estate loans funded by the Company have been and are intended to be secured through first position trust deeds. The loan to value ratio of the Company's overall portfolio has averaged less than 70% and the Company intends to maintain a loan to value ratio of 50% to 65%.

Year	Loans Funded	Loan Value	Value of Loans	Loans Repaid	Loans Repaid Value	Value of Homes Repaid
2001	37	\$3,378,000.00	\$6,393,000.00	15	\$1,452,000.00	\$2,431,000.00
2002	69	\$5,685,000.00	\$878,000.00	66	\$5,267,000.00	\$9,076,300.00
2003	124	\$11,673,000.00	\$1,753,500.00	106	\$963,500.00	\$14,488,500.00
2004	185	\$19,907,000.00	\$30,422,600.00	170	\$17,951,700.00	\$26,939,500.00
2005	236	\$34,955,700.00	\$50,487,300.00	232	\$31,001,940.00	\$45,111,500.00
2006	215	\$34,468,100.00	\$52,784,000.00	212	\$35,301,250.00	\$53,057,200.00
2007	272	\$42,579,634.00	\$65,931,500.00	257	\$41,424,815.00	\$65,482,800.00
2008	304	\$38,864,660.00	\$63,671,300.00	257	\$34,578,755.00	\$56,369,400.00
2009	412	\$41,114,707.00	\$72,078,020.00	349	\$39,416,824.00	\$67,713,100.00
2010	390	\$37,973,097.00	\$63,771,350.00	355	\$37,175,201.00	\$61,666,170.00
*2011	378	\$36,187,995.00	\$67,240,600.00	*300	\$29,883,992.00	\$51,004,900.00
		\$306,786,893.00	\$470,411,170.00		\$274,416,977.00	\$453,340,370.00
	2622			2319		

*Through June 30, 2011

From 2001-2005, all interest due from all loans was collected.

In 2006, one loan that was foreclosed on, and successfully resold, did not pay all the interest due. However, the small uncollected amount was absorbed by the Company.

In 2007, one condominium loan, two house loans, and one land loan were foreclosed. While the condominium and houses were sold with minimal principal loss, much of the interest

was collected on all four loans. One land loan was written off. The loss was absorbed by the Company.

In 2008, one condominium and six homes were sold with minimal principal loss; much of the interest was collected on all the loans. The loss was absorbed by the Company. There were 15 more homes that were either foreclosed on or ownership was acquired through the deed in lieu process. These houses are presently either for sale on the retail market, or have been rented and are for sale on the investor market.

In 2009, one condominium and 12 homes were sold with principle loss; much of the interest was collected on all the loans. The loss was absorbed by the Company. The Company also acquired a 12-plex that was a construction loan. This is being rented and managed by a property management firm.

In 2010, one house was sold for a loss. It was acquired through foreclosure in 2009; the loss was absorbed by the Company.

In 2011, three homes were sold for a loss. The losses were absorbed by the Company. There were three homes that were sold for a gain and all interest was paid in full. One loan was foreclosed on, sold at the auction, all principle, interest, late fees and foreclosure fees associated with the sale were collected. One house is presently in escrow, which will close in July, to which a gain will be made.

The Company presently has three condominiums, 12 houses and a 12-plex that are all being rented. A professional management company has been retained to manage these properties. All of these properties are listed to be sold. The rent received is at or slight negative to the cost of capital for the Company. It was Management's decision to retain these properties rather than sell them and take a loss. Now that the market has shown some signs of strengthening, it is believed that these properties can be sold for minimal loss to the Company.

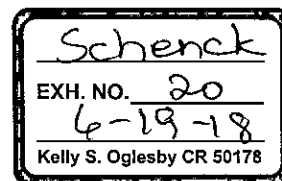
DC to update
- all
sold
except
twelve-
plex

DC to update → all sold, except twelveplex to be
sell this year

The Company currently has one condominium and one lot that are for sale. The lot is currently be negotiated to be rented by a construction company at the cost of capital. The goal is sell both of these properties as soon as possible.

Since inception through June 30, 2011, the Company has participated in 2622 loans, with an average loan amount of \$116,000, with the highest single loan being \$800,000 and lowest being \$12,000. The aggregate amount of loans funded is \$306,786,893 with property values totaling \$470,411,170. The total amount of loans that have funded and closed is \$274,416,977 with home values equaling \$453,340,340. These loans have borne interest rates of 18% per annum. The interest rate paid to noteholders has ranged from 8% to 12% per annum through such date. Each and every Noteholder has been paid the interest and principle due to that Noteholder in accordance with the respective terms of the Noteholder's Notes. Despite any losses incurred by the Company from its borrowers, no Noteholder has sustained any diminished return or loss on their investment in a Note from the Company.

Exhibit No. 72



2013

Goals: make 2 million
9/30, I made 2 million

1-2

I was on the hill all day, but I was able to fund one deal before I left, then I took phone calls and tried to answer emails. I have 4 deals to fund tomorrow, I had three payoffs and tons of payments made. I talked to a lady that is interested in investing, found me on the web, and probably won't happen.

1-3

I funded four deals first thing in the morning before we left. I had dozens of emails about closings, payoffs and pending deals. I had a ton of payments come in too. But I have two payoffs, but I got more out than came in!

1-4

I funded eight deals, nearly 900k out, one 110k payoff, a few payments. I had only one payoff request. If I can keep getting the dollars out, I've got very little coming back in next week. Scott has been buying like mad; I've done 10 deals for him so far this year. I had a ton of payments in too. It will take me all night Sunday to get caught up. I've had two calls from people I don't know wanting to invest, I'll deal with that next week.

1-7

I funded two deals and only had one small one come back in. I got a lot of payments in. I spent the whole day trying to catch up, it's after midnight and I'm still not close. But I'm on top of stuff, so I can operate tomorrow and not feel like I'm out of control. I have two deals to fund tomorrow and many more for the week, but I keep getting payoff requests. I sent an email out to my borrowers to give my name out, I need more borrowers!

1-8

I got more money in than I got out today, I don't have many deals on the desk to fund either. I talked to Lori Weiskopf she wants to invest next week. I've got a million ready to go, but I figure I'll meet with her. I spoke with another lady today that wants to see my info. I guess I'll send that out to her. But I've got to say no at some point. I had a ton of payments come in today. I hope I can get some money out the next few days.

1-9

It's been a really quiet day, I funded two deals, I had one payoff, but it was nearly as big as I shipped out! I only had 2 payments. I had three people asking me to lower my interest rate. I

guess guys are sitting on a lot of funds and trying to get it out. I've got one to do tomorrow and a few lined up for the next few days, but tons of payoffs are coming in.

1-10

I had an easy day, so I could spend ½ the day on the phone! I funded two deals, I had one payoff and just a few payments. I've got a bunch to fund tomorrow, so hopefully I don't have a ton coming on me!

1-11

It was a typical Friday, I got out 600k first thing in the morning, quiet day and I got back the same amount at the end of the day! I had lunch with Stan to meet his friend and biz partner in Brazil gold mines. No I'm not interested. No I won't send my investors to you. I had a ton of payments made too. I'm down to just a little over 2.4 million. I've got people wanting to give me more; I just need to get this all to work for once!

1-14

I wired out more than I got in. I met with Laurie Weiskopf, my newest investor. Probably second to last too. I just can't take in any more money. I had a bunch of payments and lots of payoff requests. I've got a couple of small deals to do tomorrow but nothing planned for this week of significance.

1-15

I funded two deals and then I had four deals payoff. I returned 200k to Kirk, he's betting on Apple stock. I had a few payments. It was a quiet day. I do have four deals tomorrow maybe five. I'm slowly beating down the cash position. I had an email from Don Cherry, a guy I met with on a Saturday, nearly 2 years ago, and then he blew me off completely. He wanted to invest, I reveled in telling him no thanks.

1-16

I was able to fund seven deals and only had four payoffs, so once again, I lowered my cash. I had a lot of payments in too. I didn't receive my first call until after 10! I have one deal for tomorrow and I have a shit load of payoffs that could come in the next two days. I just need to get a million more out and then I'll be in a good position.

1-17

I funded two small deals then I had 3 deals come back. I had a few payments. I was gone nearly all day. First to the boys school, then to my MOM's meeting. We had a big turnout, we had a home depot guy there, Kirk talked about his taxes and then I talked. I went quickly because we were running long. I've got nothing to fund tomorrow. I'm never sure if this damn MOM's meeting is meeting the guy's expectations. I guess they keep showing up.

1-18

I funded two deals, then one got sent back to me, so I funded one, then the onslaught of payoffs started rolling in! I took in over a million! I met tom Smith for a few hours. Told him about the divorce, he owns a Tesla too, got it the same day I did, his sick kid, selling his home and when I can take in a few million Hell at this rate, never! I met with Nishel and Adam about really nothing. They just BS'ed about needing more deals, the group is not doing anything for them, etc. I can't make deals happen. They don't have any money out with me since they don't have all their money at work. I have a few deals for next week, but not enough to do much for me. Damn I just need to get this cash out. I got as low as 1 2 I was feeling like ok, I'm turning the corner, then boom, a million came in. perhaps this the new normal.

1-22

I got more money in than out. I had a lot of payments. I've got a few more deals to do tomorrow, but lots of requests for payoffs. I've got so many deals on my desk, but I've got a ton of deals closing too. I talked to Steve, he wants to invest, and I told him no hurry. I just need a few mid priced deals to get the cash out.

1-23

I funded four deals, but then I got in a 400k payoff and few others. At least tomorrow I'm getting out nearly a million; we'll see how much comes in. I met Ashot; he's a guy I've been lending too from LA. He's behind on his payments and he showed up at my house to explain the problem with his partner and gave me payments. I had quite a few payments today too. It's going to be a better month than I had thought. It could have been much better if I could get more money out. I had another investor want to add money, I pushed her off. My list is growing longer!

1-24

I started the day out so excited, I put out a million bucks! Then slowly but surely I received back 800k during the day! I just can't get ahead! Then I have my borrowers email me a post card that this dork sent them with my name on it saying he'll give them cheaper rates! I quit lending to the guy because he had foreclosures on his name, now he's lending money out! There are really low barrier to entry. I have a few deals to do tomorrow, but I've got a ton of cash coming back in next week. I had a few payments made too. But it was real quiet day on the phone.

1-25

Another frustrating day in the fact that I put out a lot of money but got a lot back in. 300k came back from Flint yesterday because he walked on a deal. I talked to an investor Tom who is going to send me 250k; I figured its fine, since I'm going to send out that much in interest Monday anyway. I had a lot of payments today too. I've got quite a bit to send out Monday, but I've got 2 million coming in next week in payoffs. I'm just fucking drowning in cash and I can't get it all put to work. Then I get a copy of a post card sent to my borrowers from guy I used to lend to. I

quit lending to him because he had foreclosures on his name, now he's a fucking hard money lender!

1-28

I wired out about 500k, got back in 400k. I've got a lot of payoffs coming in this week, not many deals to fund. I had lot of payments made today. I turned down another 500k of potential investor money. I just can't put my money to work. I'm getting 250k more in tomorrow from a new investor. I don't need it, but I've been putting him off for 2 months now.

1-29

I got out quite a bit of money, however I had a new investor send me 250k and I had two unexpected payoffs. I've got some deals tomorrow. I have A few more for end of month. I'm scared to see how much money comes in the next day or two. I had a few payoffs not much. I've talked to several realtors over the last few days asking about their clients but none of called back yet.

1-30

I only funded two deals, and I had the equal amount coming back to me. I do have million to go out tomorrow and another 500k through Monday. But it's end of month, so I'm sure I'll have a lot of payoffs tomorrow. I didn't have very many payments either. I might have a commercial deal too tomorrow. I've got investors calling me wanting to give me more money. I told them no. I'm not going to take in a dime until I get this money out! I'll sit here and do end of month statements now.

1-31

I wired out 1.5 million today! However, I received back in 900k! I've got a 600k to get out in the next two days. I'm sure I'm going to get some more payoffs tomorrow. Mike Moore came by; he's got a 1.5 million commercial he wants me to do next week. That might finally put me over the hump. I had a ton of payments come in too. I made 200k net for the month. Pretty good considering I was sitting on just a shit load of cash all December. I got the most of it out in January, so February will be better. Though the 28th lands on a Thursday, so it might be so so month.

2-1

I funded three deals and returned Stan's money; he's sending it back to me soon. I had a bucket load of payoffs. Then Mike Moore called me and asked if I could wire 1.5 million out for this property he's been talking to me for over a year! I said heck ya! So now I need money! I emailed all my investors out saying send me your money. I got 350k from Kirk. I've got another 350 coming from a few people next week. I only have 400k available for Monday Even though I go in to the weekend with 1.5 in my acct. 700k is going out Monday. I sent out my cash report and I had three people say they need money. For the first time since November I need cash and I have

to worry about money coming back in finally! BofA was down all day, barely came up in time to get things done. It was a nightmare. I figured what the hell, I'll take in more money, if I can get it to work right away, and I hope I can keep turning it. I just hope I don't take in this extra cash then get massive payoffs and not get it to work!

2-4

I wired out 700k and I got nothing back in! I also received in 75k of new investment. Scott calls me, says he needs 1.5 million by next Friday, for the first time in what months I have to say I'll try! I have a few more investors I've contacted to send me money. I had a ton of payments in too. It was pretty quiet for a Monday, but I've got deals coming in like crazy.

2-5

I had a great day! I funded 400k out. I had more come in, but I've got 500k going back out tomorrow and I'll be nearly out of money. Tom smith is wiring 1.4 million tomorrow, so I can fund a few more, plus have money for Scott next week. I'll have a great March now. I had just a few payments today, but I've got lots coming in, and I now I have to worry about closings for the first time in 4 months. I really like this again!

2-6

I got out 650k, I had one payoff for 300k, Tom wired in 1.35 million, and Jim McArdle deposited 150k. Kyle needs 1.5 million. But I have enough to cover Scott. So I'm not sure how I'm going to cover everyone, what a nice problem to have. Kyle wanted it today; I couldn't do it not knowing if I was going to get enough in to cover Scott next week. He's my first priority. I only had Lili pay today, nothing else. I sat with Frank's brother for 2 hours. He wants to get in the business, however, he's got no cash and I won't give it to him to start out.

2-7

What a nutty day. I funded three deals, and only had one small 35k payoff. The Hulsebus's came over and invested 600k. I had a call from Lili needing 550k and then from Tom Stevenson needing 550k too. Perfect. I'm getting in a million more from Bunger my neighbor too. I'll be sitting on a lot over the weekend, but hell I have 43 million out right now! Warren came over to tell me that Coralee emailed him and they talked about me for quite a while. About John Ray, my divorce on and on. Funny that she wouldn't contact me.

2-8

At 11 pm I get an email from Rhonda Hulsebus, she says they are having second thoughts and now want the money back tomorrow. I couldn't believe it. I wired it back this morning. I won't be doing business with them anymore. I funded 1.1 million between two deals. Thank goodness Steve Bunger wired in his million. Or I would be sweating for next week to cover Scott's deal. I have over 44 million at work right now. I have 2.4 million sitting in my bank account. I had a ton of payments as always. I left before 3:30 and I got an email at 3:17 to wire in 58k to close a deal.

I missed it. The borrower wasn't mad, but I was. If I had any warning I would have waited 10 more mins before I left!

2-11

I funded 900k today, which was great. I had one payoff from Christmas for 400k, so that was good, getting my cash back to where I need it for the next few days. I had some payments from Chris and Shawn. I've only got one deal for tomorrow and then a few lined up for the end of the week, now I need money to start coming in. Nice to have that problem again. I found out one of my investors has terminal stage four cancer, Marion.

2-12

I had a few payments in, but I had two payoffs I wasn't expecting. Robert Ferrin stopped by and paid me off on 280k worth of deals. I've got just enough to cover what is on my desk for the next 3 days, but I know I'll more payoffs. I funded one deal today.

2-13

I had a real quiet day. I had nothing to fund, but I had 850k of payoffs, which is fine, since I need every dollar to cover what is on my desk! I love to have that problem! I only had a few payments. Steve Tuttle invested 25k more too. Tomorrow is going to be my biggest single day out I think, and Friday is busy too, get a ton of money out before the three day weekend.

2-14

I wired out 1.8 million, I have a million to send out tomorrow. I have just enough to cover the needed amount. I only had a few payments in. I had a guy call me that I did deals with 6 yrs ago, that on the last loan, his mother had to refi him out to save his ass. I'll go in to the 3 day weekend with very little cash.

2-15

I wired out a million before we left the house. Roger couldn't get the go ahead on his, so I left. 10 mins later he calls me saying that I can wire. I got to Kellogg and was able to wire to him. Then the payoff started to roll in. I received in over a million back in! I got lot of payments too.

2-19

I funded a couple of deals first thing then had just a ton of payoffs. I had a ton of payments too. I returned calls as soon as I got off the phone. I worked until midnight trying to catch everything up. I've got more work to do, but I've got the important stuff done. I'm building up cash again, with not a lot on my desk!

2-20

Well today I received 27 payoffs I think. Chris Hughes paid me off on 22 then the others were just normal. One of them I'm glad for it was for a guy that was late on his payments, so I also tacked on his payments on his other property. Now he's current and only has 2 loans with me. I had a ton of payments come in too. I funded three deals and gave a little bit more on another. But I'm still sitting on 3 million, with 600k on my desk to fund by Friday.

2-21

I funded two small deals, I had a lot of payments come in, then in the afternoon, and the payoffs came rolling in! I'm sitting on 3.7 million in cash. I do have 1.5 million to fund in the next few days, but that's nothing.

2-22

Busy day in turnover of cash was huge. I put out 400k and took in 1.2 million I think! I had a ton of payments too. I took Steve with me to the MOM's meeting, he had good questions and enjoyed the meeting. There was a lot of give and take besides me blabbing as normal. It was a good meeting though. I've got 2 million worth of deals planned for next week, so I can get some of my 4.5 million back out.

2-25

I wired out nearly 600k, but I got 900 back in! I had a lot of payments too. I was busy all day long keeping up with stuff. I've just got so much money right now it makes me sick. I'll be wiring out quite a bit next couple of days, I just don't want any more back in, and its end of month, so I know I'll be receiving more in. Mike Swerlyk sent me a deal he wants me to fund because he's out of cash, however, its screw deal, they always are, when they are like this. But hell I need to put money out, it looks ok to do.

2-26

I funded 500k worth of stuff, only got back 1/2 of that. I had a few payments. I've got stacks of deals lined up for the next few days and I have 4 million still. Eric called, he might need 2.5 tomorrow, and I sure hope so. Steve wants to give me another million, I told him no. I still have 20k a day of interest clicking along, which is great, but I'd love to have 22k!

2-27

I had a super busy day! Eric called and wanted that 2.1 million, plus that 170k I had planned, PG homes called had three more, I think I got out 2.7 million today. I am 8 bucks under 22k a day. I'm not sure how long it will last since end of month is tomorrow! But at least I am down to 1.8 in my account and I have 500k of that going out tomorrow and another 500k out Friday. I could end the week under a million I'm only at 110k profit right now. I'll have a lot of payments made on Friday, which will count for next month from my biggest borrowers. Which means March is going to be a big month for profits.

2-28

I was so busy today, I worked 12 hours! I funded seven deals, only had four payoffs. I'm still above 22k a day in interest, we'll see if I can keep it over the weekend. I only made 120k this month, mostly because 75k of it will be paid tomorrow from my biggest borrowers, just the way the days fell on the month. I had a lot of payments come in too. I've got a lot of deals to go out tomorrow and next week, I might even tell Steve to give me some of that money he's talking about investment. Detota invested 50k more today. March should be a good month.

3-1

I had a super busy day again. I funded 900k out, only got in 250k or so. I had a ton of payments, tons of filings, payoff requests and phone calls. I got it all handled, just barely. I've got so many deals lined up for next week that I might be low on money! I've got a couple of commercial deals I might do to use up some cash. The LTV on them are great, so I'm not concerned.

3-4

I was so busy today, I had everything already to go for today, then I had 5 more deals piled on me. I was able to get the docs and wires out before I went to Dave's, but I wasn't as prepared as I usually am when I go there. I only had 2 payoffs, but I had shit loads of payments. I've got a few deals for tomorrow, I told Bunger to send me another million. I've got a lot on my desk and I don't want to hope for closes. I only have 600k in my bank right now.

3-5

I took in another million from Bunger, I didn't put it all to work today, but I will over the next two or three days. I had to payoffs and funded two. I had a ton of payments. It was relatively quiet which gave me a chance to catch up on stuff. John brought me 50k in cash from Vahak. He's going to damn near pay cash for a building, wants me to handle 300k in cash. That's a new experience.

3-6

I got more money out than I took in and I have a million to put out tomorrow, maybe more if Lili's deal comes through. I might have to take in another million before Friday. I had a lot of payments too. I'm able to keep the money out right now and turnover is at a good pace. Hopefully it stays this way.

3-7

I was so busy again today, I had deals coming at me like fast balls, I said yes to them all, and I took in another million dollars from Bunger scheduled for tomorrow. I know I'm getting 150k from Stan too. I need it. I've got so many deals to fund tomorrow plus ones stacked on my desk. I only had 375k of payoffs and I funded a million. I had a few payments, but they will start rolling in here soon.

3-8

I had a super busy day, I wired out a million, I only got back in maybe 350k. Steve got his million in, which nearly 1/2 of it or maybe all of it will go out Monday morning. Stan invested back his 140k. I had a few payments not many. I met with Adam, Nishel and David today, they want to do deals together, and I was clear on what I can offer. Money and no time, and no expertise, they want to do commercial and stuff. We'll see if anything looks good to me. I have nearly 48 million out right now. Holly shit, I can hardly believe it. I just hope I can keep it out!

3-11

It was a quiet day, I funded three deals, and Lili paid me back over the weekend on her 300k deal so I have a little more cash than I thought. I've got a stack of deals lined up for next week only 3 for this week. I have a 600k deal I can do any day; I just wanted to see if I had in short term notice deals pop up before I put all my cash out on it. I did have a ton of payments come in today.

3-12

A pretty quiet day, which was good, because I had the boys with me. I had two payoffs and I was going to fund this 600k deal, however, he wants to wait until Friday. I got in a ton of payments and did lots of payoff statements. Shawn is switching 10 loans from one entity to another so I had to type everything up.

3-13

First day in weeks it's seemed I started the day with nothing to fund. I did end up funding one deal for Chris and another for Greg. I had one payoff and a lot of payments. I went to lunch with Mike Swerylk. He's a competitor, but wants me to send him stuff and he'll send me stuff. I figure I can try. I don't send anything to Scott anymore. He's a nice guy, doesn't have that killer business attitude, wants to grow but can't.

3-14

I funded two deals, then 2 more, that damn John at Eric's office, has me fund a deal that's been sold, so they send me back some of the cash and I do another deal for PG again. I hate that. I'm not doing another deal from him unless Eric signs off on it. I had just a few payments but two payoffs. Kyle keeps wanting me to say I can do a deal tomorrow for a million but won't get me the info.

3-15

Chris closed his 21 deals for a million that 750 land deal came back to me too. I had a few other payoffs. I had a ton of payments. I was going to fund a 1.1 million dollar deal for Kyle, it was a builder that was 80% done on a 1.6 million house, and he needed funds. I went up there to look at it, it needs a ton of work before it's done, he had said 90% done, uh no. I don't know the guy

either does Kyle, I don't need the headache. I've got a bunch of deals to do Monday, with my regular guys, so that's better anyways I've got 2.5 for the weekend, but 1 of it goes out Monday, 1/2 of the rest Tuesday, Wednesday.

3-16

I got up early and got everything ready. By noon, I was done and I had nothing to do. Mom and Dad came over, mom made 5 irish rum cakes. Dad put out the wine, Monster showed up to help. Paul and Julie showed up 2 hours early. The kids just swam and had fun. Then at 3 everyone started showing up I had 60 people here! I remembered everyone's name, met three investors I'd never met before, but spent 3/4 of the time in the garage showing people the car! I still didn't feel like I made it around to everyone. I never do. Too damn many people. Everyone loved the Indian food, and said they had a good time.

3-18

It was a busy day, but just flowed well. I funded a million worth first thing, I only got 400k back in with 700k to go out tomorrow and another 800 day after that I think. I had a lot of payments. Hardly any calls which was nice. It was steady.

3-19

I had a busy day, but steady again. I funded six deals, and only had five smaller deals payoff and one pay down. I had a few payments, I keep expecting more in. A few deals I had planned for this week got moved, and one I didn't think was happening happened today. It was a good thing I have a little bit of cash. I've got 1.8 now, 450k going out tomorrow.

3-20

I had a pretty quiet day. I funded two deals and only received in one payoff. I had a few payments. I've got two deals lined up for tomorrow. Another one that was to be, got pushed until next week. I met with Steve Bunker, he's trying to do some equity deals with a guy and wants me to look over everything. I just hope the guy is honest with him. Looks like we are going to have a small meeting this week for Mom's

3-21

I had a real quiet day, but I only had one payoff and I funded 400k out, I'm down to a million. I've got 900k to send out tomorrow. I'm sure I'll get some payoffs in tomorrow. I had a few payments. It was so quiet I got all the photos for end of month done and wrote my newsletter.

3-22

I funded 1 million this morning. I thought I was going to have a lot of payoffs, I only got back in maybe 500k. I am actually short money for next week. but it's end of month, I'm sure I'll have more come in. I had a lot of payments in too. I had my mom's meeting, we had a bigger meeting

than I thought. We had a vendor come, which is always good. I've got a stack of deals for next week, so I'm probably now going to have nearly all my money out for the month of march.

3-25

I had a really busy day. I funded five deals then I had four deals payoff for nearly twice the cash, which is fine. I now have 3.3 million on my desk that needs to fund by Monday and I have 1.1 million. The timing will be interesting this week to see how it goes. I had a lot of payments too. I met with Dave, we walked through the numbers of selling all these damn rentals. The lady that does my return broke her leg, so now I'm going to get an extension.

3-26

I had a quiet day which I needed. I was up until 2 am trying to do end of month and the damn thing gave me the same error it gave me 6 months ago. I had to do them individually all morning. I was so pissed! I funded three deals, I had 2 payoffs and a few payments. I've got deals stacked on my desk, I'm sure I'll have cash for the weekend though! I just have two deals to fund tomorrow. I was hoping for a 250k new month, I'm not sure I'm going to make it.

3-27

I funded three deals and I only had one payoff and two payments. I've got demands for over 3 million in deals the next few days. Lili wants to borrow 850k for a few days too. I called up Steve Bunger, he gave me 900k, I talked to Brian, he gave me 700k. if I get the payoffs in I hope for tomorrow I should be in good shape to take care of lot of stuff. I need a lot of interest payments too. I thought I would have a 250k month, I'm at 70k with 2 days to go. I know Lili won't pay me her 45k interest unless I give her 850k.

3-28

I wired out 500k on deals then received in Brian's 700k wire. I had four payoffs, which I was expecting. Then Eric cancelled on his 1 million request for tomorrow. He apologized and offered to pay me interest but I declined. I funded three other deals that were requesting money and I'll just send money back to Steve and Brian. I did give Lili 850k for a few days. She now says that I will get 2.4 million in tomorrow. This is going to be nutty. I'll go from raising 1.8 million just to cover to probably having 3 million in my account for the weekend.

3-29

I had an insane day. I funded five deals and emptied my bank account. Then I had a few payoffs and payments, and it was quiet, then I had over a million come in within an hour. The bank then at the end of the day withheld the 500k deposit I made yesterday. So I was overdrawn. I transferred money back in to the account so it would be positive. I went to the bank but didn't talk to them. It will be ok tonight. I only made 140k this month. Lili's 2.4 mil deal was 50k of interest, it was supposed to close today and it didn't. then PG and Mike didn't make their payments. If they would have I would be at 210k. April will be my most profitable month ever!

4-1

I funded three deals, Steve's check did bounce, we talked, it was because he didn't approve it soon enough, so Charles Schwab thought it was fraud. I had two payoffs and tons of payments. I have just enough to cover deals tomorrow. I need Lili to pay me off her 2.4 deal to get back on top of my cash position, but it's great having 24k of interest day click along! I went to lunch with Mark Wenig's brother and sister in law, nice people, a little uppity. They say they will invest, I told them they are my last ones.

4-2

I funded five deals and ran low on cash, then Lili's 850k came back and so did her 2.4 million loan. I am going to pay back Brian and Steve tomorrow. I didn't get many payments. I've got a stack of deals to fund the next few days and I've got plenty of cash.

4-3

I funded three deals and returned the money to Steve and Brian. I had four payoffs, so now for the first time in two or three weeks I have money available. I had a ton of payments come in, from Scott, Mike and others. I've got just tons of paper work and catch up work from being gone to school and having Jen sit here and talk to me.

4-4

I funded one deal through Mike, he might be a good source for more deals going forward. I had a lot of work to catch up from yesterday, which I got done by 10, then it was really quiet the rest of the day. I had three payoffs and a few payments. I've got a lot to fund tomorrow.

4-5

Busy typical Friday, I funded six deals. I had three payoffs and tons of payments. The Las Lavatas house I did with Bennet closed. He never filed the quit claim deed so it's not going to come out on the Hud-1. So now I have to have him give me a 1099-S so that it doesn't hit his taxes. I'm going to beat up his accountant for this starting now because I know I will hunt him down for freaking ever to get it done. I made a 100k on it. although, if he would have paid the full interest I only made 30k. however, the 100k comes to me tax free because of my carry forward loss. I've got a 2 million in the account, so with what's going out Monday, I have some to start the week.

4-8

I funded five deals I had seven deals payoff, two of them totaled 1 million. I have mounds of cash now. I had a lot of payments, it was quiet on the phone. I think I have this bitch taken care of with the extortion about the cabinet falling on her. I so much want to sell this shit and never deal with it again. I got my payoff for Las Lavatas, tomorrow I'll get my cut from Bennett. I'll make just little less than 90k. it paid for my car I got the 30k in from Wade in OR.

6
4-9

I funded three deals, I had several payoff. I got Bennett's money, that's all done, except the paperwork on the 1099. I had a few payments. I did line up several more deals, but I'm sitting on over 2 million. Lili called about me funding an 8 million deal. I'm not sure about something that big. I hope I get some requests before the week is over.

4-10

I funded one deal and only had two payoff thankfully. I'm over 3 million in cash, but I have quite a bit to get rid of tomorrow. The good thing, is when I look at my spreadsheet I don't have a lot planning to close next week. I had a lot of payments which was good. I got my tax bill 185k, ouch. This yr is going to be a lot worse. I met Judy and Bill Hughes to get all their docs signed and get a new investment for the IRA's. I met them at the restaurant, but I left before they ate, they had friends with them.

4-11

A super quiet day, I had no payoffs, funded three deals, and hardly any payments. I do have a ton of deals to do tomorrow and lots of payoffs coming in too. I met Jim McCoy for lunch, gave him the spiel, I really like him. I should do more with them.

4-12

6
I funded five, I was hoping more, but they are now waiting until Monday. Craig Brown invested 50k more. I had a ton of payments and I five payoffs. I've got a ton to go out Monday. I hardly sat at my desk all day so I was behind on doing all the paperwork.

4-15

What a busy day! I had 6 deals to fund first thing, then I kept getting more requests, I did 10 in all, over 1.2 million. Which was great, because I got in a ton of payoffs too. I ended the day with 800k more money at work than I started. I had a lot of payments too. I've only got on deal to fund tomorrow. I have a lot for the rest of the week, and not a lot closing.

4-16

I funded two deals, I had three payoff. I have 700k to get out tomorrow, so that's going to get my cash down to a million again. I had no payments today! I've got enough cash to cover what is on my desk through Monday. I'm keeping it a good skinny right now.

4-17

6
I funded out five deals for 850k which was great, I'm actually getting low. I only had three payoffs come in for 270k. I have a few deals to do the next few days. I had a lot of payments. It

was quiet on the phones. Mike is wanting me to do another deal for him, I said I would. I have a lot to go out on Monday.

4-18

I funded three deals, I had four deals payoff and I received in 175k from Dirks for his IRA. I didn't have that many calls, just a lot of emails for payoffs and deals to fund tomorrow. Cash is kind of tight, I've got enough to fund everything through Monday. But I've got 1.6 coming in next week. I need to keep money for interest payments too. I went to lunch with Eric LeBaron, he's a young kid looking for a mentor, I set him up with Roger, hopefully it works out for him. He seems pretty smart, just no personality. I had a few payments, not many. But I'm not profitable for now on this month.

4-19

I had a super crazy day. I funded six deals. Vahak showed up bringing me 254k in Cash! I had to take it to the bank. I had a ton of payments and several payoffs, which I needed. I rushed over to the MOM's meeting, we had a real big turn out, 25 or more. Two guys from LA Vram and Alen showed up too. I rushed home to get a few things done before the day was over. I had to raise 1.4 million from Steve and Brian again, I have so many deals to fund next week and I don't have a lot that is closing.

4-22

Holly shit, what a nutty day. I had just four deals to fund, I had everything ready to go this week, then the day started and it was nuts. Brian wired me in 900k, Steve 400k, Brian Wenig gave me 100k, I had a ton of payments come in. then four more deals had to be funded, then later another one. I sent out an email saying I had no cash, but hell, I had more requests come in. Tom is going to send me 1.5 million tomorrow, that gets my head above water, I just need some more payoffs to come in. I could probably put another 1 million to work over and above that! It's going to suck going in to the end of month, with no available cash for my guys.

4-23

I wired out money for four deals. I got in 1.5 million from Tom Smith for short term. I had two other payoffs, so I've got enough to cover what's on my desk. Now I just need payoffs to start rolling in. I had few payments. It was pretty quiet. I've got the potential to do another few million if I had the money. But I've tapped everyone out. Adam came by he wants me to do stuff in Florida and Georgia, I have no need.

4-24

A much calmer day, I funded two deals, one decided to move to Monday, they sent back the money. Then Roger called for the same amount on another home, so I gave it back to him on that home. I had a few payments. Lots of phone calls two for land deals, one from a gal I used to work with at Insight, so I'm told. More requests for money then I have.

4-25

I funded two deals, I had one small payoff for 30k, and a lot of payments. It was super quiet day. Infact I don't think my phone rang after 2pm. I'm just waiting on cash to come in and as I'm waiting my best borrowers are stacking deals on top of me, I need 4 million to keep everyone happy!

4-26

I funded one deal, I had 6 deals payoff but it was for 300k. I've got 1.5 in the acct., Brian is going to give me 500k more and I'm going to get it all out in the first three days or so of next week. I've got over 5 I could do. I hope I get a ton of payoffs next week. I've missed out on 1 million worth of deals that I would do because I didn't have the cash and I couldn't commit to them. I had a lot of payments. My month end number net, I thought would be closer to 700k of revenue and 300k of profit. But it's not looking like that. With that kick from the Scottsdale house I made, I thought for sure I would be there. We'll see how much comes in early next week.

4-29

I received in another 500k from Brian. I had a few other payoffs today, which is good, I funded six deals, I have seven to do tomorrow and 7 on Wednesday, I still need a bunch of payoffs to come in this week. I had a lot of payments too. I'm hoping to hit 300k next, we'll see if enough payments and payoffs come in tomorrow. I met with Rob and Mike today for a few hours. Same stuff, talk about the market, give advice, never know if it's worth while to them.

4-30

I funded six deals, I got paid off on only three. I was expecting twice as much. I got in a huge amount of payments. I made 318k net this month. I'm at 800k for the year already. I was super busy all day, I will be all day tomorrow too. I've got 3 more deals I can do if I get in the funds. I've got just enough to cover things through tomorrow. I should do 200k next month if all goes well. The next 87k this month from selling the Scottsdale house was nice.

5-1

I funded eight deals, I finally had payoffs pour in. I had six of them, which allowed me to cover the rest of the week, pick off two on the wish list. I made a few happy, I have a few more that want to be covered this week. one of them is a new borrower, I think I'll just pass on him. I've got enough good loans I can work on. I had a lot of payments too. Off to a good start for may.

5-2

It was a much quieter day than the last few days, which was nice. I funded one deal and received in 500k of deals I didn't think were coming. I have the money all going back out tomorrow. Plus what ever I get in tomorrow I have deals already for. I had a just two payments. I had a guy call me to invest, but I turned him down. I'm not taking any more 50k or 100k investors.

5-3

It was a quiet day, but busy I had 8 deals that I funded, I had 6 payoff and tons of payments. I had tons of payoff requests too. Which is good since I need the money back in. I just enough to cover Monday and Tuesday. With more requests coming I'm sure. Starting the month off well, I've got just 500k in the account, and 52.7 out. That's the highest number ever

5-6

I funded two deals, and I had two payoff, I had a lot of payments too. However, I received an email from Tom wanting back 1.250 this week, and Burger wanting 250k. so my cash flow is going to crap this week.

5-7

I funded one deal, and returned 50k to Steve. Then I had three that paid off, which was great because I can start paying back Tom. I told everyone I can't do any deals this week. I had a lot of payments, but it was a quiet day. Marlene came by and gave me 180k to invest, since she's taking the summer off.

5-8

I had enough payoffs today, to return 750k to Tom. I have 500k to go with him, and 200k more to go for Steve. I had a few payments, really quiet day, which was just fine. I hate losing out on deals.

5-9

Another really quiet day, I had four payoffs, so now I have enough to pay tom back, but I'm waiting a day, because I need to fund two deals tomorrow, before I'm out of cash. I've got lots of deals to close tomorrow. Hardly any payment came in. the big deal was meeting with Dave. We met for nearly 2 hours going over the memorandum. Because of the size I've become there could be some additional issues to worry about.

5-10

I got enough money in to pay back Tom, then fund the deals for Monday, and a little for Tuesday I should have some more payoffs Monday to cover Tuesday and Wednesday I had a ton of payments in too. It was pretty quiet other than a few phone calls. I'm just glad to have that behind me, I've got a lot coming in next week so I'll be back in to funding deals as they come. This week sucked in that regard.

5-13

6

I funded four deals, I had three big payoffs so that got me cash rich, if Kevin doesn't need 400k, I can knock off a lot of loans. I had a ton of payments made too. I am hoping I can get more money in and get over this cash crunch this week.

5-14

I funded five deals, and I had three deals close, which allows me to start pounding down the list on my desk and keep people happy. I had a lot of payments too. I returned 50k to Bunger. I'm trying to keep up with everyone, plus Adam wants to expand to Florida. I just don't need to.

5-15

First time in weeks if not two months, where I've got my head above water. I had a few deals cxl on me that went somewhere else, because I couldn't commit to them, oh well, I took care of the ones I needed to. I had a bunch of payoffs and funded five deals. I had lots of payments too. So I've got extra cash for next two days!

5-16

I had several payoffs and I funded four deals. I had a lot of payments too. But it was quiet. I have a little extra cash so I let the guys know, they sent me a few more deals. I'll get out 600k tomorrow but I'll probably have a million in my acct for the weekend.

6

5-17

I funded three deals this morning and was down to just a few hundred k. then the payoff started rolling in, I was fearing I would have 2 million, I only went in to the weekend with a million. I had a ton of payments come in. in fact, I'm at break even right now on interest! I'm going to have a very good month! Mike Moore came by to pitch me on his biotech deal. Everyone always wants money. I received in another 100k from Kirk today too.

5-20

I returned 50k more to Steve Bunger, he's done. I funded two deals and I had two payoffs. I've got enough cash to take care of quite a few deals but I've got lots of to fund this week. I had quite a few payments too

5-21

I funded a few deals and I had a lot of payoffs, I had three payoffs. Jeff Phalen added 50k, Kirk is going to add 100k tomorrow. I had a call from Laurie W saying they would invest one million at the end of the month. I had a lot of payments too. Cyler's father in law blew me off, so I had 650k ready for him, never heard from him. That really pisses me off. I have enough money to cover my desk and do a lot of deals for the rest of the week.

5-22

6

I funded two deals, I had four payoff, so I had plenty of cash. I called the 650k guy, he never called me back, I contacted escrow, they had never heard from him. I had a few payments, was a pretty quiet day.

5-23

I had a real quiet day. I funded four deals, I had one payoff and Kirk Fischer invested another 100k. I had a lot of payments. The 650k deal guy called me, uh, I thought you were going to open up escrow? What an idiot, I can't do that. I got him to do it, we might close tomorrow, if not it's going to cost me \$1000 of lost interest to wait until Tuesday. I fear I'm going to have a boat load of payoffs tomorrow.

5-24

I convinced the 650k deal to take his money today, so I put it work over the weekend. I had a few payoffs and a 450k partial pay down, which is great, it will allow me to fund a few deals next week. I had a ton of payments today. We had our mom's meeting, only 16 guys showed up, but I had one of my investors Mike Scroggins show up, it was good for him to hear and see the guys. He never asked a question. Other than am I going to continue to do this for a while. Roger says he's got some heavy hitters 100 million dollars guys that want to work with him. He wants me to meet with them Wednesday. I have no idea where it's going.

5-28

I funded two deals and I had two deals payoff. I had a lot of payments, but otherwise it was a really quiet day. I have a few more deals to fund this week, just waiting to hear. I've got almost enough money to cover them all, but I have a lot of cash coming in too.

5-29

I had a meeting filled day. I had a meeting with insurance adjusters at 9, they have no capital and want me to fund their deals when they can buy burnt out houses. No thanks. I went to lunch with Roger and two guys from CA that wanted to provide more capital to Roger and perhaps me. But of course no figures, just concepts. I was uninterested in their proposal. I fell behind doing all the work I needed to do. I had three payoffs and one large partial paydown. Now I have enough cash to cover everyone.

5-30

I had a really busy day all day, I had to catch up on stuff I didn't do yesterday, plus do today's work. I had two payoffs and Tony Burdett added 100k more. I had a ton of payments and I funded four deals. I'll put out a lot of money tomorrow, but I have a feeling I'm going to get lots in tomorrow too! I'm going to work on statements now.

5-31

6

I funded five deals this morning, and as planned I had a ton of payoffs 10 in total I think. I had a ton of payments too. I was busy all day, but hardly any phone calls which was great. I had my best month ever, made 310k! I've got extra cash for deals next week, and I'm just a hair under 25k for the interest a day. We'll see if demand is as strong as it has been for the last several months. I sure hope so!

6-3

It ended up being pretty busy day I had funded three deals, I had payoffs on five, and a lot of payments. I had a new guy that sounded good, I sent everything to him, he said he would be back to me, never heard from him again. I've got a ton of cash right now, I'm sure I'll get it out quickly.

6-4

A really quiet day, probably 5 calls all day. I funded two deals, I had a few payments and one payoff. I've got a small stack of deals to do tomorrow. My cash is building, but Lili may need 950k by Friday too. I'd love to confirm that tomorrow

6-5

6

I had a busy day, in and out all day long. I had four deals to fund, six to payoff. More net cash in than out. I had a few payments and several I didn't know who they are yet. I've got a few deals for tomorrow. I have 2 million in cash and probably 3/4's of it uncommitted.

6-6

I funded six deals this morning, but it wasn't a lot of cash, I had two payoffs come in and just a few payments. I mostly planned for tomorrow and next week. I'm going to put out 800k tomorrow and Lili has a 900k deal for Wednesday. I've got everything prepped for tomorrow and some for next week.

6-7

I funded the five deals first thing in the morning. I had only one payoff and just a few payments. I had Ryan calling me wanting 1 million for Monday, uh can't do it. I got everything taken care of late at night and a little bit Saturday.

6-10

I funded four deals, I had three deals to payoff, plus Kirk added 150k. I had a lot of payments. I was able to take care of everything early and late at night. Barry added about 1/2 dozen deals to this week's stack, and now I'm going to need the whole 3 million in I'm expecting this week.

6-11

6

I had to resend the 160k wire from yesterday, it rejected, then they said, they wanted 158k and change or they would reject it again. I sent that right at the cut off. I had one payments. I've got requests for money to be returned, deals are stacking up like mad. I only received three payoffs today, i hope a ton come in tomorrow.

6-12

This damn safe pass card, was barely legible, so I was glad to get out the two wires this morning. I had lots of payoffs, 7, for over 800k, so I'm building up my funds for Mike and for Ryan. Plus I've got people wanting their money back by Friday. I had a lot of payments when I got home too. I've got some much work saved up to do now that I'm back!

6-13

I was in the office at 5:30 working on stuff. I have so much to catch up on it's just silly. I was expecting millions in today, I only received 250k. Les Jones, invested another 35k in IRA money. I funded one deal, and I had no payments. I worked until midnight trying to catch up on things.

6-14

I funded all my deals today, 1.8 million only because I got a wire in first thing this morning. I ended up getting 800k in today so I've got fund for Monday on other deals. I had a ton of payments in too. I had two lawsuits to boot. One from Scott, which I knew was coming and he's paying the bill, then one from Lili on a tax lien but she took care of it. I'm all caught up now, I just have to prepare for next week and then do end of month.

6-17

I got in a ton of payoffs today, but still I have way more demand than supply for. I had a lot of payments in too. I could put a 1 million at work right now if I had it. I'm going back and forth with David about how to circumvent this 50 million issue on size. I had to send back 100k to investors that said they didn't need it for weeks, now want it today. That didn't help me. I've got to have 300k next week too.

6-18

I funded one deal for Scott, I had one payoff for 24k. I need a stack of payoffs to get me over the hump this week. I did get a few more payoff requests, so hopefully those close. I had a few payments, otherwise it was a productive day. I got all the months renewals done. I'm going to do end of month tonight.

6-19

I funded three deals, and I'm able to fund a few more tomorrow. I talked to Scott a lot about what he's doing, I feel more comfortable. I'll need a lot of payoffs next few days to keep

everyone happy I already have a few people unhappy, but there is nothing I can do. I had a few payments in today, nothing big. I'm running a little behind on my interest this month.

6-20

I had a pretty quiet day, but I did get a number of payoffs in so that I could fund three deals and comitt to two others tomorrow. Plus I have my interest covered for my investors. I cut it way to close this month. I've got more closing coming tomorrow so that I can back fund a bunch of deals for scott and a few others. I had a few payments in too. I'm still behind, hopefully they'll roll in tomorrow and next week. I bought a monitor to take with me it's 22 inch but only 2.8 lbs, it just barely fits in my case. That will make me so much more productive.

6-21

I was really busy, as fast as money was coming in I was sending it back out. I got pretty caught up in my requests, and a few more payoffs and I'll have Tuesday covered. I was able to catch up with Scott's back funding and now I have a few more to do next week. I'm about even right now, so let the payments roll in for profits

6-24

I was super busy today. I got in a ton of payoffs so I was able to fund one deal and better yet, say yes to several deals I have planned later in the week. I had a few payments but not a lot. I've got a lot that needs to come in this week.

6-25

I had another 600k come in today and all the interest payments went out. I funded two deals also. Now I have enough to fund a few more deals tomorrow and reseeded some money for Kevin's deal again. if it doesn't go through I darn near clear my desk of back logged deals. I had a few payments not many. I'm in pretty good shape headed in to end of month. I got the newsletter done and the photos it was so quiet this afternoon.

6-26

I was able to fund seven deals. Everyone is happy, I only had one payment, then I opened the mail and I had checks for 1.1 million from the Weiskopf's. I can't believe she sent it through the mail! I even got the darn checks release for tomorrow, so I'll be able to get it all to work before Friday. I had only one payoff too.

6-27

I had a pretty nutty day. I funded three deals, I thought I was only going to fund one today. I had five payoffs and hardly any interest payments. I now have money to cover everything tomorrow through Tuesday. I was going to wire 400k to an investor, but then he called me said his email

was screwed up. Then Barry called, he's going to payoff 1 million next week. I'll be drowning in cash next week. we'll see if things pick up. My desk is pretty empty for next week.

6-28

I had horrible money, 152k in profit, 686k in revenue. I'm going to have to look at this closer, I should have been over 200k. I had 6 big payoffs today. I had a ton of payments, and I only have like three people that are late. I can't figure out why I'm short in profits. I've got a ton of cash and only two or three deals to fund Monday morning. I'm going to start the week with 1 million available! I've not said that in months!

7-1

I had four to fund, but I had four payoff. I've got nearly 1.8 million and hardly anything to fund this week. i hope a few pop up. I had a ton of payments, I figured all of them out expect 1 I hardly had any calls, since I was driving across central OR and had lost cell service most of the time, that's good thing. I don't have much planned for this week, and I still have lots more closings!

7-2

I funded one deal. I had a bunch of payments and 9 payoffs! Mostly smaller ones from Chris. I have two to do tomorrow, I've got a stack of deals for next week. it was pretty quiet today, tomorrow should be about a 1/2 day of work.

7-3

I funded two deals for Scott. I had one payoff which bummed me out, I just funded it two days ago and now 300k is coming back before the holiday. I had a few payments. But it was a really slow day as I expected.

7-5

I funded one deal and I had a bunch of payoffs and tons of payments. I'm catching up from where I was thinking I was short last month. I didn't hardly work today, I'll catch up this weekend.

7-8

I spent 15 hours yesterday doing paperwork. I didn't finish it all, I'm 90% of the way there now I funded three deals this morning and I had three payoffs for over 750k. I've got a ton of deals to do tomorrow. Bunker wants to invest 750k more, I told him to wait. Then I had a borrower want to refer an investor to me, I said no thx.

7-9

I had a stupid busy day, I blinked and it was noon, then 4pm. I funded nine deals, I had five payoffs I had 100k investment from Kirk I had a few of interest payments made. I was just busy processing stuff all day long. I got my stack of releases notarized too I've got a lot of cash, but 700k goes back out tomorrow and I have stack of deals to fund before Friday, but I have a bunch closing too.

7-10

I funded four deals and only had one small payoff. I met Laurie Weiskopf to get all her docs, and she invested another 100k with me. I had a few payments, I only have a few deals to do the rest of the week. I still have cash. I hope to be below a million by Friday.

7-11

I funded four deals, which was great, because I only had two scheduled. I only had one payoff too I only had a few payments I'm working down my cash finally I told steve that I should be taking his money next week. I've got three deals for tomorrow. I might have more if they come through

7-12

I funded three deals, then slowly but sure I started having payoffs by the droves! I had seven in all over a million dollars I had a ton of payments made too. I'm way ahead where I should be for this time of the month, just the opposite problem from last month. I've got three deals to fund Monday, but I've got way more money than I do deals for next week.

7-15

I funded three deals before we got on the plane. I had a ton of payments made, then a ton of payoffs, nearly 800k. I've got over million coming tomorrow. Shawn called, he's going to buy the 57 properties for 2.85 million I told him to close it quick!

7-16

I funded two deals and I hardly had any payments come in. I had maybe 5 phone calls all day then I had a Mike Moore actually come through on paying me off on 1.2 million All of his loans are paid off, and he paid down his big loan by 500k. now I'm absolutely drowning in cash, I've got Bunker wants to give me more money, and I have more closings to go. Shawns deal better come through!

7-17

I funded four deals, I had a few payments, but no payoffs! Which is good since I'm drowning in cash right now, over 3 million I could have 5 by week end. I've got a few deals to do tomorrow. It was really quiet on thephones too.

7-18

I wired out more money then came in today, but only by 200k. I had a few payments. It was really quiet, but I need to get more money out. I met with the Miller's. they are selling their skate plaza and so they are going to have another 1.6 million for me in September. I hope I can put it to work by then.

7-19

I funded four deals and I only got back one payoff. I know I have a ton coming. Lili is going to pay me back a million, AZ Home buyer is going to pay me off 600k. I've got a few million supposed to close next week, Eric is paying me off a 1.4 million. I had a ton of payoffs. I'm already profitable, so it's going to be a really good month!

7-22

I had a few wires to do. Then when I had time in the afternoon I got another one off. Roger didn't tell me that one of the properties he bought, he sold over the weekend, so I wired and sent docs just to get the money back again. I had a bunch of payoffs and a bunch of payments. I got home and worked until 1:30 trying to catch up.

7-23

I got in here at 7, and worked until 5:30 then from 9 to I don't know when I will quit. I funded 11 deals, I had three deals close, Bunker added 300k. I've got 11 more deals to do tomorrow. I'm not even started to catch up, it's just trying to keep up with work. Cyler backed out of a million dollar deal, which is good, it was a weird one. I rather do these deals with Rob than 1 with Cyler on a funky house in Sedona. I had a lot of payments too. I'm going to have a good month. I just need more closing in now so that I can fund end of month.

7-24

I funded all of ACV's deals 11 of them, 1.3 million plus a small one for AKS. I had two payoffs and Carol McDowell added 100k. I had just 1 payment! I'm all caught up on things now finally. I had to work about 30 hours in three days to get there. Now I'm going to do end of month tonight.

7-25

I stayed up until after midnight and got end of month done. It was a really slow day. I only got one payoff in and a few payments. Eric said his 1.4 mil deal is supposed to close Monday. If it does I'll be home free. If it gets pushed, I'm fucked. I am totally caught up now, so that's good.

7-26

6

I saw all the withdrawals go out, so that's done. I had funded one deal and lent 135k to Mike which he returned same day to me. I had a ton of payments and then I had four payoffs which was great, I've got enough to cover some deals Monday. Then Eric emailed me saying his 1.4 mil deal will close Monday, so I'll have enough money to cover the stack of deals I have. I'll have very little cash going forward because I have so few closes coming.

7-29

What a crazy ass day! I and everyone else was sweating waiting for me to receive my 1.5 million wire from Eric's payoff I got that and six others, plus Kevin Potempa invested 500k today! So now I'm cash rich! I was able to back fund everything on my desk. I have enough to cover everything through Friday with some extra cash. I had some payments too, I think this will be my most profitable month ever.

7-30

I only funded four deals. I had three payoffs, so now I'm sitting with at least 750k unrequested cash right now. That is fine, it will go quickly. I've five or six deals to fund tomorrow too. I don't have many payoffs coming either. I had a few payments. It was a relatively quiet day.

7-31

6

I funded six deals, I had two that closed, and only had two payments. I ended the month with 270k profit. I've got a few deals to do tomorrow, but I've got extra cash right now. I thought I would be out. I had my 2nd best month, it's all because of the way the end of the month falls, May I think was my best because 31st was on Friday. I told all my investors that I wouldn't be accepting new money from them after Xmas. I had a few email me back, but not much back lash.

8-1

It was a quiet day. I funded three deals and returned 180k to Marlene Pearce, she bought a property and needed her money back. I had three payoffs. I also have a 50k deposit, but I don't know who from. I had just a few payments made. John will let me deposit another check for 4k tomorrow for some of his back payments. He's got one closing this month. So we'll be down to two of them.

8-2

I funded five deals, then I only had a 1 payoff and 1 partial payoff today, which is great. I had a ton of payments made. I've got 1.2 million in cash, and 1/2 of it out by Wednesday. I've got a guy bugging me to finance a 1.7 million apartment complex I don't want to do it though.

8-5

6

I did my usual work over the weekend, an hour or so. Monday I funded one deal. Then the payoff started rolling in. only one of them was planned, I had five payoff from guys just calling

up and saying what's the number I'm paying you off. Plus I had a 58k pay down. So now I've got nearly 2 million in cash. I had a ton of payments over the weekend and today too. I met Alan and his partner at a shitty 76 unit apartment/motel place they want to fix up. Which I know they don't they want to flip, I'm going to tell them no thanks.

8-6

I funded three deals and then a fourth later in the day. I had two payoffs and a few payments. It was a really quiet day. I emailed Alan and Nick first thing and said no thanks. I'm sure I could swing it but I know they aren't long term for the deal. Miller stopped by and tells me a deal I 100% financed him on, is a non-livable and marketable title because of the what city did years ago to the property. Three guys have bought it in the last year, all found this out and then sold it to next guy, Miller now owns it and he's not willing to be the snake those guys and sell it to another sucker. We are going to go after the title insurance, it's going to be a fight too.

8-7

I had a good day, I three deals, I had five close. I had only a few payments. I've got a few deals to do tomorrow I've got a screwy deal to do next day or two, referral from Jake, where the buyer is out of town and his cousin is the power of attorney. I'm doing my checking. I've got investors wanting to give me more money because they read my email saying 12/31 is the last day I'll take money.

8-8

I funded four deals, I only had 2 payoff, and only had two payments. It was a really quiet day which is fine, since I'm feeling like crap. I've got a few to do tomorrow, but I'll have some money for the weekend. Miller submitted his request for insurance claim on the house. He said the local lawyer for Chicago title was helpful. We'll see how long the process is.

8-9

I funded four deals and in only had one payoff, large one 280k. I thought was I was oing in the weekend under a million, but I'm just over. It's still a great amount is out right now. I've got a stack of deals to do Monday/tuesday. John Janssen will catch me up in payments mon/tues also, he's late on 1/2 dozen of them. I got some more money out of Molina too, he's nearly caught up on this refi he's been working on for 6 months. I talked to John Ray, he's got one of the three houses closing next week, so I'll get more out of him. The people on McKinley will be moving out next week too. Hopefully we can get that one ready to go on the market quickly. I'm sitting pretty good right now

8-12

I'm glad I didn't commit on that 1.5 million deal I would have missed out on good loans to my best guys. I got as low as 600k today. I funded four deals and I had one payoff. I had lots of

payments too. My deals that were supposed to close today, got pushed to Wednesday. So the meeting I've got planned with Jenn will be ok.

8-13

I had a super quiet day, I didn't fund anything. I had two payoffs and a few payments. I had a lots of requests for properties, so I'll put all the remaining money out and I've got nothing coming in this week. I hardly have any closes coming for the next two weeks. I'm going to have to save for interest payroll at the end of the month!

8-14

I emptied out my bank account, I funded six deals, which left me with less than 400k. I had no payoff and one payment. I'm cash poor for sure! I need something to come in to cover one deal on my desk. It was a really quiet day

8-15

I funded one deal, I had one payoff for 40k. I'm still needing a lot more money in. I've got a lot of deals stacking up. I had a few payments. It was really quiet day. I had a funny call, Rodd Newhouse wanting me to do a personal loan for an athlete that spent too much on a car. What a damn joke!

8-16

I had a smooth day! I was so worried, Mike was wanting to close on his 240k deal and I didn't have that much. He never called me, I had three surprise payoffs for 350k, which gave me the ability to fund Mike's and two more deals early next week. Then at the Mom's meeting he said it might not be until mid next week he needs it, so that gave me some breathing room. I still need 1.3 million to close next week to cover what's on my desk. I hope to have some surprise payoffs. Nad Kirk called saying he's going to give me some more money next week too. Mom's meeting was good, we had a really good turn out. I blabbed for a 30 mins and then we ate, lots of side conversations and Steve Bunker came. It was a quiet afternoon. I had a few payments. Scott's payment was 85k!

8-19

I had one payoff, which was J and J, which was great, because then he paid up all his past due payments. I had a ton of other payments too. I funded one deal. The other deals are postponed. I need a ton of money to come in this week.

8-20

I got a big payoff today, one of John's properties, 288k, which is great, leaves me with two. He called me saying he's got possession of McKinley too, we can sell that one and get it off the books! I had a lot of payments and two other payoffs. I've got nearly enough money to take care

of everything on my desk and then start the back funding. Barry never called me back, he said he might pay me off on 175k one and Kirk never made his investmetnet deposit yet either. I'm getting beat up for funds, hopefully I can take care of most tomorrow.

8-21

I funded three deals, I had one close first thing. Then in convinced Barry to pay off two deals so I could fund the other deals. He's rich in cash right now anyway, I'm saving him interest. I had a few payments come in too. John got possession of Mckinley, however, it's barely valued at what I'm owed on the thing. He says he's gong to get someone else to finance him out of the other loan I have with him. That happens I'll be thrilled.

8-22

I funded two deals and I had two payoffs. I've got more in so I can keep moving down the list. I had some payments in too. I'll be able to get out some more before the weekend, but I know I'll have some payoffs. If I get enough in, I can clear it all out on Monday.

8-23

I funded a few deals in the morning and then I had three surprise payoffs for 500k, plus a few I was exepcting, so I back funded four more deals. Then I had tons of payments, Easy, Lili two weeks worth, PG, a few others. Everyone is paid up except John Ray. I've got enough cash to cover my deals and start the week with a few bucks in the bank.

8-26

I had two deals to fund. I had lots of payments. Out of the blue I had a request for 400k loan, I said no way, then Tom said hehad 500k he could give me today, I took it, deal is going to be funded tomorrow. I've got another 450k deal to fund on Friday. I had several unexpected payoffs today and I'm sure lots coming in this week. Lili needs money next week too.

8-27

Today was so quiet, I took a nap and watched a 2 hour show on SMU! I funded three deals, all the interest payments went out. I had one payment. I might have two calls all day I've got two to fund tomorrow and then I'm down to my last 200k. I'm sure I'm going to have a ton of cash in my acct on Friday!

8-28

I funded two deals, I had two payoffs and I have demand coming out of my ears. I'm able to do the two tomorrow and still be able to cover these stragglers on my desk. I should have shit load of payoffs in the next two days I had a few payments.

8-29

I funded two deals and I had four deals close, so now I have enough money for everything through Monday. I still have million coming in tomorrow I think. I had a few payments too. I'm doing a new borrower tomorrow, referred from Roger. I had a few other calls from potential borrowers but they didn't go well. Now I'll just do the statements

8-30

I funded three deals, one pretty big for a new borrower, but came to me from Roger. I had a ton of payments come in too, quite a few payoffs. It was quiet on the phones, lots happening in the bank account. I ended the month with a 287k my best month ever. I add in my interest on my stuff. I made 10k a day. I've got in enough money to cover next weeks deals, plus I've got a lot coming in.

8-31

I received a 33k payment of interest on Saturday. I just stick it in September's month, see how the month ends up. Six condos I was going to fund canceled, that was a 150k, and Lili who wanted 650k tomorrow doesn't want it for a week now. So I funded a bunch of other deals. I had no payoffs and few payments, quiet day. I have a few more to fund tomorrow

9-4

I had a really busy day, I decided to empty my account since Lili moved her stuff out to Monday. I funded five deals. I had three deals closed. I misseed out on funding 2 more today and one tomorrow because Erik didn't tell me he cancelled his deal for tomorrow. I was pissed! He just dropped low down on the totem pole for funding. I've got a shit load of deals to close this week, so I have to keep my cash low. I called the miller's and they said everything is on track for giving me the money on Monday. Which I plan to use for Lili

9-5

I funded two deals, I had one large deal payoff, so I've got funds for to more deals tomorrow. I'm expecting a shit load of cash in tomorrow so I know I have Lili's deal covered. I talked to the miller's they expect to have 1.9 million to me Monday morning. I'm betting something will go wrong. Which is fine, because I should have enough cash coming in. I had quite a few payments. John can't sell that fucking McKinley property, so now I'm going to have to pay to fix it up and sell it. I think he's lying to me about his other property too. Hopefully this guy Paul will refi him and I'll be done with John.

9-6

I had a super busy day. I funded two deals, but I had seven payoffs for over a 2 million come in. I had a ton of payments too. I met with Dave to find out the losses on the rentals and sales were much bigger than he predicted, so I'm getting 80k in refunds from fed and state. Just pisses me off so damn much! I met John at the McKinley house, it needs 10k of work. he's going to try to

sell it this weekend at a lower price than he did this week. take a loss and he'll owe me, great, I want a debt with him. He still says Pual will pay me off on the other house. I struggled to catch up with all the payoffs and payments today. I've got over 2 millin in my account. Lili's deal looks like it's going to postpone again! then this 600k deal from kyle may not get done, and I'm supposed to have 1.9 million in from the Millers Monday. I'll be drowning in cash!

9-9

I funded two deals, and I had one payoff. Then the Miller's million dollars came in. I had a lot of payments made. Lili's deal postponed again, a whole bunch of Shawn's deals are getting moved out. I'm drowning in cash. First time it's been like that in months and months.

9-10

I gave Minh some money on her Brooks property, and returned 20k to PK. Then I received in 920k from the miller's. just when I have cash, more come in! I had a few payments and I had three payoffs. I met Travis at the McKinley house, walked through it, waiting to see the price. It better be under 10k. I've got just one deal to do tomorrow and only a few for the week. I didn't hear back from Lili today either.

9-11

I funded one deal. I had one payoff. I had just a few payments. I'm sitting on four million in cash now. I've got about 400k to get out tomorrow. No word from Lili.

9-12

I funded four deals, I only had one payoff, thank goodness. Now Russ called and wants to give me money tomorrow. Perfect for the weekend and I'm drowning in cash! I had a few payments. I went to lunch with Barry and Landon, they are concerned about the market, maybe I should be. I might have a deal or two to fund tomorrow we'll see. I've not had this much cash in so long it's strange.

9-13

A quiet day. I funded one deal. I received 800k from Dupper as an investment. I had two payoffs and lots of payments. I've got a few deals to do on Monday. But I'm over 5 million in cash now. Hopefully it will be busy tomorrow. I got a quote on mckinley, 20k, holly shit, that about killed me. But what else am I going to do.

9-16

I funded a couple of deals, not a lot of money. I had only one payoff, so I got out more than I got in. I had a lot of payments made. It was real quiet day. I hate days when I have money and no one is calling.

9-17

I funded four deals and I had no payoffs! I did receive in 150k from Phalen for his IRA. I had one payment today, so tomorrow should be big! I did all the renewals for the month. I'm glad that is done. I got the Mom's meeting planned. I'll do notes tomorrow for it.

9-18

I funded two deals and I had one payoff, I had only a few payments. I was busy all morning payoff requestes, recording docs and answering phone calls. By the afternoon it was quiet. I got another quote on the fixing McKinley. It's aobu the same, I'm just going ot get it started to get it off the fuckign books.

9-19

I funded two deals, then I got a surprise 900k worth of payoffs from Greg and MCM. PAJ has extra money so they gave them 12% on their rentals and paid me off Just when I started making a dent in this damn cash position! I'm up to 5 million. I might be able to get a million out tomorrow. I had a few payments, but it was a quiet day. I've got a new guy to fix McKinley, 10k more than I wanted to spend on the thing, but I'm going to sell it quick for top dollar.

9-20

I funded three deals this morning as well as wired 14k away to get the McKinley house started. Then later in the morning, I got an email to wire 650k for Lili's deal. I was glad to send that way. I had three payoffs and tons of payments I'm breakeven right now. This has to be the earliest in the month I've hit that number. I think I'll only make 180k this month. Just the way the calendar falls. I had the Mom's meeting. We had low turn out and Steve Bunger brought one his friends. He wants to give me a million dollars and I told steve no thanks. I have to stop the size of this thing. I came back and worked on paperwork and payments in the afternoon.

9-23

I funded four deals, so I got out 900k, then I got in 400k in payoffs. I had a few payments too. It was a quiet day and I might have one to fund tomorrow. Every day I widdle down my cash, it's not fast enough.

9-24

I funded two deals, and I had three payoffs for a lot more money. Michael zones sent me 50k more too. That's on top of the 150k more I got yesterday from Phalen. I had a ton of payments. Which was good several of them were past due. I don't have much to fund the rest of the week and I'm up to 4.3 million I spent a lot of day doing renewals and going to staples.

9-25

All the interest went out and I messed up one, pissed me off. I got way more money out then I had come in. only had 2 payments too I've got basically nothing left on my desk to fund.

9-26

I got more money out then I took in again. I doubt that will happen tomorrow I've got about 500k to send out, and I know I have payoffs coming in, it's end of month. I had a few payments. It was pretty quiet. I've got end of month done, just need to re-edit my newsletter and do the statements.

9-27

I funded four deals for 400k, then I received in 200k Erin Carrick, she's my last investor! I had three payoffs for 400k! I've got about 600k to go out Monday morning. but it's end of month, so I know I'll have more payoffs. I had a ton of payments in. I hit 200k in profits. I might get a little more in Monday, but I won't hit the 250k I should, just because of the way the month fell. October should be much better. But August was killer, so it all equals out in the end.

9-30

I sent out the end of month statements, even though jimmy hadn't updated the newsletter I had two people say they read it. I funded 650k, but I got in about 600k back in. it could have been much worse. Kevin requested 400k back, which is fine, I gladly gave that back to him. I didn't get much in the way of payments, so I made 208k this month. 20k more than I thought I would. October so easily be above 250k. I haven't one deal to fund tomorrow. I had several guys bidding on 1 million plus, 450k and never heard back.

10-1

I funded two deals and I had one deal payoff, same dollar amount. I've got a 220k deal to fund tomorrow I've got one maybe two lined up for the rest of the week. my desk hasn't been this empty in years! I had a few payments, some I don't know who they are yet. Miller thinks he's got the pinnacle peak property sold to another guy. John thinks he'll have one of his properties partially paid off this week. he's been telling me that for two weeks. I talked to Scott Menaged, he's not going to sell 1/2 his properties off in December which is a relief His uncle wants to invest 7 million with me, I turned him down. He told me that he's talked to several lenders, they are all drowning in cash, so I should feel lucky that I have only 2 million.

10-2

I got in about the same as I sent out. I've got a few more deals stacked up, but nothing ot put a dent in this pile of cash I have. I did get a lot of payments in. it was a quiet day besides that.

10-3

I was pretty busy this morning and then the deals started to roll in. i funded one deal early, then Charlie had one he wanted done, 285k same day, did that. Then I have about 900k more to fund tomorrow. Maybe a few more if people get their shit together I had a few payments too. I've used up 2/3rds of my 50k phone deposit already. I wish they would up it to something that makes practical sense. I know I'll have some closings, but if I get more out tomorrow then come in it will be a big win.

10-4

I sent out 900k, I only got back in 150k. it was a great day. I've got 600k lined up for Monday I'll be under 1.5 in the bank. I had a ton of payments. I had one borrower, whom I always thought as suspect, call and want to give back a property to me that he's current on. He can't make the payment on one property, but it's in escrow. I checked it out, it's 1 block away from John's McKinley property. He's going to wait now until he gets to his due date or gets it in escrow. I don't need another one to babysit, but it is ready to list at least. McKinley is 1/2 way done, windows got put in today. Now flooring and counter tops and some bathroom tile we'll be ready to go.

10-7

I funded two deals and I had three payoff I've got two to three deals to fund tomorrow. I'll be about even where I was at this morning. I had a few payments. It was pretty quiet. This house on Mckinley is getting expensive to do I hope we can sell it quickly.

10-8

I finally funded Roger's 300k deal, I funded Cyler's 185k deal, however, I found out at 4 pm he wanted me to take to trustee. He never asked or said anything about that, he thought he had. I funded two other smaller ones. I have two bigger deals 400k and 500k deal for next week. I have about 600k smaller ones between now and Friday. John Ray called and he said now he's giogn to pay me off on his Scottsdale one Friday. It's been next Friday, Monday on and on for 2 months. He's going to owe me so much money and I don't think he'll ever pay me off. I had a few payments today too. I had a few payoff requests too. I was pretty busy all day.

10-9

It was a library here today! I didn't have any payoffs which is great, since I didn't fund anything! I had just a few payments. I picked up a few more deals to fund next week. Lili called saying she's paying me off on 900k next week. Barry wants to give me 500k next week too. I probably won't take it. Lili gave me a number of a guy to sell my 12 plex. If he can't then she will buy it for 800k. that's a huge loss, but it will be gone. Here I am spending time on this damn mckinley property, the fix up is nearly done, now the pool is taking time.

10-10

It was a really quiet day, which is good since I had the boys home. I listed my 12 plex, this guy talks a huge game, we'll see if he can deliver. I had one small payoff to which I'm going to fund the same property to Shawn tomorrow. I funded one deal I have a few to fund tomorrow I had a ton of payoff requests. I could be drowning in cash next week again. I only had a few payments.

10-11

I funded four deals, then the payoffs started to roll in. one of them was John's woodridge property. At least that's in. I didn't collect a dime of interest, but at least I can put it the money to work on something that will pay me. He's going to owe me 35k in interest and who knows how much on McKinley. I had a lot of payments in today too. I've got a stack of deals to go back out, but Monday is a holiday so they won't go out until Tuesday. That leaves me with just 600k of available cash. Which is the perfect number.

10-14

Banks were closed, I had a few payoff requests, one phone call, quiet day, which was great. I've got a lot lined up for tomorrow.

10-15

I funded five deals, and was down to just a few hundred k in my bank account. The ACV paid me off on all 18 loans! Lili paid me off 915k too, or she'll put the check in my account tomorrow. I met John, Wade and the guy David up at McKinley. The house looked great, it was done really well. The pool will be done the next day or two and then the pool deck by the weekend. Hopefully we'll see it quickly. I had a few payments in, but now I'm worried I'm going to be on too much cash!

10-16

I funded two deals early in the morning. then Chuck needed a 100k, then a 400k deal scheduled for tomorrow needed it this afternoon. Then the buyer says he's got a buyer for the property and he's going to close on Friday. That sucks. I've got 3 million in the bank, 1.8 of it available and more is coming in this week. I had a lot of payments made today I've got some small ones to go out tomorrow I just hope the payoffs quit coming in. Lili didn't close on her 900k she was threatening with so that makes me feel better

10-17

I wired out funds for three deals and received nothing back, that's a good day. I had a few payments. I should have a busy day sending money out. Right now I only have two confirmed, but more should go. It was a busy paperwork day but quiet on the phones.

10-18

I was really busy all day today. Mostly with payoffs rolling in I had about 1.5 million! I funded five deals, two of which were a surprise, but the afternoon, money just poured in. I had a ton of payments come in too. I got a contract on my 12 plex for \$1,050,000 in one fucking day! I feel like I should hold out for more and nother offer, but I'll take it and run. It will be a nice right off!

10-21

I funded two deals, and I had a ton of payments come in. I hahd three payoffs that were greater than my funding. We had no activity on Mckinley the whole weekend. I can't believe that! Everything is done at the house now. I've got a few to do tomorrow, but my desk is getting pretty thin now.

10-22

I funded four deals, I had no payoffs thank goodness. I've got 800k to go out tomorrow, and now I have very little scheduled to come in this week, except two big ones I had a few payments in. I went to lunch with John Janssen, I used to do a ton of loans with him, but he's changing his plans, and it doesn't sound like I'm in them. I'll have to get new borrowers. I can't have 50% of my portfolio with one guy, which is what I have right now nearly It's just so slow. I wish I wouldn't have taken Dupper's money or the Millers. Marv called wanting to give me 800k more, I told him to let me know and I'll let him know if I need it.

10-23

I funded 800k in deals today, then I had 600k come back in. I had a lot of payments too. I've got a few deals to fund the next few days and lots of money coming in. I just can't get below 3 million in cash before it starts building up again. we only have a few people coming to the MOM's meeting too.

10-24

I funded one deal and I had one payoff, so I'm up 80k out. I had a few payoffs. I started the day with a call from Brendan that there was a water leak at morten. The day we are having the inspection. It ended up being the city break, just destroyed mylandscaping at that end of the property The inspection went well. They only couldn't get in to one unit. There were three known issues all of which could be taken care of in hour if they tenant would coordinate with Brendan. Hopefully all goes smoothly and close up in a few weeks. I've got a few deals to fund tomorrow and a few more lined up for next week. I'm still over 3 million in cash.

10-25

I shot out 200k first thing and only received back 50k for the day. I had a ton of payments as per norm. I had my mom's meeting. We only had about 12 say they were coming and then 19 showed up so that was good. I met a new borrower of mine that Roger brought to me. I didn't get much work done after I got back. But I have very little set up for next week. I have all the payments set up for Monday, so that's done.

10-28

I funded two deals and I had three payoff. I got in a lot more cash then I sent out. I had a lot of payments though. Lili is talking about a 1.7 million deal I could fund that in a heart beat. I got some requests for another 600k loans for end of month. The borrower is someone that is a wholesaler, so I'll have to watch that closely

10-29

I funded two deals, then the payoff started rolling in, 1.5 million came in today! I did get a new deal to fund for 400k, and Scott needs 460k tomorrow so I'll get out 2 million by Friday. Roger coming by, he's broke. He doesn't have money to pay me interest. So the ones that are in escrow I'll let him slide, he'll partial pay tomorrow and then as the closing come I'll get paid through escrow. Things are really changing quickly I feel like I'm ok. I've had two of my bigger broowers pay me off with cheaper money. Lili still says she'll need 1.7, so that will help I just can't get all the cash deployed. I had a few payments in.

10-30

I had a surprisingly good day I got out 1.2 million and only had 440k come in. I've got another 700k to go out tomorrow, with a possibility of more. I had three payemtns come in. we've got the last inspection of the unit #5 for tomorrow, hopefully that will go smoothly. I had to have John Collins go and pick the lock to let the inspector in. I still have nearly 4 million available, I didn't hear from Lili either.

10-31

I funded 1.2 million today, I only received in 275k, so that's a good day. I hardly got any payments. I still made 242k million for the month. The buyer of Morten now wants a 10k drop in price because he has to fix the fence, and few other things, I don't care. He says he's going to close on the 7th. I sure hope it comes true. The brokers said they've been talking him in to it which doesn't leave me feeling good. I made 242k this month.

11-1

I was pretty busy in the morning. I funded 500k and sent Coralee back 120k. I didn't have any payoffs! Which is great, I've got some new deals for next week. Lili called asking about 1.7 million again next week. I'll be able to barely do it now. But I'm sure I'll have more payoffs come in next week. I had my typical Friday payments.

11-4

I funded two deals and no payoffs, but I've got a lot coming in tomorrow. I had a lot of payments too. It was fairly quiet. It looks like 12 plex is cloing this week. I wish they would send me the docs. I don't have a lot on my deks for this week. lili called to make sure I had 1.7 million. I'll gladly put that to work.

11-5

I funded one deal and I had three payoffs. I've got two more to fund tomorrow and picked up a few deals to fund this week. I had a lot of payments in again today. Josh wants me to fund this guy to buy one of his houses that seems to be a bit clueless, but I'm in at a cheap LTV. Barry called me, he going to start being a lender now. I love it! Grass is always greener!

11-6

What a quiet day, I funded two deals. I had one payoff, it was only for 35k. I had one payment. I do have 850k deal lined up for next week with Justin and Christmas sent me three deals to do, one this week, two next week. I signed all the paperwork for the 12 plex to close tomorrow. It was so quiet this afternoon, I went in the family room and watched tv after the boys left.

11-7

I got my wire on Morten! I no longer am I landlord! I took a 525k hit today, probably closer to 700k after depreciation, with 500k lost interest income over the 5 yrs I owned it. it's gone now! I funded one deal today and I had three others payoff. I had a few payments. I've got one deal to fund tomorrow and few next week lined up. No one is going to call me about their dishwasher or tub this weekend!

11-8

I funded one deal and I had 800k come in. then over the weekend Lili paid me off another 750k. I had a ton of payments come in as usual. It was pretty busy lining up deals for next week too. Which I need, since I have 4 million dollars in my acct!

11-12

Veterans day was yesterday so today was very busy. I didn't have any payoffs which was great. I funded three deals and I had a ton of payments made. I've got 1.3 million planned for tomorrow. I was doing payoffs all day, so I know more money is coming in too.

11-13

It was a super busy day. I wired out 1.3 million first thing this morning. then I went to breakfast with Brian Cousins. A guy from Biltmore bank. He's got a program for hard money lenders. I looked through it tonight, what a nightmare of paperwork and requirements. I'd never do it. I came home and wired out another 300k and then left for lunch with Barry and Landon. They drowning in cash, can't find deals, and want to get in my business now. After getting the kids straightened out, I worked for 5 hours getting paperwork done. I only had one payoff for 40k, so it was a good day. I had a few payments too. 20k worth or so.

11-14

I funded two deals, I had two payoffs. But I have a 500k deal to go out tomorrow. Lili called and wants 1.6 million or more next week. With all that I have on my desk, it will be cutting it close, but I know I'll have some payoffs come in. I had a few paymtns too. I had a few calls and emails, but nothing new other than the 500k deal for tomorrow.

11-15

I funded one 550k deal and then I had 500k come back in, which is fine, because I have on my desk 2.6 million. I'm supposed to fund next week. I had hardly any payments come in, I'm sure they'll come in Saturday. Marv called wanting to give me 800k, so I told him I might take it in 10 days.

11-18

I had a pretty busy day. I funded four deals. Then I had three payoffs. I had lots of payments too. I had a few payoff requests. I'll get some more money out tomorrow, no word from Lili. I have a few more deals planned for this week, so with the payoffs, if Lili's deal comes through I'll be tapped out. Kevin has some guys he wants to bring to the MOM's meeting. One I'm glad to hear, the other is talking about oil investments, I think are bunk, but we'll give the guy a room.

11-19

I funded five deals, I had two payoff, I had a few payments. Messed with Blue Water deal on Marshall. I have lots of deals stacking up which is good, I'm getting close to maxing my cash. If lili shows up with her deal, it could be stretch. It's finally nice to be in that way.

11-20

I funded two loans, I had no payoffs, so that was good, 15k in payments. I've got two deals for tomorrow. I talked to lili, she went on and on, there is a title issue. It may not even happen. Bunker wants to give me more money and Laurie wants to take some out. Marv will be wanting to give me more too. I'll have to put Lili's money to work before I even think about taking on more.

11-21

I funded two deals first thing in the morning. Brian O'Connor bought one for tomorrow, but he's not sure the bank would release the wire, so I wired him his money this afternoon. I had 20k of payments come in too. I've got two to fund tomorrow, and I have shit load coming in on payoffs most likely. I need some of it, if Lili's deal ever comes through.

11-22

I funded two more deals and then the payoff started to roll in. I had 1.4 million come in. 600k on one deal that was supposed to close last week. I've got over 3 million now. I had an investor call yesterday, Kirk 80k and today Herb Cohen 100k. I turned down both of them. Bunker wants

to give me more and of course I have marv ready to give me 800k more. I had a ton of payments today. I have two that I'm looking for I didn't get. I only have one deal for Monday and maybe three or four more.

11-25

I funded one deal, I had two payoffs. I had a lot payments. I talked to Scott he talked to Greg. Greg was just what I thought he would be, 'nope not going to do a thing!' so now scott is going to talk to his partner whom is the money behind the deals. He kept reassuring me he'll get it all straightened out. Then he texted me said his check will bounce because he wanted to make sure that a check he gave to Greg would bounce. This is really giving me a bad feeling. We'll talk again tomorrow.

11-26

I funded one small deal and I had one deal payoff. I had a lot of payments. I've got nothing on tap really for the rest of the week. I went to meet with Stan and his son in law, investors for a late breakfast. I talked to them for about 2 hours. I'm meeting with Scott tomorrow to find out what this whole things is really all about. I'm very concerned.

11-27

I funded one deal I had a seveal payoffs, mostly from people that have cash and don't want to pay interest over the 4 day holiday, so I took in a million. I had a lot of payments. Scott came to meet with me. It's way worse than I thought. He sat here for 2 hours telling me how his wife has cancer, he turned the day to day operations of running his company over to a cousin. His cousin double liened all the properties and then lost all the money in vegas. He's upside down about 8.7 million. Of which nearly all of it is on my properties that I believed I was in first position. I was sitting here shaking and nearly throwing up the entire time. his solution is for me to lend him more money to make money to payoff Greg's liens. I've been rattling my brain trying to figure out how in the world we can do this. I'm sick to my stomach. Everything I've worked for 14 years is about to be flushed away

11-28

I had no phone calls, but lots of emails. I had two payoffs and several payments I sent out the statements. I got an email from scott with the spreadsheet listing the properties with double liens against them. It makes me sick to my stomach. Scott and I exchanged some emails, we'll meet Monday. I've got some ideas but I need some answers too. I saw that the last few loans I did just 2 weeks ago have two loans on them. He told me he discovered it a month ago. The forging of his name is on all the docs going back to 2011 I'm so unsettled about this I'm not sure if I can trust him.

12-2

I funded one deal, I had two payoffs, lots of payments. I met with Scott for another 3 hours. I told him he needs to come up with a million from daddy. He needs to concentrate on flips. We will not work off of the worst property but the the ones that can be sold that produce the most cash. He's got some work to do on his side. I don't have another plan to get out of this. I've got a stack of deals on my desk, but I've got 4 million in the bank.

12-3

I over funded a deal for scott that we can start our quest in knocking this stuff back. He's got 6 or more that are owned for cash, 3 of which he can sell now. Plus he's got a short sale with nearly 100k profit in it. I keep pushing him to get some cash from daddy too. I had a ton of payments in today and only one payoff.

12-4

I funded three deals today. One of them was for Scott to flip, he's got two more for tomorrow. With these three there are probably 100k of profit, but it's just too little, I think I'm going to have give him a 1 million for free just to knock down some stuff and get things going in the right direction quickly. I had a few payments. It was pretty quiet day. the highlight was metting with Dave and finding out I have a 500k IRS bill.

12-5

I funded two deals for scott and I had four payoffs. I talked to Roger, he wants me to give in on his interest because he's losing money as these close. Ya right, when you were making money you wouldn't share in your profits. He's not having to come out of pocket on closings, so I figure I can get whole with him, mostly this month. I had a few payments not much. It was quiet today. I've got two deals to fund tomorrow. I talked to scott. He can't get money from daddy, so I'm going to have to bank roll this whole solution. I fucking hate it but what else am I going to do?

12-6

I funded one deal for Miller, the others got postponed. I talked to scott more. I gave him my offer, 1 million at 3%, defer all interest, based on doing my math, I think we can knock out 1/2 the 8 million by april, if he throws some cash in plus the rent payments I think we can make the rest by end of the year. I'm going ot control things though. I don't trust anyone. I had a few payments but not any big ones!

12-9

I funded one deal, I had quite a few payments. I talked to a guy that I might fund four small condo deals for him, or give him cash out really. My LTV will be low that if he blows it I can sell them no problem. I had one small payoff for PG, I should get two more tomorrow. I heard back from scott, he's in agreement with my plan, now he has to execute.

12-10

I funded two deals and only had one close which was just 90k. I've got a few more to fund now, I'm slowing getting the funds out, but I've got stacks of deals that are going to close before xmas. I had a few payments too. Scott's going to close on two this week, clear up 300k of the debt.

12-11

I funded two deals for Scott then John Filipian had a deal for me, I got it all together and funded, then he couldn't get the SWD signed by his wife. I had a few payments, not much. It was pretty quiet. I've got more people calling me wanting to give me money I turned down another two people today.

12-12

I funded one deal for Scott. I have another several deals lined up from new people and a few old ones. One guy I used to do a ton of deals with called and wants a million Monday, but I'm never sure if he'll come through or not. I had a few payments, not much though.

12-13

I had one deal to fund, then I had to send in 90k to Scott to close one of the deals he was selling. I didn't think I would have to start so soon, but whatever it takes to get this shit cleared up. I had a lot of payments but PG didn't make theirs. We had our mom's meeting. Kevin brought in a guy that gave a spiel about oil and gas investments, it last an hour, so I talked for 15 mins and that was it. Miller was pissed, but he doesn't like anything. One of the guys is a radio dude, he asked me to go on their with him, I said no way!

12-16

I had a super busy day, I wired away three deals first thing, after I got back from the boys school function, I wired another one. I had three payoffs, lots of payments. Ryan Robson needed 400k on four deals, so I did those. I got out 1.1 million this morning. I've got a lot of deals starting to stack up on me now, but I've got a lot of deals closing too. I talked to Scott he sold some in NY and has 1.2 million coming in Jan, that will be a huge help. He's also headed to Israel tonight so ehs' hoping to come back with money too

12-17

I funded three deals and I had no payoffs. I had quite a few payments. I was busy lining up a few new deals for this week and next. I'm finally getting all my cash out. I may even take in some money before the year is out. I'm still going to wait to see what comes in. if I don't get some payoffs tomorrow, I'll need some money by Friday.

12-18

I funded three more for scott, I'm going to be 30 mill in to him before he starts pounding down the total. I had three payoffs. I had a lot of payments too. I've got 6-8 deals to fund the next few days, but it's only about 800k. I told Kirk I'd take his 80k, I'll probably call in a few more dollars to make sure I'm good with funds. I'm basically down to 140k of now. I know I have payoffs coming, just not sure how many will close. I'm getting a house back, Gary can't make his payment. I find out. He didn't fix it up. He ran out of money, rented it and now I get it back. I have to kick them out and fix it up. He's lying sack of shit.

12-19

I funded nine deals today. I lined a few more to do next week. I called in some money from a few investors that requested to place some with me. Two of them deposited today, Kirk and Brian Odenthal. I'll get 500k from Bunger tomorrow. Just when 2 weeks ago I was going to return a few million to people. I've got quite a few deals to fund, I've got to make payroll, I've got some money to return to the Miller's before year end. I had a few payments too. Bennett never came by, he's gong to come by tomorrow. I like the deals I'm doing right now. So I'm setting myself up for a good January. I just need Scott to be able to return and perform to what we think he can do.

12-20

I was super busy again today. I funded five more deals. I had three deals payoff. Not nearly as much as I thought. I had Steve Bunger give me 500k. I ended not needing it. I talked to Ryan later in the day, he's probably going to pay me back nearly all that I've lent him this last week. so I'll have more money than I needed, but I was running so low, that I didn't have enough to cover payroll. I know I've got payoffs coming next week, but just not sure how much. It's better to error on the side of conservativity. Dee McCall has a 500k deal for Monday all of a sudden, that will help me!

12-22

I worked all day long. I did end of month, quarter and year. Paid taxes, set up monthly, quarterly payments, emailed photos of the houses off. I wrote the first draft of the newsletter.

12-23

I was busy again this moming, I started at 6:30. I funded nine deals, 4 of which I had no idea, short notice by Chris. I had three payoffs and lots of payments. Barry needs 300k, so between that and a few more, I might need to bring in cash from Bunger. We'll see what closes tomorrow.

12-24

I didn't fund anything, but I had two more payoffs. I have enough now to cover everything between now and the end of the year. I'm sure I'll get more payoffs thrusday Friday. I had quite a few payments come in too.

12-26

I was really busy today. I funded three deals, I had only one payoff. I thought I was going to have a lot more. Though I'm sure tomorrow I will. I had a few payments. I was busy doing recordings and release today.

12-27

It was a really busy day and I didn't spend an hour in the office during business hours. I wired off three deals this morning. I had a ton of payments and then the payoffs started to come. I had three for over 800k. which is kind of good, I needed it all next week. though I know Ryan is going to pay me off on a million next week as well. I can't get this damn guy to do what I want in terms of kicking some people out of a house so it's going to get dragged out I'm sure. I've got end of month all done, I just have to do the statements. I'll do it tomorrow be done with it before I leave.

12-30

I funded three deals. I had three payoff. I had a few payments too. I had a lot of requests for payoffs and I have just enough money to cover what's on my desk. Hopefully not much closes this week. Mark Wenig called wanting to give me 50k. I put him on the list.

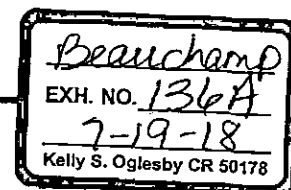
12-31

I wired funds off for two deals and I was done. Then all day long I had phone calls and emails for deals, payoffs. Then Scott calls me, tells me this meeting with Dan on Monday is for four lenders that bought the paper, they think they are in first position, I'm positions are invalid and they want to foreclose on everything. This could be a nightmare. Scott and I will talk again tomorrow or thursday or some point to figure this nightmare out! I worked until 11:30 catching up on everything. What looked like was going to be a super profitable year, has turned out to be what could be the collapse of my entire 14 years of work and my entire network. I'm just not prepared to watch it go away. I think we can work our way out of this nightmare if we just have everyone playing on the same side. I sure the hell hope so.

Exhibit No. 73

Message

From: Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]
Sent: 9/12/2013 11:21:45 AM
To: Denny Chittick [dcmoney@yahoo.com]
BCC: Beauchamp, David G. [dbeauchamp@clarkhill.com]
Subject: RE: DenSco Investment files



Denny:

There should not be a cost associated with transferring your files. However, to be safe, we should just do the following:

AZ Practice Review (contains previous research);
Blue Sky issues
Garnishments
General Corporate
2011 and 2013 Private Offering

Please tell them that if there is any transfer cost, to contact me and I will pay it.

Best, David

David G. Beauchamp

CLARK HILL PLC
480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Thursday, September 12, 2013 11:11 AM
To: Beauchamp, David G.
Subject: Re: DenSco Investment files

i'm not seeing the need to send 2007, 2009, etc.
this is going to cost me a lot of money undoubtedly. i only want
to pay for what i need to pay for. i sent you the list of docs
they detialed, tell me what you need.
dc

DenSco Investment Corp
www.denscoinvestment.com/
602-469-3001
602-532-7737 f

From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>
To: Denny Chittick <dcmoney@yahoo.com>
Sent: Wednesday, September 11, 2013 7:51 PM
Subject: RE: DenSco Investment files

Denny:

I have not received any files from Bryan Cave yet, so I am at a little disadvantage as to what will automatically be sent by them.

At a minimum, please ask for all of the hard copy files and the electronic copies of all DenSco documents that are on the Bryan Cave system. Please also ask for all emails concerning DenSco and the recent research for the current offering, including the emails and directions from other Bryan Cave offices.

Thanks, David

David G. Beauchamp

CLARK HILL PLC

480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)

From: Beauchamp, David G.
Sent: Wednesday, September 11, 2013 4:14 PM
To: Denny Chittick
Subject: RE: DenSco Investment files

Denny:

Sorry for the misunderstanding. I will come up with a list and get back to you.

Best regards, David

David G. Beauchamp

CLARK HILL PLC

480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Wednesday, September 11, 2013 4:07 PM
To: Beauchamp, David G.
Subject: Re: DenSco Investment files

Yes, i was waiting for you to email and find out which docs you wanted?
i've attached the letter.

thx

dc

DenSco Investment Corp
www.denscoinvestment.com/

602-469-3001

602-532-7737 f

From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>
To: "Denny J. Chittick (dcmoney@yahoo.com)" <dcmoney@yahoo.com>
Sent: Wednesday, September 11, 2013 3:52 PM
Subject: DenSco Investment files

Denny:

Have you received your letter to transfer your files from Bryan Cave? I have not seen anything yet and I was just wondering what happened.

If you have any questions, please call me.

Best regards, David

David G. Beauchamp

CLARK HILL PLC

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480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

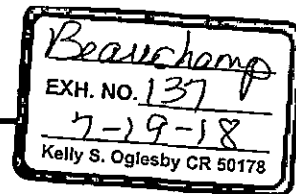
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Exhibit No. 74



Message

From: Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]
Sent: 9/12/2013 4:42:24 PM
To: Denny J. Chittick (dcmoney@yahoo.com) [dcmoney@yahoo.com]
Subject: DenSco Investment Corporation Engagement Letter
Attachments: 3046_001.pdf

Denny:

Attached is the new engagement letter from Clark Hill. Please note the lower hourly rates as well as the fact that Clark Hill waived a new retainer due to your previous relationship with me at Bryan Cave.

Please contact me if you have any questions.

Best regards, David

David G. Beauchamp

CLARK HILL PLC

14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
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CLARK HILL

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F: 480.684.1199

clarkhill.com

September 12, 2013

Via E-Mail and US Mail
(dcmoney@yahoo.com)

Denny J. Chittick
DenSco Investment Corporation
6132 W. Victoria Place
Chandler, AZ 85226

Re: Representation of DenSco Investment Corporation

Dear Denny:

Thank you for this opportunity to continue to work with you and DenSco Investment Corporation. This letter serves to record the terms of our engagement to represent DenSco Investment Corporation (the "Client"), with regard to the legal matters transferred to Clark Hill PLC from Bryan Cave, LLP. We agree that the scope of our services in these matters is to provide legal services required for these transferred files as such services may be requested by you. We are prepared to provide services beyond this scope after consultation and mutual agreement.

Our fees in this matter are based on hours spent by lawyers and other professionals necessary to produce the work product. Our minimum billing increment is .1 hour. At this time, our lawyer billing rates range from \$180 to \$650 an hour, and legal assistant rates range from \$80 to \$195 per hour. These rates may be adjusted periodically to reflect the experience and expertise of our professionals. I will be the principal attorney contact in your matters, unless we otherwise agree. My hourly rate is \$440.00. We will transmit our billing on a monthly basis to you.

This letter is supplemented by our Standard Terms of Engagement for Legal Services, attached, which are incorporated in this letter and apply to this matter and the other matter(s) for which you engage us. If you agree that this letter provides acceptable terms for our engagement in these matters, please sign and return a copy to me.

We look forward to continuing to work with you.

DenSco Investment Corporation
September 12, 2013
Page - 2 -

Sincerely,

CLARK HILL PLC

David G. Beauchamp

Enclosure

DenSco Investment Corporation accepts, and agrees to be bound by, the foregoing.

DenSco Investment Corporation

By: _____
Its: _____

STANDARD TERMS OF ENGAGEMENT FOR LEGAL SERVICES

This statement provides the standard terms of our engagement as your lawyers. Unless modified in writing by mutual agreement, these terms will be an integral part of our agreement with you. Therefore, we ask that you review this statement carefully and contact us promptly if you have any questions.

GENERAL RIGHTS AND RESPONSIBILITIES OF CLIENTS OF THE FIRM

A client of the firm has the right to: (A) expect competent representation by the firm; (B) determine the purposes to be served by the legal representation, so long as those purposes are legal and do not violate the firm's obligation to the profession or to the judiciary; (C) be kept reasonably informed about the status of the matter and have the firm respond promptly to reasonable requests for information; and (D) terminate the representation at any time, with or without cause, subject to the obligation for payment of legal services provided and costs incurred by the firm.

A client of the firm has the responsibility to: (A) obey all orders issued by a court or other tribunal concerning your matter; (B) be candid and truthful with the firm and the court or other tribunal; and (C) pay the firm as provided by this agreement and any other agreements regarding payment for legal services and expenses. A client may not: (A) demand that the firm use offensive tactics or treat anyone involved in the legal process with anything but courtesy and consideration; (B) demand any assistance which violates the Rules of Professional Conduct; or (C) pursue or insist upon a course of action which the firm reasonably believes to be illegal, fraudulent, offensive or unwise. The firm may terminate this agreement for reasons permitted under the Rules of Professional Conduct.

OBLIGATIONS OF A LAWYER

All lawyers are required to observe and uphold the law, including applicable court rules; and are governed by Rules of Professional Conduct that pertain to our relationship with a client, with third persons, other professionals and the courts. All of these laws and rules apply to our representation of you, and we welcome your inquiry about them.

WHOM WE REPRESENT

The person or entity whom we represent is the person or entity identified in our engagement letter and does not include any affiliates or related parties of such person or entity, such as parent companies, subsidiaries, sibling entities, and/or other affiliates; or employees, officers, directors, shareholders of a corporation, partners of a partnership, members of an association or limited liability company, and/or other constituents of a named client unless our engagement letter expressly provides otherwise

THE SCOPE OF OUR WORK

You should have a clear understanding of the legal services we will provide. Any questions that you have should be dealt with promptly.

We will at all times act on your behalf to the best of our ability. Any expressions on our part concerning the outcome of your legal matters are expressions of our best professional judgment, but are not guarantees. Such opinions are necessarily limited by our knowledge of the facts and are based on the state of the law at the time they are expressed. Your obligation to pay our fees as provided in this letter is not in any way contingent upon a result or results in the matter.

Our attorney-client relationship will be considered ended upon the earliest of (a) our completion of services in the matter(s) for which you have engaged us, (b) notification by you to us that you desire to terminate such services, or (c) notification by the firm of termination of our attorney-client relationship.

WHO WILL PROVIDE THE LEGAL SERVICES

Customarily, each client of the firm is served by a principal attorney contact. The principal attorney should be someone in whom you have confidence and with whom you enjoy working. You are free to request a change of principal attorney at any time. Subject to the supervisory role of the principal attorney, your work or parts of it may be performed by other lawyers and legal assistants in the firm. Such delegation may be for the purpose of involving lawyers or legal assistants with special expertise in a given area or for the purpose of providing services on an efficient and timely basis.

PRESERVATION OF EVIDENCE AND COMMUNICATION PROTOCOL IN LITIGATED MATTERS

All evidence of any nature that is arguably relevant to this matter, including but not limited to documents (whether hard copy or electronic) and other physical evidence, must be preserved. Moreover, scheduled routine destruction of any stored records (whether hard copy or electronic) must be suspended immediately until after this matter is concluded. Failure to do so may result in sanctions by a court or tribunal.

In order to preserve the attorney-client privilege that attaches to our communications, it is important that all future oral communications about this matter occur only in the presence of a Clark Hill attorney. Further, all written communications about the matter should be directed to a Clark Hill attorney. You recognize that, while convenient and sometimes necessary, communications transmitted by internet, mobile and other electronic means may not be entirely secure. Therefore, in communicating by such means you accept the risks that such communications may not be protected by the attorney-client privilege, and we agree that no party will be liable for any loss, damage, expense, harm or inconvenience resulting from the loss, delay, interception, corruption, or alteration of any such communications due to any reason beyond that party's reasonable control.

HOW FEES WILL BE SET

Unless our engagement letter provides otherwise, our fees will be charged on an hourly basis, *i.e.*, time expended multiplied by the hourly rates of our lawyers and other professionals. Among the factors we consider in determining the staffing of the matter and the hourly rates charged are:

- The novelty and complexity of the issues presented, and the skill required to perform the legal services;
- The fees customarily charged in the community for similar services and the value of the services to you;
- The amount of money or value of property involved;
- The time constraints imposed by you as our client and other circumstances, such as an emergency closing, the need for injunctive relief from court, or substantial disruption of other office business;
- The experience, reputation and expertise of the lawyers performing the services.

We will keep accurate records of the time we devote to your work, including conferences (both in person and over the telephone), negotiations, factual and legal research and analysis, document preparation and revision, travel on your behalf, and other related matters. We record our time in tenths of an hour.

The hourly rates of our lawyers are adjusted periodically to reflect current levels of legal experience, changes in overhead costs and other factors.

We are often requested to estimate the amount of fees and costs likely to be incurred in connection with a particular matter. Whenever possible we will respond to your request by furnishing an estimate based upon our professional judgment, but always with a clear understanding that it is not a maximum or fixed fee quotation. The ultimate cost frequently is more or less than the amount estimated.

RETAINER AND TRUST DEPOSITS

Clients of the firm are commonly asked to deposit a retainer with a firm. Unless otherwise agreed, the retainer deposit will be credited toward your unpaid invoices, if any, at the conclusion of services. While the retainer is on deposit, you grant us a security interest in such funds. At the conclusion of our legal representation or at such time as the deposit is unnecessary or is appropriately reduced, the remaining balance or an appropriate part of it will be returned to you.

Deposits which are received to cover specific items will be disbursed as provided in our agreement with you, and you will be notified from time to time of the amounts applied or withdrawn. Any amount remaining after disbursement will be returned to you.

All trust deposits we receive from you will be placed in a trust account for your benefit. Your deposit will be placed in a pooled account unless you request a segregated account. By law, interest earned on the pooled account is payable to a charitable foundation. Interest earned on a segregated trust account will be added to the deposit for your benefit and will be includable in your taxable income.

EXPENSES

We frequently incur and/or pay on behalf of our clients a variety of expenses arising in connection with legal services. These expenses include charges made by courts, other government agencies, and service vendors. You authorize us to incur such charges on your behalf, and agree to reimburse the firm to the extent we pay these charges on your behalf. You also authorize us to incur on your behalf expenses incidental to the representation, including but not limited to deposition and transcript costs; witness fees; travel expenses; charges of outside experts and consultants; and other legal counsel fees. You agree that you will be solely responsible for such expenses and that the firm will not be responsible for such expenses. We will usually advance expenses up to \$100, and require that our clients directly pay, or deposit with us funds to pay, expenses exceeding \$100.

The firm does not charge for internal costs of routine copying, telephone, third party charges for research, faxes, secretarial overtime, mailing, and the like. However, the firm does charge for extraordinary expenses of this type, and we will bill you for them at our cost.

FILES AND OTHER MATERIALS

Files generated in the matter will be retained by the firm as required by law, and thereafter may be retained or destroyed, at our discretion. To the extent we retain them, we will provide you reasonable access to matter files in accordance with applicable law, excluding firm files (firm administrative records, time and expense reports, personnel and staffing materials, accounting records, and internal lawyers' work product, e.g., drafts, notes, internal memoranda, legal research, and factual research). Matter files to which you are given access may be reproduced at your request and at your expense. We reserve the right to make and retain copies of all documents generated or received by us in connection with the matter. After our engagement in this matter ends, upon your request and at your expense we will return any property you have entrusted to us, unless there is a balance on your account. If there is a balance on your account, the firm will assert a retaining lien on such property to the extent allowed by law. If you have not requested return of such property within a reasonable time after our engagement in the matter ends, we may retain or destroy such property at our discretion.

TERMINATION

You may terminate our representation at any time, with or without cause, by notifying us. Your termination of our services will not affect your responsibility for payment of legal services rendered and out-of-pocket costs and internal charges incurred before termination and in connection with an orderly transition of the matter.

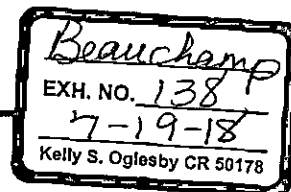
The Rules of Professional Conduct list several types of conduct or circumstances that require or allow us to withdraw from representing a client, including, for example: persistence in a course of conduct which we reasonably believe to be criminal or fraudulent, insistence upon pursuing an objective which we consider to be repugnant or imprudent, failure of a substantial nature to fulfill an obligation after reasonable warning that it will result in our withdrawal, or other good cause.

BILLING ARRANGEMENTS AND TERMS OF PAYMENT

Our invoices will report the hours and rates for attorneys and other professionals on the matter, and describe the work performed. Unless otherwise provided in our engagement letter, we will provide you with a bill on a monthly basis. Payment is due on receipt. Any balance unpaid after 30 days of the date of the invoice shall accrue interest at the rate of seven percent (7%) per annum. Payments shall be applied first to costs and expenses, then to accrued interest, if any, and then to the unpaid fees.

We will give you notice if your account becomes delinquent, and you agree to bring the account or the retainer deposit current. If the delinquency continues and you do not arrange satisfactory payment terms, we may withdraw from the representation and pursue collection of your account. We may also request permission of any court in which we have filed an appearance on your behalf to allow us to withdraw as your counsel, and you agree that non-payment of our fees is a valid basis for our request to so withdraw. To the extent collection of your account becomes necessary, you agree that, in addition to any unpaid balance and interest thereon, we will be entitled to recover all costs and expenses of collection, including reasonable attorney fees.

Exhibit No. 75



Message

From: Denny Chittick [dcmoney@yahoo.com]
Sent: 9/12/2013 5:07:08 PM
To: Beauchamp, David G. [dbeauchamp@clarkhill.com]
Subject: Re: DenSco Investment Corporation Engagement Letter
Attachments: engagement.pdf

here you go
dc

DenSco Investment Corp
www.denscoinvestment.com/
602-469-3001
602-532-7737 f

From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>
To: "Denny J. Chittick (dcmoney@yahoo.com)" <dcmoney@yahoo.com>
Sent: Thursday, September 12, 2013 4:42 PM
Subject: DenSco Investment Corporation Engagement Letter

Denny:

Attached is the new engagement letter from Clark Hill. Please note the lower hourly rates as well as the fact that Clark Hill waived a new retainer due to your previous relationship with me at Bryan Cave.

Please contact me if you have any questions.

Best regards, David

David G. Beauchamp

CLARK HILL PLC

14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

This electronic mail message contains information which is (a) LEGALLY PRIVILEGED, PROPRIETARY IN NATURE OR OTHERWISE PROTECTED BY LAW FROM DISCLOSURE, and (b) intended only for the use of the addressee named herein. If you are not the addressee, or the person responsible for delivering this to the addressee, you are hereby notified that reading, copying, or distributing this message is prohibited. If you have received this message in error, please contact us immediately at the telephone number shown above and take immediate steps to delete the message completely from your computer system. Thank you.

IRS Circular 230 Disclosure: To ensure compliance with the requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended for or written to be

used, and cannot be used, for the purpose of (a) avoiding any penalties under the Internal Revenue Code or (b) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

LEGAL NOTICE: This e-mail is for the exclusive use of the intended recipient(s), and may contain privileged and confidential information. If you are not an intended recipient, please notify the sender, delete the e-mail from your computer and do not copy or disclose it to anyone else. Your receipt of this message is not intended to waive any applicable privilege. Neither this e-mail nor any attachment(s) establish an attorney-client relationship, constitute an electronic signature or provide consent to contract electronically, unless expressly so stated by a Clark Hill attorney in the body of this e-mail or an attachment.

FEDERAL TAX ADVICE DISCLAIMER: Under U. S. Treasury Regulations, we are informing you that, to the extent this message includes any federal tax advice, this message is not intended or written by the sender to be used, and cannot be used, for the purpose of avoiding federal tax penalties.

DenSco Investment Corporation
September 12, 2013
Page - 2 -

Sincerely,

CLARK HILL PLC

David G. Basselkamp

Enclosure

DenSco Investment Corporation accepts, and agrees to be bound by, the foregoing.

DenSco Investment Corporation

By: 

Its: President

CLARK HILL

NEW CLIENT/MATTER FORM

A. Select one:☒ New Client

For Friend's list or to identify related clients, please link this new client to client # _____
If new client is a business or organization, request a Dun & Bradstreet (D&B) report from Donna Kielar.
NOTE: A D&B is NOT required for an Individual or Start Up Company.

☐ New Matter for an Existing Client

Client Name: DenSco Investment Corporation Client #: _____

B. Client Information (for new clients only):

True Legal Name: DenSco Investment Corporation
Client name for billing (if different from true legal name): _____
Attention: Danny Chitlick
Address: 6132 W. Victoria Place

City: Chandler State: AZ Zip: 85228 Country: USA
Contact Name (A/R purposes): Donny Chitlick Contact Telephone #: (602) 489-3001
Contact Fax #: _____ Contact E-mail Address: dcmoney@yahoo.com
Originator Responsible Timekeeper:
Single originator, list name: David Beauchamp
Shared originator, list names and percentages: _____

C. Matter Information:

Practice Group Assigned: Corporate

Nature of Assignment (Explain in sufficient detail the nature of the work.):
Finish Private Offering Memorandum
Matter Name: 2003 Private Offering Memorandum

Matter Contact Name and E-mail Address (A/R Purposes, if different from Client Contact):
Contact Name: _____ Contact E-mail Address: _____

Referred By: MERGE - Resulting from me Billing Frequency: Monthly
Billing Arrangement: Hourly Matter Type: 0200
Which state will receive benefit of services performed? Other

Is this matter to be billed to an address other than the client level address? ☐ Y ☒ N
If Yes, please provide billing address and contact information. Please attach additional sheet for more billing addresses.
Company Name: _____
Address: _____

City: _____ State: _____ Zip: _____ Country: _____

Client Responsible (Billing) Timekeeper (senior level only):

Primary client responsible timekeeper, list name: _____
Shared client responsible timekeepers, list names and percentages: David Beauchamp

Matter Responsible (Supervising) Timekeeper (senior level only):

Single matter responsible timekeeper, list name: _____
Shared matter responsible timekeepers, list names and percentages: David Beauchamp

Task Codes Required: ☐ Y ☒ N
Task Code: _____

Activity Codes Required: ☐ Y ☒ N
Activity Code: _____

Attorney(s) Assigned: _____

DIC0008653

DenSec Investment Corporation

DenSec Investment Corporation

2003 Private Offering Memorandum

2003 Private Offering Memorandum

D. File Labels:

Labels: Correspondence, Work papers, Client Documents, Drafts, Final Documents

E. Risk Assessment:

Conflicts

Yes No

1. ☒ ☐ Has a check been run for any client, issue or business conflict and all involved partners using all of the Firm's methods?

If not, explain why: _____

2. ☐ ☒ Is there any potential for a client, issue or business conflict?

If yes, explain how they were resolved: _____

No conflict exists DGB (initial)

Billing & Collecting

3. ☐ ☒ Will the hours worked before completion at standard rates exceed \$10,000? If so, estimate fee: \$ _____
4. ☐ ☒ Will the matter be billed at rates below our standard? If yes, please complete a Discount Rate Request form.
5. ☐ ☒ Does this client expect someone else to pay a part or all of our bill?
6. ☐ ☒ Is there any fee delinquency (in excess of 2 months) with respect to this client or with any affiliate or associated entity or individual? If yes, for related entity provide Client #: _____
7. ☐ ☒ Has a fee estimate been given to the client? If so, provide amount: \$ _____
8. ☐ ☒ Will there be a retainer? If so, provide amount: \$ _____
9. ☐ ☒ Has a D&B report been requested, reviewed and attached as applicable?

If not, explain why: Previous client, no issues

Other

10. ☐ ☒ Does a Clark Hill lawyer or relative have an equity interest or management position with the client?
11. ☐ ☒ Is Clark Hill substituting for other counsel whose services have been terminated?
12. ☒ ☐ Will there be an engagement letter? If not, explain why: _____

F. Approvals:

David Beauchamp
Client Representative/Timekeeper, Signed

David Beauchamp

Print Name

9/13/13

John T. Skowos
Practice Manager/Partner or Delegate, Signed

John T. Skowos

Print Name

9/16/13
Date

Additional Approval Required for Contingent or Pro Bono Matter;
for Shared Timekeeper Arrangements, applicable PGLs and sharing timekeepers must sign:

Signed

Print Name

Date

G. Form Completed by (print name):

Lindsay Stringer

For Records Use Only - Confirmed:

Client #: 43820 Matter #: 1166603 Date Records Received: SEP 17 2013

Records Initial: SBrewer Date Linked by Conflicts: 9-17-13 Conflicts Initial: Brewer

NBIE20221

Client Information

Client (True Legal)	DENSCO Investment Corporation
Address	
City	State
Zip	

Matter Information

Client Representative	1482 Joseph, David D.
-----------------------	-----------------------

Matter Parties

Nature of Matter	Corporate
Conflict Check Type	None of the above
Conflicts Found?	<input type="radio"/> Yes <input checked="" type="radio"/> No
No. of Conflicts Reported	0

id	Last Name/Company	First Name	Association	Approval	Strong #
1	CHILLICK	Danny J.	Client Affiliate	Accept	2
2	DENSCO Investment Corporation		Client	Accept	2

Approvals

Approval History			
Approver	Approval Type	Created Date	Status
KKLISH	Conflicts	08/13/2013	Approve_Conflicts
KKLISH	Conflicts	08/13/2013	Approve_Serious_Conflicts

Finalization	
Search batch to	stop <input checked="" type="checkbox"/>

Documents	Date / Time	Action
stopbatch130813	08/13/2013 08:24 AM	Successully created prospective search batch (160502)

Notes Archive

New Client

Submitted to
conflicts

Client DenSco Investment Corporation

6132 W. Victoria Place

Chandler, AZ 85226

(owner Jenny J. Clittick)

~~Adverse: ~~SEC~~ Securities & Exchange Commission~~

Adverse: none at this time

Matter: 2003 Private Offering Memorandum

Description: Finish 2003 POM for client. Started POM
updates at Bryan Cave.

DIC0008656