

SCHOOR & PARTNERS, P.C.

ATTORNEYS AND COUNSELORS

1012 MCCOY DRIVE
IRVING, TEXAS 75062

(214) 256-2325

TELECOPIER: (214) 255-2244

SUITE 800
11350 RANDOM HILLS ROAD
FAIRFAX, VA 22030-6044
(703) 934-6070
TELECOPIER: (703) 591-3049

SUITE 300
1155 CONNECTICUT AVE.
WASHINGTON, DC 22036
(202) 934-6070
TELECOPIER: (202) 591-3049

December 17, 1989

BY TELECOPIER

Paul Martin
Wellers Solicitors
Tenison House
45 Tweedy Road
Bromley Kent
London, England
BRI 3NF

Dear Mr. Martin:

I have been asked to express my knowledge of a Texas company, Federal Cashflow Corporation (FCC), and the investment products it offers for sale.

I have known Mr. Gary McDuff, the founder of FCC, for nearly three years. My law firm has represented his company as its federal regulatory counsel and as such served as FCC's liaison with federal regulatory officials in Texas and Washington, DC to counsel and assist FCC and its customers (primarily federally insured savings and loan institutions) with their efforts to secure federal approvals to purchase the FCC products. Such counsel and assistance was provided through direct application to federal regulators and legal opinions issued by our law firm which described the proposed transaction and asserted its conformation with federal regulatory requirements. In fact, during the time I represented FCC, formal and informal presentations of the FCC products were presented to several senior-level Washington- and Dallas-based officials with the Federal Home Loan Bank Board and Federal Savings and Loan Insurance Corporation. Also, our files verify that comprehensive presentations also were made to senior officials (i.e., owners, chief executive officers, and chief financial officers) of at least five savings and loan institutions in Texas. The products also were reviewed by national accounting firms and at least one of the largest financial consulting firms in the United States.

Federal Cashflow Corporation has been marketing its products, identified as Federal Cashflow Corporation Government Mortgage Backed Ownership Certificates, as exempt transactions under

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Regulation D of the Securities Act of 1933. Plans have been made to market a similar product as registered securities under the Securities Exchange Act of 1934 to qualify the FCC product for secondary trading. That FCC product will be designated Government Security Obligations (GSO's) and will be marketed by FCC in a manner which is consistent with the financial market-place and applicable law. (The Houston law firm counseling FCC in this matter was established in the 19th century and is expert in structuring securities offerings and transactions.)

I can corroborate that the FCC products have been received favorably in the market-place and fulfill a requirement for investors. Mr. McDuff and his associates at FCC have consistently conducted their business with integrity and honesty. I look forward to representing them again in the near future.

Sincerely,

SCHOOR & PARTNERS, P.C.



Michael M. Schoor

MMS:jlm