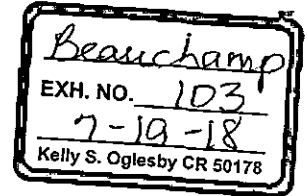


When Recorded Return To:
Active Funding Group, LLC
8925 E Pima Center Parkway
Ste 135
Scottsdale, AZ 85258

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 therefore; 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 initialed 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 recording 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 affect 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) with in 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-

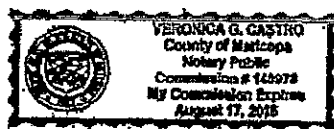
"TRUSTOR"
EASY INVESTMENTS, LLC

 /
By: YOMTOV S. MENAGED
Its: MEMBER

STATE OF ARIZONA)
) ss:
County of Maricopa)

The foregoing instrument was acknowledged before me, the undersigned Notary
Public, this 25 day of MARCH, 2013 by YOMTOV S. MENAGED

SIGNATURE OF NOTARY PUBLIC: [Signature]
NOTARY PUBLIC EXP DATE: 8/17/15



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

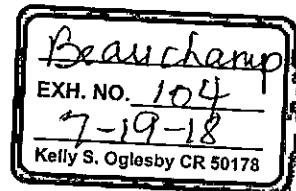
EXHIBIT "B"
PERMITTED EXCEPTIONS

NONE

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.

356274v3

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: _____

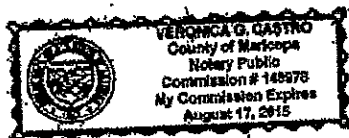
STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This Instrument was acknowledged before me this 2 day of April, 2013.

By: YomTov Menaged

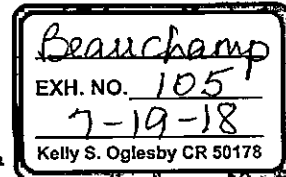
Commission Expires: 8-17-15

Notary



Skip To MainContent

Search



ADVERTENCIA: Estafa por medio de llamadas telefónicas y correo electrónico [Leer Mas...](#)

Civil Court Case Information - Case History

Case Information

Case Number: CV2013-092630 Judge: Udall, David
 File Date: 3/13/2013 Location: Southeast
 Case Type: Civil

Party Information

Party Name	Relationship	Sex	Attorney
Advanced Property Tax Liens Inc	Plaintiff		Eric Kessler
Easy Investments L L C	Defendant		Pro Per
Densco Investment Corporation	Defendant		Pro Per
Northern Manor Two Homeowners Association	Defendant		Pro Per
Active Funding Group L L C	Defendant		Pro Per

Case Documents

Filing Date	Description	Docket Date	Filing Party
7/29/2013	NDI - Notice Of Dismissal	7/29/2013	
	NOTE: Dismissal with prejudice		
6/27/2013	WRT - Writ	7/1/2013	
	NOTE: OF SPECIAL EXECUTION		
6/27/2013	RWT - Return of Writ	7/2/2013	
4/24/2013	APL - Application	4/29/2013	
	NOTE: FOR WRIT OF SPECIAL EXECUTION		
4/22/2013	JUD - Judgment	4/23/2013	
	NOTE: Notice of filing and entry provided to the parties		
4/3/2013	AAE - Application/Affidavit And Entry Of Default	4/3/2013	
	NOTE: APPLICATION FOR Default		
3/28/2013	AFS - Affidavit Of Service	4/2/2013	
	NOTE: DENSCO INVESTMENT CORPORATION SERVED 03/25/13		
3/19/2013	SUM - Summons	3/21/2013	
3/19/2013	AFS - Affidavit Of Service	3/25/2013	
	NOTE: EASY INVESTMENTS LLC		
3/19/2013	AFS - Affidavit Of Service	3/25/2013	
	NOTE: NORTHERN MANOR TWO HOMEOWNERS ASSOCIATION 03/14/13		
3/19/2013	AFS - Affidavit Of Service	3/25/2013	
	NOTE: ACTIVE FUNDING GROUP LLC		
3/13/2013	COM - Complaint	3/14/2013	
3/13/2013	CCN - Cert Arbitration - Not Subject	3/14/2013	
3/13/2013	CSH - Coversheet	3/14/2013	

Case Calendar

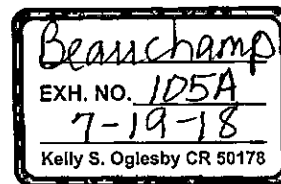
Date	Time	Event
4/22/2013	9:00	Default Hearing

Judgments

Date	(F)or / (A)gainst	Amount	Frequency	Type	Status
4/22/2013	F.Advanced Property Tax Liens Inc	\$681.22	One Time	Costs	
	A. Easy Investments L L C				
4/22/2013	F.Advanced Property Tax Liens Inc	\$2,905.00	One Time	Attorney Fee	
	A. Easy Investments L L C				

Beauchamp, DavidDenSco / 2013
pom

From: Denny Chittick [dcmoney@yahoo.com]
Sent: Wednesday, May 01, 2013 4:46 PM
To: Beauchamp, David
Subject: Re: Updated Memorandum



good deal! i shouldn't be fined, i never done anything wrong!

anytime between 10:30 and 1:30, that way i circumvent traffic and i might have the boys after 3:30

thx
dc

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

From: "Beauchamp, David" <David.Beauchamp@bryancave.com>
To: 'Denny Chittick' <dcmoney@yahoo.com>
Sent: Wednesday, May 1, 2013 4:40 PM
Subject: RE: Updated Memorandum

Denny:

My suggestion to contact ADFI was on an anonymous basis so that it would not get tied back to you. Our office handled 4 or 5 of those and yours was the only one that escaped without a fine.

Let me know what time next Thursday would work.

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
 (602) 364-7060 | Direct Tel.
 (602) 716-8060 | Direct Fax
 (602) 319-5602 | Mobile Tel.



From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Wednesday, May 01, 2013 4:34 PM
To: Beauchamp, David
Subject: Re: Updated Memorandum

ok i'll re-read it and see what i come up with. thursday would

5/1/2013

DIC0003693

be better, tuesday I have boys in the afternoon, and i don't want to pay for what they would break in your office!

i never heard back after your letter. so no don't raise any questions. i've never been contacted again and don't want to be!
thx
dc

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

From: "Beauchamp, David" <David.Beauchamp@bryancave.com>
To: 'Denny Chittick' <dcmoney@yahoo.com>
Sent: Wednesday, May 1, 2013 4:18 PM
Subject: Updated Memorandum

Denny:

As always, the first part is to identify anything that might be relevant to a potential investor that has happened to the company or the industry in the last couple of years. If possible, please review your current offering memorandum and highlight (or flag) any business practices or issues that have changed or are not exactly as things are being done currently. If you have time to do that before next week, we could meet next Tuesday afternoon or Thursday afternoon if you would be available to meet to discuss your business and any changes that your company, the industry or your management has experienced over the last couple of years. We can then discuss the relevance and decide what needs to be reflected in the offering (probably all changes, because that is the only safe approach)?

Did you ever hear back from the AZ Department of Financial Institutions concerning their inquiry into DenSco? Should I put a call into ADFI to determine if they are still continuing the general investigation or have they moved in a different direction? [Note: ADFI has assigned almost all of its investigators and reviewers to this investigation and to other activities that result in fines and other money raising activities at the expense of completing its internal audits of banks, trust companies and reviewing applications for such activities.]

Denny, please let me know your schedule and if you want to do this next week or the following week.

All the 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: Wednesday, May 01, 2013 2:51 PM
To: Beauchamp, David
Subject: Re: referall

5/1/2013

DIC0003694

it's the year we have to do the update on the memorandum,
when do you want to start?

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>
Sent: Wednesday, May 1, 2013 2:41 PM
Subject: Re: referral

Thank you for the referral and the notice.

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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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.

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Wednesday, May 01, 2013 01:56 PM
To: Beauchamp, David
Subject: referral

i talked to a a guy name Kevin Buckmaster, he was referred to me by a escrow agent, he wanted to invest, or start his own, i have no relationship with me. he may call you.
i'm requesting no special treatment.

5/1/2013

DIC0003695

thx
dc

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

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

Confidential Private Offering Memorandum

DenSco Investment Corporation

May __, 2013

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DIC0003348

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."

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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.

DenSeo Investment Corporation

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.

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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."

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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 date 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 Code²) 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%	\$49,075,000	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.

<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.

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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)	Note Terms (2)(3)		
	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.

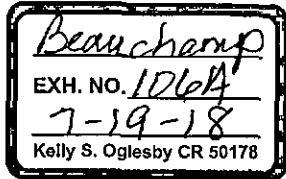
Suitability Requirements

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.



Bryan Cave LLP Atlanta | Boulder | Charlotte | Chicago | Colorado Springs | Dallas | Denver | Frankfurt | Hamburg | Hong Kong | Irvine | Jefferson City | Kansas City | Los Angeles | New York | Paris | Phoenix | San Francisco | Shanghai | Singapore | St. Louis | Washington, D.C.

UNIQUE IDENTIFICATION NUMBER: 43-4602162

DenSoo Investment Corporation
ATTN: Denny J. Chittick
6132 West Victoria Place
Chandler, AZ 85226

May 7, 2013
Invoice # 10201604
Client # C068584

Payment is due upon Receipt

STATEMENT OF ACCOUNT

BALANCE FORWARD:

Table with 3 columns: Description, Amount, Total. Rows include Balance per Statement Dated September 19, 2012 (\$ 141.00), Payments and Other Credits ((141.00)), and BALANCE FORWARD (\$ 0.00).

CURRENT CHARGES FOR MATTER:

File #0219815
General Corporate

Table with 3 columns: Description, Amount, Total. Rows include Fees for Legal Services (\$ 2,937.00) and Expenses and Other Charges (38.60).

TOTAL CHARGES THIS INVOICE \$ 2,975.60

STATEMENT TOTAL \$ 2,975.60

PAYMENT INSTRUCTIONS

Check Payment Instructions: Bryan Cave LLP, P.O. Box 503089, St. Louis, MO 63150-0089. Please return Remittance Advice with payment in the enclosed envelope.

ACH Payment Instructions: Bank of America, One Bank of America Plaza, St. Louis, MO 63101, Routing #081000822, Account # 100101007976.

Wire Instructions: Bank of America, One Bank of America Plaza, St. Louis, MO 63101, ABA #0260-0959-3, Account # 100101007976. SWIFT Codes: BOPAUS3N (incoming US wires), BOPAUS46 (incoming Non-US wires).

Please include the Client, Matter, or Invoice Number with all payments.

For Legal Services Rendered Through April 30, 2013

File #0219815
General Corporate

03/28/13	D. G. Beauchamp	0.30	Review email and attachment concerning landlord liability claim; outline follow up for G. B. Iannelli.
04/02/13	D. G. Beauchamp	0.60	Review message from D. Chittick; telephone conference with D. Chittick; work on and revise correspondence; transmit to D. Chittick.
04/02/13	G. B. Iannelli	1.10	Draft settlement agreement and letter to counsel for J. Pinckney regarding settlement.
04/03/13	D. G. Beauchamp	0.90	Review and respond to emails; work on and revise letter to R. Sanders and draft Settlement Agreement and Release; transmit drafts to D. Chittick; revise documents with information from D. Chittick.
04/03/13	G. B. Iannelli	1.10	Draft settlement agreement and release.
04/04/13	D. G. Beauchamp	1.10	Work on and revise cover letter and Settlement Agreement and Release; transmit letter to R. Sanders; review message from R. Sanders; email drafts to client for approval.
04/05/13	D. G. Beauchamp	0.20	Review message from R. Sanders; telephone conference with office of R. Sanders.
04/08/13	D. G. Beauchamp	0.30	Review message from R. Sanders; telephone conference with office of R. Sanders; prepare email to D. Chittick; review response; telephone conference with office of R. Sanders.
04/11/13	D. G. Beauchamp	0.40	Work on and transmit correspondence to R. Sanders to arrange for exchange; telephone conference with R. Sanders regarding exchange check for settlement agreement and procedure.
04/12/13	D. G. Beauchamp	0.40	Letter to R. Sanders to exchange check for signed settlement agreement; forward settlement agreement to D. Chittick; review message from R. Sanders.
04/16/13	D. G. Beauchamp	0.20	Forward letters to D. Chittick.

DeaSco Investment Corporation

May 7, 2013
Invoice # 10201604
Client # C068584
Page 3

Total Hours 6.60

Total Fees for Legal Services \$ 2,937.00

EXPENSES AND OTHER CHARGES

Copy Charges 1.00

Local Delivery - External Service 37.60

Total Expenses and Other Charges \$ 38.60

TOTAL CHARGES FOR THIS MATTER \$ 2,975.60



Bryan Cave LLP Atlanta | Boulder | Charlotte | Chicago | Colorado Springs | Dallas | Denver | Frankfurt | Hamburg | Hong Kong | Irvine
 Jefferson City | Kansas City | Los Angeles | New York | Paris | Phoenix | San Francisco | Shanghai | Singapore | St. Louis | Washington, D.C.

(EMPLOYER IDENTIFICATION NUMBER) 43-0602162

DenSCO Investment Corporation
 ATTN: Denny J. Chittick
 6132 West Victoria Place
 Chandler, AZ 85226

May 7, 2013
 Invoice# 10201604
 Client# C068584
 Matter# 0219815

REMITTANCE ADVICE

BALANCE FORWARD:

Balance per Statement Dated September 19, 2012	\$	141.00	
Payments and Other Credits		(141.00)	
BALANCE FORWARD		\$	0.00

CURRENT CHARGES

Fees for Legal Services	\$	2,937.00	
Expenses and Other Charges		38.60	
TOTAL CHARGES THIS INVOICE		\$	2,975.60
STATEMENT TOTAL		\$	2,975.60

PAYMENT INSTRUCTIONS

Check Payment Instructions
 Bryan Cave LLP
 P.O. Box 503039
 St. Louis, MO 63150-3089

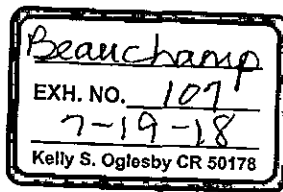
Please return Remittance Advice with
 payment in the enclosed envelope.

ACH Payment Instructions
 ACH to: Bank of America
 One Bank of America Plaza
 St. Louis, MO 63101
 Routing #081000032
 Account # 100 101007976

Wire Instructions
 Wire to: Bank of America
 One Bank of America Plaza
 St. Louis, MO 63101
 ABA #0260-0959-3
 Account # 100101007976

Swift Codes:
 BOFAUS33 (incoming US wires)
 BOFAUS44 (incoming Non-US wires)

Please include the Client, Matter, or Invoice Number with all payments.



Den Sco / 2013

○ Mtg w/ Denny Chittick (5/9/13)

over — \$50 MM (what is this a threshold for)
→ 114 Accounts
(75 to 80 individuals)

- Debenture Act
- Hedge Fund

→ doing loans on apartment projects, multi-condo units
— duplexes,

○ Note: → will retain a portion of retained earnings in the company

p14 — add ¶ — early payback to investors in order to ~~lower~~ balance demand

↳ Prior Performance
↳ DGB to create chart

* State Blue Sky
— need to review & update
→ DC to send list

○

DENSCO INVESTMENT CORPORATION
2013 Private Offering Memorandum
ELIZABETH SIPES - ATTORNEY WORKING FILE

C068584/0352992

DV F:001

F 1 8 4 5 0 7 7 7



Sipes, Elizabeth Kemery

From: Sipes, Elizabeth Kemery
Sent: Monday, July 01, 2013 11:45 AM
To: Beauchamp, David
Cc: Weakley, Mark
Subject: DenSco

David,

I wanted to follow-up on our conversations last week about whether DenSco has any concerns related to the Investment Company Act (ICA) or Investment Advisers Act. Based DenSco's primary business objective to make high-interest loans to "Foreclosure Specialists" as described in the draft May 2013 OM, I don't believe DenSco would be considered an investment company under the ICA. As a result, no one will need to register as an investment adviser.

It is also not necessary to count accredited investors at this time. DenSco is offering the notes under 506 which permits an unlimited number of accredited investors. Counting only matters if you need to rely on the 3c1 exemption under the ICA.

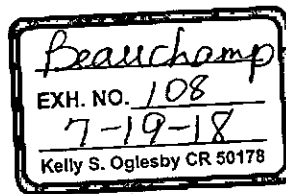
If DenSco starts purchasing securities and/or changes its business model, then we should revisit these issues.

Please let me know if you need any additional help on this matter or have any questions.

Best,

Elizabeth

Elizabeth Kemery Sipes
Bryan Cave HRO LLP
1700 Lincoln Street, Suite 4100
Denver, CO 80203
elizabeth.sipes@bryancave.com
Direct: 303.866.0348
Cell: 970.331.3384



David / 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
(602) 364-7060 | Direct Tel.
(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.

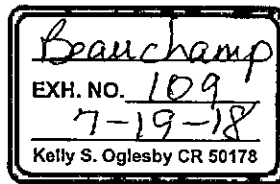
Thanks, David
David G. Beauchamp, Esq.
Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406

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



6/10/2013

DIC0003668



DenSco / 2013

Beauchamp, David

From: Weakley, Mark
Sent: Monday, June 10, 2013 5:55 PM
To: Beauchamp, David
Subject: Re: DenSco Investment / 2013 Private Offering (Matter # 0352992)
Attachments: BCcolorologo-1g-highres.jpg

Ok - I can help on the Investment Company and Investment Advisers Acts. I don't have any experience with the Trust Indenture Act expect Elizabeth will not either.

Sent from my iPhone

On Jun 10, 2013, at 6:43 PM, "Beauchamp, David" <David.Beauchamp@bryancave.com> wrote:

Mark:

Ken Henderson directed me to Bob Pederson in NY for questions concerning the Indenture Act, and Ken suggested that I talk to Elizabeth about the 40 Act and the IA questions. If this is something that you could help with before Elizabeth starts, I would appreciate it.

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 private 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.

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 currently 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 family 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

From: Henderson, Kenneth

6/10/2013

DIC0003660

Sent: Monday, June 10, 2013 4: AM
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.

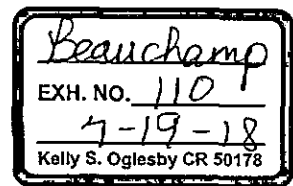
Any guidance or direction you could provide would be greatly appreciated.

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

email: david.beauchamp@bryancave.com
(602) 364-7060 | Direct Tel.
(602) 716-8060 | Direct Fax
(602) 319-5602 | Mobile Tel.
<BCcolorlogo-lg-highres.jpg>

6/10/2013

DIC0003661



Den.Su / 2013

Beauchamp, David

From: Beauchamp, David
Sent: Tuesday, June 11, 2013 2:08 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.

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(s) named herein. If you are not the addressee(s), or the person responsible for delivering this to the addressee(s), you are hereby notified that reading, copying, or distributing this message is prohibited. If you have received this electronic mail message in error, please contact us immediately at the telephone number shown below and take the steps necessary to delete the message completely from your computer system. Thank you.

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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.

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(s) named herein. If you are not the addressee(s), or the person responsible for delivering this to the

6/11/2013

DIC0003638

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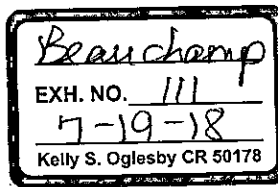
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IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.
bc1p2013

6/11/2013

DIC0003639



Beauchamp, David

From: Denny Chittick [dcmoney@yahoo.com]
Sent: Friday, June 14, 2013 12:08 PM
To: Beauchamp, David
Cc: Yomtov Menaged
Subject: Fw: Attorney
Attachments: Easy Investments Lawsuit pdf

David:

I have a borrower, to which i've done a ton of 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

6/14/2013

DIC0000055

COMMISSIONERS
BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTERS MITH



JOEL JERCH
Executive Director

PATRICIA L. BARFIELD
Director
Corporations Division

ARIZONA CORPORATION COMMISSION

Date JUNE 4, 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: FREO ARIZONA, LLC v. DENSCO INVESTMENT CORPORATION,
Case number: CV2013-007663 Court: MARICOPA COUNTY, SUPERIOR COURT

- Summons
- Complaint
- Subpoena
- Subpoena Duces Tecum
- Default Judgment
- Judgment
- Writ of Garnishment
- Motion For Summary Judgment
- Motion for
- Other

Sincerely,

Lynda B. Griffin
Custodian of Records

Initials DAB
File number -0987488-4

Rec'd doc
Rev 10/09

1300 WEST WASHINGTON, PHOENIX, ARIZONA 85047-2528
ARIZONA RECS. DIV. - 602-442-3026

DIC0000056

COMMISSIONERS
BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTERSMITH



JODI JERICH
Executive Director

PATRICIA L. BARFIELD
Director
Corporations Division

ARIZONA CORPORATION COMMISSION

CERTIFICATION OF SERVICE ACCEPTED AND OF MAILING

Date: JUNE 4, 2013

I, **DONYELL BOLDEN** 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: **FREO ARIZONA, LLC** v. **DENSCO INVESTMENT CORPORATION**,

Case number: **CV2013-007663**

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 type="checkbox"/> Other | |

I declare and certify under penalty of perjury that the foregoing is true and correct.

Executed on this date: **JUNE 4, 2013**

(Signature) _____

COMMISSIONERS
BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH



JODI JERICH
Executive Director

PATRICIA L. BARFIELD
Director
Corporations Division

ARIZONA CORPORATION COMMISSION

I, **DONYELL BOLDEN**, am an employee of the Arizona Corporation Commission ("ACC").

I hereby certify that on the 4TH 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: JUNE 4, 2013

(Signature)

A handwritten signature in black ink, appearing to read "Donyell Bolden", written over a horizontal line.

LAKE & COBB, P.L.C.
1001 N. 10th Street, Suite 100
Tempe, Arizona 85281

1 Richard L. Cobb, SBN 011427
cobb@lakeandcobb.com
2 Joseph J. Glenn, SBN 023228
jjglenn@lakeandcobb.com
3 LAKE & COBB, P.L.C.
4 1095 W. Rio Salado Pkwy., Suite 206
Tempe, Arizona 85281
5 (602) 523-3000 office
(602) 523-3001 fax
6 Attorneys for Freo Arizona, LLC

7 IN THE SUPERIOR COURT FOR THE STATE OF ARIZONA
8 IN AND FOR THE COUNTY OF MARICOPA

9 FREQ ARIZONA, LLC, a Delaware limited liability company,

10 Plaintiff,

11 . v.

12 EASY INVESTMENTS, LLC, an Arizona limited liability company; ACTIVE
13 FUNDING GROUP, LLC, an Arizona limited liability company; DENSCO INVESTMENT
14 CORPORATION, an Arizona corporation; TIMOTHY P. MCCORMICK, as Trustee of
15 the TIMOTHY P. MCCORMICK REVOCABLE TRUST; OCWEN LOAN
16 SERVICING, LLC, a Delaware limited liability company,
17

18 Defendants.

CV

CV2013-007663

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

19 THE STATE OF ARIZONA TO THE DEFENDANTS:

20 EASY INVESTMENTS, LLC
21 Corporation Service Company
22 2338 W. Royal Palm Rd., #J
Phoenix, Arizona 85021
23
24

LAKE & COBB, P.L.C.
1001 W. 10th Avenue, Suite 200
Phoenix, Arizona 85021

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ACTIVE FUNDING GROUP, LLC
Andrew Abraham, Statutory Agent
Burch & Cracchiolo PA
702 E. Osborn Rd., #200
Phoenix, AZ 85014

DENSCO INVESTMENT CORPORATION
Kurt Johnson Association, PC, Statutory Agent
23005 N. 15th Ave, Suite 2
Phoenix, Arizona 85027

OCWEN LOAN SERVICING, LLC
Corporation Service Company, Statutory Agent
2338 W. Royal Palm Rd., #J
Phoenix, Arizona 85021

Timothy P. McCormick, Trustee of the Timothy P. McCormick Revocable Trust

YOU ARE HEREBY SUMMONED and required to appear and defend, within the time applicable, in this action in this Court. If served within Arizona, you shall appear and defend within twenty (20) days after the service of the Summons and Complaint upon you, exclusive of the day of service. If served out of the State of Arizona--whether by direct service, by registered or certified mail, or by publication--you shall appear and defend within thirty (30) days after the service of the Summons and Complaint upon you is complete, exclusive of the day of service. Where process is served upon the Arizona Director of Insurance as an insurer's attorney to receive service of legal process against it in this State, the insurer shall not be required to appear, answer or plead until expiration of forty (40) days after date of such service upon the Director. Service by registered or certified mail without the State of Arizona is complete thirty (30) days after the date of filing the receipt and affidavit of service with the Court. Service by publication is complete thirty (30) days after the date of first publication. Direct service is complete when made. Service upon the Arizona Motor Vehicle Superintendent is complete thirty (30) days after filing the Affidavit of Compliance and return receipt or Officer's Return. RCP; A.R.S. §§§ 20-222, 28-502, 28-503.

1 YOU ARE HEREBY NOTIFIED that in case of your failure to appear and
2 defend within the time applicable, judgment by default may be rendered against you for
3 the relief demanded in the Complaint.

4 YOU ARE CAUTIONED that in order to appear and defend, you must file an
5 Answer or proper response in writing with the Clerk of this Court, accompanied by the
6 necessary filing fee, within the time required, and you are required to serve a copy of any
7 Answer or response upon the Plaintiff's attorney. RCP 10(d); A.R.S. § 12-311; RCP 5.

8 REQUESTS FOR REASONABLE ACCOMMODATION FOR PERSONS WITH
9 DISABILITIES MUST BE MADE TO THE DIVISION ASSIGNED TO THE CASE
10 BY PARTIES AT LEAST 3 JUDICIAL DAYS IN ADVANCE OF A SCHEDULED
11 COURT PROCEEDING.

12 The name and address of Plaintiff's attorney is:

13 Richard L. Cobb (#011427)
14 cobb@lakeandcobb.com
15 Joseph J. Glenn (#023228)
16 jjglenn@lakeandcobb.com
17 LAKE & COBB, P.L.C.
18 1095 W. Rio Salado Pkwy., Suite 206
19 Tempe, AZ 85281

20 SIGNED AND SEALED this date: _____

21 By _____
22 Deputy Clerk

23 COPY
24 MAY 24 2013



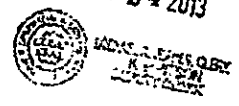
25 RICHARD A. COBB, CLERK
26 K. WATSON
27 DEPUTY CLERK

LAKE & COBB, P.L.C.
1000 W. 10th Street, Suite 206
Tempe, Arizona 85281

1 Richard L. Cobb, SBN 011427
cobb@lakeandcobb.com
2 Joseph J. Glenn, SBN 023228
jjglenn@lakeandcobb.com
3 LAKE & COBB, P.L.C.
4 1095 W. Rio Salado Pkwy., Suite 206
Tempe, Arizona 85281
5 (602) 523-3000 office
(602) 523-3001 fax
6 Attorneys for Freo Arizona, LLC

COPY

MAY 24 2013



7 **IN THE SUPERIOR COURT FOR THE STATE OF ARIZONA**
8 **IN AND FOR THE COUNTY OF MARICOPA**

9 FREO ARIZONA, LLC, a Delaware limited
10 liability company,

CV 2013-007663

11 Plaintiff,

COMPLAINT

12 v.

**(DECLARATORY JUDGMENT,
BREACH OF CONTRACT)**

13 EASY INVESTMENTS, LLC, an Arizona
14 limited liability company; ACTIVE
15 FUNDING GROUP, LLC, an Arizona limited
16 liability company; DENSCO INVESTMENT
17 CORPORATION, an Arizona corporation;
18 TIMOTHY P. MCCORMICK, as Trustee of
19 the TIMOTHY P. MCCORMICK
20 REVOCABLE TRUST; OCWEN LOAN
21 SERVICING, LLC, a Delaware limited
22 liability company,

23 Defendants.

24 Plaintiff Freo Arizona, LLC ("Freo") for its Complaint against Defendants Easy
Investments, LLC ("Easy"), Active Funding Group, LLC ("Active"), DenSco Investment
Corporation ("DenSco"), Timothy P. McCormick, as Trustee of the Timothy P.

LAKE & COBB, P.L.C.
1095 W. Rio Salado Pkwy.
Tempe, Arizona 85281
Phone: (602) 523-3000

1 McCormick Revocable Trust ("McCormick"), and Ocwen Loan Servicing, LLC, alleges
2 as follows:

3 **PARTIES, JURISDICTION, AND VENUE**

4 1. Freo is a Delaware limited liability company doing business in Arizona.

5 2. Upon information and belief, Easy is an Arizona limited liability company
6 doing business in Maricopa County, Arizona.

7 3. Upon information and belief, Active is an Arizona limited liability
8 company doing business in Maricopa County, Arizona.

9 4. Upon information and belief, DenSco is an Arizona corporation doing
10 business in Maricopa County, Arizona.

11 5. Upon information and belief, McCormick resides in Maricopa County,
12 Arizona and is doing business in Maricopa County, Arizona.

13 6. Upon information and belief, Owcen is Delaware limited liability company
14 doing business in Maricopa County, Arizona.

15 7. This action concerns a real property located in Maricopa County, Arizona.

16 8. Venue is proper in this court pursuant to A.R.S. § 12-401.

17 9. This court has jurisdiction pursuant to A.R.S. § 12-1176, et seq. and A.R.S.
18 § 12-1831 *et seq.*

19 **FACTUAL ALLEGATIONS**

20
21 10. On December 12, 2012, a Notice of Trustee's Sale was recorded involving
22 the property located at 7089 W. Andrew Lane, Peoria, Arizona, 85383 (the "Property")
23
24

LAKE & COBB, P.L.L.C.
1001 W. The Falls Parkway
Suite 200
Tempe, Arizona 85281

LAKE & COBB, P.L.C.
20110 00 0000 / Prop
Rd 200
Tampa, Florida 33611

1 11. Joshua and Kathryn Guidone were the trustors for the Deed of Trust
2 identified in the Notice of Trustee's Sale.

3 12. Freo entered into a contract to purchase the Property from the Guidones.

4 13. On behalf of Freo, Nayriam Silver obtained a Payoff Statement from
5 Ocwen for the loan that was the subject of the noticed trustee's sale.

6 14. Ocwen represented to Freo that it would cancel the trustee's sale and
7 release the Deed of Trust due to the sale of the Property to Freo and the payment to
8 Ocwen of the payoff amount.

9 15. On March 18, 2013, the sale closed and the Warranty Deed transferring the
10 Property to Freo was recorded. Ocwen was also paid the payoff amount of \$153,167.59.

11 16. Freo subsequently made improvements to the Property.

12 17. Despite the completion of the sale and the payment to Ocwen, Ocwen
13 failed to timely instruct the trustee to cancel the trustee's sale.

14 18. A purported trustee's sale occurred on March 22, 2013, on the paid-off
15 Ocwen Deed of Trust—resulting in a purported trustee's sale to Easy.

16 19. Ocwen subsequently caused Deed of Release and Reconveyance and
17 Cancellation of Notice of Trustee's Sale to be recorded.

18 20. Easy attempted to encumber the property with deeds of trust to Active and
19 DenSco.

20 21. Active subsequently purported to transfer its interest in one of its deeds of
21 trust to McCormick.
22
23
24

1 22. Because the Ocwen Deed of Trust was paid off and the Warranty Deed to
2 Freo was a matter of record, the trustee's sale on the Ocwen Deed of Trust was invalid
3 and Easy, Active, Densco, and McCormick did not obtain any interest in the property.

4 23. Alternatively, Freo was equitably subrogated to first position through its
5 payoff of the Ocwen loan, resulting in a trustee's deed to Easy, subject to the interests of
6 Freo.

7 24. There is an actual controversy regarding the rights of Freo and Defendants
8 in regards to the Property, such that declaratory relief is appropriate.

9 **COUNT ONE - DECLARATORY JUDGMENT**

10 25. Because Freo paid off the Ocwen Deed of Trust, Ocwen had no interest in
11 the Property at the time of the trustee's sale and Easy did not acquire any rights in the
12 Property.

13 26. Because Easy did not acquire any rights in the Property, Active, DenSco,
14 and McCormick also failed to receive any interest in the Property.

15 27. Because Freo paid off the Ocwen Deed of Trust, Freo was equitably
16 subrogated to Ocwen's rights under the Deed of Trust.

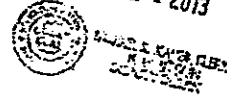
17 28. Freo is entitled to legal and/or equitable relief to secure clear title to the
18 Property.

19 29. There is an actual and present controversy regarding the rights of Freo and
20 Defendants in regards to their rights in the Property.
21

LAKE & COBB, P.L.C.
1000 W. 8th Street
Ocala, Florida 32101

COPY

MAY 24 2013



1 Richard L. Cobb, SBN 011427
 cobb@lakeandcobb.com
 2 Joseph J. Glenn, SBN 023228
 jjglenn@lakeandcobb.com
 3 LAKE & COBB, P.L.C.
 4 1095 W. Rio Salado Pkwy., Suite 206
 Tempe, Arizona 85281
 5 (602) 523-3000 office
 (602) 523-3001 fax
 6 Attorneys for Freo Arizona, LLC

7 IN THE SUPERIOR COURT FOR THE STATE OF ARIZONA

8 IN AND FOR THE COUNTY OF MARICOPA

9 FREO ARIZONA, LLC, a Delaware limited
 10 liability company,

CV

CV2013-007663

11 Plaintiff,

CERTIFICATE OF COMPULSORY
 ARBITRATION

12 v.

13 EASY INVESTMENTS, LLC, an Arizona
 limited liability company; ACTIVE
 14 FUNDING GROUP, LLC, an Arizona limited
 liability company; DENSCO INVESTMENT
 CORPORATION, an Arizona corporation;
 15 TIMOTHY P. MCCORMICK, as Trustee of
 the TIMOTHY P. MCCORMICK
 16 REVOCABLE TRUST; OCWEN LOAN
 17 SERVICING, LLC, a Delaware limited
 liability company,

18
 19 Defendants.


20 Plaintiff Freo Arizona, LLC hereby certifies that this matter is not subject to
 21 compulsory arbitration for the reason that it seeks other than monetary relief.

22 ///

LAKE & COBB, P.L.C.
 1000 N. 10th Street, Suite 206
 Tempe, Arizona 85281

RESPECTFULLY SUBMITTED this 24th day of May, 2013.

LAKE & COBB, P.L.C.

By: 
Richard L. Cobb
Joseph J. Glenn

LAKE & COBB, P.L.C.
1100 W. 202nd Street, Perry,
Fla. 32077
Phone: (904) 833-1171

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1 Richard L. Cobb, SBN 011427
cobb@lakeandcobb.com
2 Joseph J. Glenn, SBN 023228
jjglenn@lakeandcobb.com
3 LAKE & COBB, P.L.C.
4 1095 W. Rio Salado Pkwy., Suite 206
5 Tempe, Arizona 85281
6 (602) 523-3000 office
(602) 523-3001 fax
7 *Attorneys for Freo Arizona, LLC*

8 **IN THE SUPERIOR COURT FOR THE STATE OF ARIZONA**

9 **IN AND FOR THE COUNTY OF MARICOPA**

10 FREO ARIZONA, LLC, a Delaware limited liability company, CV CV2013-007663

11 Plaintiff,

LIS PENDENS

12 v.

13 EASY INVESTMENTS, LLC, an Arizona
14 limited liability company; ACTIVE
15 FUNDING GROUP, LLC, an Arizona limited
16 liability company; DENSCO INVESTMENT
17 CORPORATION, an Arizona corporation;
18 TIMOTHY P. MCCORMICK, as Trustee of
19 the TIMOTHY P. MCCORMICK
20 REVOCABLE TRUST; OCWEN LOAN
21 SERVICING, LLC, a Delaware limited
22 liability company,

23 Defendants.

24 NOTICE IS HEREBY GIVEN that a legal action has been commenced in the
25 Maricopa County Superior Court for the State of Arizona by Plaintiff Freo Arizona, LLC,

LAKE & COBB, P.L.C.
1000 N. 15th Avenue, Suite 206
Tempe, Arizona 85281

1 against the above-named Defendants, which suit is now pending and involves the title to
2 real property situated in Maricopa County, Arizona, described as:

3 7089 W. Andrew Lane, Peoria, Arizona, 85383

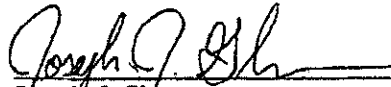
4 Legal Description:

5
6 Lot 92, of SONORAN MOUNTAIN RANCH PARCEL 5, according to the plat of
7 record in the office of the County Recorder of Maricopa County, Arizona, recorded
8 in Book 672 of Maps, Page 37.

9 The object of the action and the relief demanded is a declaratory action seeking a
10 declaration that Free Arizona, LLC has fee simple title to the property and that the above-
11 named Defendants do not have any interest in the property.

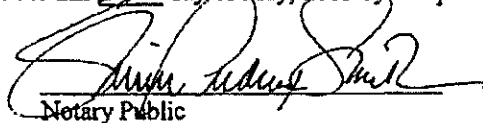
12 DATED this 24th day of May, 2013.

13 LAKE & COBB, P.L.C.

14 

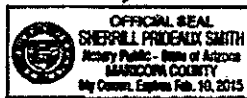
15 Joseph J. Glenn
16 Attorneys for Plaintiff

17 Subscribed and sworn to before me this 24th day of May, 2013 by Joseph J.
18 Glenn.

19 
20 Notary Public

21 My Commission Expires:

22 Feb. 10, 2015

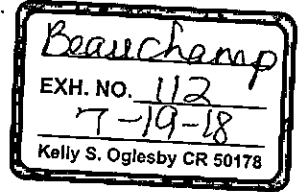


LAKE & COBB, P.L.C.
1000 N. 10th Street
Phoenix, Arizona 85004

Beauchamp, David

DenSco / Gen

From: Scott Menaged [smena98754@aol.com]
Sent: Friday, June 14, 2013 12:20 PM
To: Denny Chittick
Cc: Beauchamp, David
Subject: Re: Attorney
David



Please bill me for your services and utilize my attorney for anything you may need

Thanks

Sent from my iPhone

On Jun 14, 2013, at 12:07 PM, Denny Chittick <dcmoney@yahoo.com> wrote:

David:

I have a borrower, to which i've done a ton of 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 FREQ 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

6/14/2013

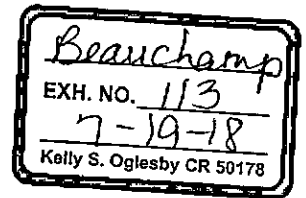
DIC0000053

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

<Easy Investments Lawsuit.pdf>

6/14/2013

DIC0000054



Page 1 of 2

Beauchamp, David

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 FREQ Arizona, LLC.

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thx
dc

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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 - 602-542-3026

BC_001969

COMMISSIONERS
BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTERS SMITH



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 MITH



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 85007-2929
1 www.azcc.gov • 602-542-3124

1 **KESSLER LAW OFFICES**
Eric W. Kessler, SBN 009158
2 240 North Center Street
Mesa, Arizona 85201
3 (480) 644-9047
4 (480) 644-0095 FAX
eric@kesslerlaw.phxcoxmail.com

5 Attorney for Plaintiff

7 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

8 **IN AND FOR THE COUNTY OF MARICOPA**

9 MACWCP II, LLC, a limited liability
10 company,

11 Plaintiff,

12 vs.

13 LILI RUBIN INVESTMENT
14 PROPERTIES, LLC, a limited liability
15 company; DENSCO INVESTMENT
16 CORPORATION, a corporation;
17 JOHN DOE and JANE DOE;
ABC CORPORATION;
ALL UNKNOWN HEIRS OF ABOVE,

18 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

19 **IN THE NAME OF THE STATE OF ARIZONA:**

20 TO: All Defendants named above.

21 GREETINGS:

22
23 YOU ARE HEREBY SUMMONED and required to appear and defend in the
24 above-entitled action brought against you by the above-named Plaintiff, in the County
25 of Maricopa, State of Arizona, and answer to the Complaint filed in said Court at 222 E.
26 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 GIVEN UNDER MY HAND THIS DATE: _____
6

7 **COPY**

8 MAY 28 2013

9 Deputy Clerk



10 MICHAEL K. JEANES, CLERK
11 M. GARCIA
12 DEPUTY CLERK

1 KESSLER LAW OFFICES
Eric W. Kessler, SBN 009158
2 240 North Center Street
Mesa, Arizona 85201
3 (480) 644-9047
4 (480) 644-0095 FAX
eric@kesslerlaw.phxcoxmail.com

5 Attorney for Plaintiff
6

COPY

MAY 28 2013



MICHAEL K. JEANES, CLERK
M. GARCIA
DEPUTY CLERK

7 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

8 **IN AND FOR THE COUNTY OF MARICOPA**

9
10 **MACWCP II, LLC, a limited liability**
company,

11 **Plaintiff,**

12 **vs.**

13
14 **LILI RUBIN INVESTMENT**
PROPERTIES, LLC, a limited liability
15 **company; DENSCO INVESTMENT**
16 **CORPORATION, a corporation;**
17 **JOHN DOE and JANE DOE;**
ABC CORPORATION;

18 **ALL UNKNOWN HEIRS OF ABOVE,**
Defendants.

No. **CV2013-092140**

COMPLAINT

19 **COMES NOW** the Plaintiff, through counsel undersigned, and for its Complaint,
20 **alleges as follows:**

21
22
23 **That** the properties set forth herein are in Maricopa County; that Defendants are
24 **individuals, partnerships, corporations, associations or other entities as shown in the**
25 **caption of this Complaint and reside in or have caused an event to occur herein; that**
26 **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.

1
2 Plaintiff has complied will all notice requirements set forth in A.R.S. §42-18201,
3 et seq.

4 1. That if Defendants, or any of them, redeem the property, the Court shall render
5 Judgment ordering payment by the redeeming party to Plaintiff for costs incurred for
6 title search, filing and recording fees, service of process fees and all other costs
7 incurred herein, together with a reasonable attorney's fee pursuant to A.R.S. §42-
8 18206; OR

10 2. That the Court declare that the sale of the lien, the Certificate of Purchase
11 issued pursuant thereto, and the service of process on all Defendants are valid; that at
12 the sale of the lien, the taxes thereon were delinquent; that more than three years have
13 elapsed since the sale of the lien and the commencement of this action; that the rights
14 of Defendant to redeem the property from said sale are forever foreclosed; and that
15 Defendants are barred forever from having or claiming any right or title adverse to
16 Plaintiff herein. Plaintiff further prays to be adjudged the owner in fee simple of the
17 whole of the property; that the title to said property be quieted in favor of Plaintiff; and
18 that the Maricopa County Treasurer be commanded to execute and deliver forthwith to
19 Plaintiff a deed conveying the property to Plaintiff, in accordance with Title 42, Arizona
20 Revised Statutes.

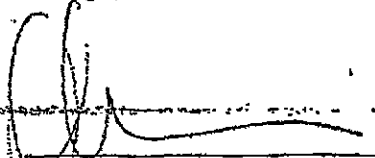
22
23 DATED THIS DATE: 6.27.13

24
25 

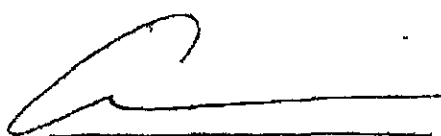
Eric W. Kessler
Attorney for Plaintiff

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.

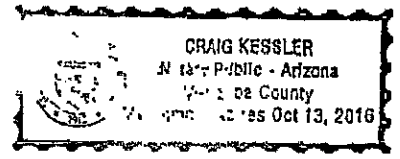
7
8
9
10 
11 Eric W. Kessler
12 Attorney for Plaintiff

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 _____



1 KESSLER LAW OFFICES
Eric W. Kessler, SBN 009158
2 240 North Center Street
Mesa, Arizona 85201
3 (480) 644-9047
4 (480) 644-0095 FAX
eric@kesslerlaw.phxcoxmail.com

5 Attorney for Plaintiff

COPY

MAY 28 2013



MICHAEL K. JEANES, CLERK
M. GARCIA
DEPUTY CLERK

7 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

8 **IN AND FOR THE COUNTY OF MARICOPA**

9
10 MACWCP II, LLC, a limited liability company,
11 Plaintiff,
12 vs.
13 LILI RUBIN INVESTMENT
14 PROPERTIES, LLC, a limited liability
15 company; DENSCO INVESTMENT
16 CORPORATION, a corporation;
17 Defendants.

CV2013-092140
No.
CERTIFICATE OF
COMPULSORY
ARBITRATION

18 Undersigned counsel hereby certifies that the largest award sought by Plaintiff,
19 excluding punitive damages, costs and attorney's fees does not exceed the limits for
20 compulsory arbitration. However, this action concerns title to real property and
21 therefore is not subject to arbitration.

22 DATED THIS DATE: 5.27.13

23
24
25 ERIC W. KESSLER
26 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
(602) 319-5602 | Mobile Tel.

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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
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bc1p2013



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 Rubln 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 Rubln Investments

all taken care of.
thx
dc

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

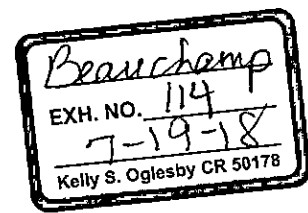
----- Forwarded Message -----
From: "Istoianova@cox.net" <Istoianova@cox.net>
To: Denny Chittick <dcmoney@yahoo.com>
Sent: Friday, June 14, 2013 3:42 PM
Subject: Fw: MACWCP vs. Lil Rubln Investments

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



DenSco / Page 1 of 5
20B
pom

Beauchamp, David

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.
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: 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

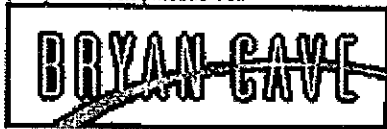
Bob,

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

Thanks again, David

David G. Beauchamp, Esq.
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: 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.
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) 319-6602 | 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.
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.



6/17/2013

DIC0003620

Beauchamp
EXH. NO. 115
7-19-18
Kelly S. Oglesby CR 50178

Densco Investment Corp.

DenSco / Page 1 of 1
2013
pom



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.

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Lending Guidelines

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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Quarterly Newsletter
3-31-13

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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>		

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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.

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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.

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Den. Sec / 2013
POM

How Randy Wang (6/17/13)

3 - what is effect of web site

- Bus Plan

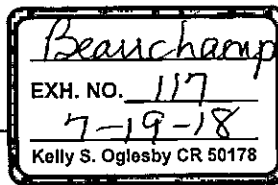
General Solicitation → fact + circumstances analysis

- 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



DenSco / 2013

Beauchamp, David

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.

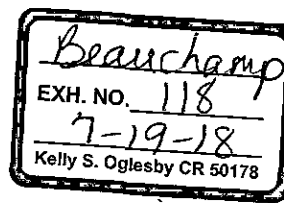
Thanks, David

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.



6/17/2013



DenSco / 2013
POM

Beauchamp, David

From: Beauchamp, David
Sent: Monday, June 17, 2013 5:25 PM
To: Weakley, Mark
Subject: RE: DenSco Investment / 2013 Private Offering (Matter # 0352992)
Mark:

Bob Pederson and Randy Wang have been able to give the necessary direction and comfort concerning compliance with the Trust Indenture Act and a separate securities issue. If possible, we are supposed to advise the client early this week if there are any necessary structural or operational changes needed for his Fund due to the higher level of funds (approaching \$50 million) that his company has borrowed in order to comply with any applicable requirements of the 40 Act or the IA?

Since you are very busy, is this something that we can ask Elizabeth Sipes to provide some guidance to this client in the time frame that the client requested?

Thanks, David

From: Weakley, Mark
Sent: Monday, June 10, 2013 5:55 PM
To: Beauchamp, David
Subject: Re: DenSco Investment / 2013 Private Offering (Matter # 0352992)

Ok - I can help on the Investment Company and Investment Advisers Acts. I don't have any experience with the Trust Indenture Act expect Elizabeth will not either.

Sent from my iPhone

On Jun 10, 2013, at 6:43 PM, "Beauchamp, David" <David.Beauchamp@bryancave.com> wrote:

Mark:

Ken Henderson directed me to Bob Pederson in NY for questions concerning the Indenture Act, and Ken suggested that I talk to Elizabeth about the 40 Act and the IA questions. If this is something that you could help with before Elizabeth starts, I would appreciate it.

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 private 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.

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6/17/2013

DIC0003612

names as well as their family 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

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)

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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:

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

Thanks, David
David G. Beauchamp, Esq.
Bryan Cave LLP

6/17/2013

DIC0003613

Two North Central Avenue, Suite 200
Phoenix, Arizona 85004-4406

email: david.beauchamp@bryancave.com
(602) 384-7060 | Direct Tel.
(602) 716-8060 | Direct Fax
(602) 319-5602 | Mobile Tel.
<BCcolorlogo-1g-highres.jpg>

6/17/2013

DIC0003614



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

Beauchamp
 EXH. NO. 119
7-19-18
 Kelly S. Oglesby CR 50178



Bryan Cave LLP Atlanta | Boulder | Charlotte | Chicago | Colorado Springs | Dallas | Denver | Frankfurt | Hamburg | Hong Kong | Irvine
 Jefferson City | Kansas City | Los Angeles | New York | Paris | Phoenix | San Francisco | Shanghai | Singapore | St. Louis | Washington, D.C.

EXAMPLE IDENTIFICATION NUMBER: 43-6602162

DenSCO Investment Corporation
 ATTN: Denny J. Chittick
 6132 West Victoria Place
 Chandler, AZ 85226

June 17, 2013
 Invoice # 10215113
 Client # C068584

Payment is due upon
 Receipt

STATEMENT OF ACCOUNT

BALANCE FORWARD:

Balance per Statement Dated	\$	0.00
Payments and Other Credits		0.00
BALANCE FORWARD		\$ 0.00

CURRENT CHARGES FOR MATTER:

File #0352992
 2013 Private Offering Memorandum

Fees for Legal Services	\$	2,989.00
TOTAL CHARGES THIS INVOICE		\$ 2,989.00
STATEMENT TOTAL		\$ 2,989.00

PAYMENT INSTRUCTIONS

Check Payment Instructions:
 Bryan Cave LLP
 P.O. Box 562089
 St. Louis, MO 63150-3089

 Please return Remittance Advice with
 payment in the enclosed envelope.

ACH Payment Instructions:
 ACH to: Bank of America
 One Bank of America Plaza
 St. Louis, MO 63101
 Routing #081000032
 Account # 100101007976

Wire Instructions:
 Wire to: Bank of America
 One Bank of America Plaza
 St. Louis, MO 63101
 ABA #0260-0959-3
 Account # 100101007976

 Swift Codes:
 BOFAUS33 (incoming US wires)
 BOFAUS66 (incoming Non-US wires)

Please include the Client, Matter, or Invoice Number with all payments.

DenSco Investment Corporation

June 17, 2013
Invoice # 10215113
Client # C068584
Page 2

For Legal Services Rendered Through May 31, 2013

File #0352992
2013 Private Offering Memorandum

05/01/13	D. G. Beauchamp	0.50 hrs.	245.00	Review and respond to several emails with D. Chittick concerning issues and updates; outline notes and follow-up.
05/02/13	D. G. Beauchamp	0.60 hrs.	294.00	Review and respond to emails; review file and assemble documents and information; outline questions.
05/08/13	D. G. Beauchamp	0.60 hrs.	294.00	Review draft Private Offering Memorandum and outline questions.
05/09/13	D. G. Beauchamp	3.60 hrs.	1,764.00	Review file and prepare for meeting; travel to and meeting with D. Chittick to update private offering memorandum and to verify current information; work on notes and outline follow-up.
05/10/13	D. G. Beauchamp	0.40 hrs.	196.00	Work on issues and follow-up.
05/31/13	D. G. Beauchamp	0.40 hrs.	196.00	Work on issues and information for Private Offering Memorandum.

Total Hours 6.10

Total Fees for Legal Services \$ 2,989.00

TOTAL CHARGES FOR THIS MATTER \$ 2,989.00



Bryan Cave LLP Atlanta | Boulder | Charlotte | Chicago | Colorado Springs | Dallas | Denver | Frankfurt | Hamburg | Hong Kong | Irvine
 Jefferson City | Kansas City | Los Angeles | New York | Paris | Phoenix | San Francisco | Shanghai | Singapore | St. Louis | Washington, D.C.

EMPLOYER IDENTIFICATION NUMBER: 43-0602162

DenSco Investment Corporation
 ATTN: Denny J. Chittick
 6132 West Victoria Place
 Chandler, AZ 85226

June 17, 2013
 Invoice# 10215113
 Client# C068584
 Matter# 0352992

REMITTANCE ADVICE

BALANCE FORWARD:

Balance per Statement Dated	\$	0.00
Payments and Other Credits		0.00
BALANCE FORWARD	\$	0.00

CURRENT CHARGES

Fees for Legal Services	\$	2,989.00
TOTAL CHARGES THIS INVOICE	\$	2,989.00
STATEMENT TOTAL	\$	2,989.00

PAYMENT INSTRUCTIONS

Check Payment Instructions
 Bryan Cave LLP
 P.O. Box 503089
 St. Louis, MO 63150-3089
 Please return Remittance Advice with
 payment in the enclosed envelope.

ACH Payment Instructions
 ACH to: Bank of America
 One Bank of America Plaza
 St. Louis, MO 63101
 Routing #081000032
 Account # 100101007976

Wire Instructions
 Wire to: Bank of America
 One Bank of America Plaza
 St. Louis, MO 63101
 ABA #0260-0958-3
 Account # 100101007976
 Swift Codes:
 BOFAUS33 (incoming US wires)
 BOFAUS68 (incoming Non-US wires)

Please include the Client, Matter, or Invoice Number with all payments.

Den Sic / 2013
Pom

Tew Randy Wang (4/18/13)

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

- MN 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
Garrt Jensen
Ken Henderson

Tau Mark Weakley (6/18/13)

K 52-8549

4

- Eliza bette Sipes - not planning to start ^{working} until next week
- borrows \$ from invest

1st Quest

① Is this an investment company?

- if so, Denny would need
- Mark thinks that if company is an investment company, the Denny would need to register

- Investment Company - usually a mutual fund & there is a Registered Inv. Advisor

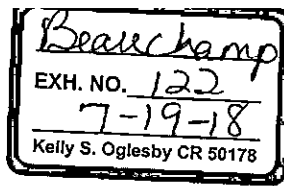
- VC Funds → exempt

- there is not a person at BC who keeps up us

- see if Elizabeth will be coming on Board quickly enough
→ in private fund part of James

- Martha

- Jared Seff (Atlanta)



DenSco / 2013

Beauchamp, David

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

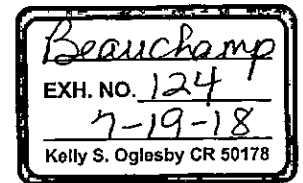
DIC0003656

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) 319-5802 | Mobile Tel.
<BCcolorlogo-1g-highres.jpg>

6/21/2013

DIC0003657



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.

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DRAFT

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."

DRAFT

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 of 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.

<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

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)	Note Terms (2)(3)		
	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.

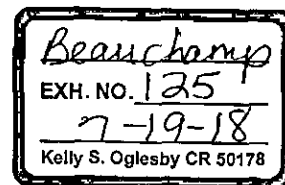
Suitability Requirements

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.



Page 1 of 1

David (2013)

Beauchamp, David

From: Beauchamp, David
Sent: Tuesday, June 25, 2013 12:58 PM
To: Sipes, Elizabeth Kemery
Subject: PX01DOCS-#739858-v1-Private Offering Memorandum (2013).DOC
Attachments: PX01DOCS-#739858-v1-Private Offering Memorandum (2013).DOC
Elizabeth:

This should be much easier to review the company description.

Sorry for the last email.

Best, David

David G. Beauchamp, Esq.
Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4408

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



6/25/2013

DIC0003574

DenSco/2011 Confidential Private Offering Memorandum
Beauchamp, David

Page 1 of 51

DenSco / 2013

From: Beauchamp, David
Sent: Tuesday, June 25, 2013 12:68 PM
To: Sipes, Elizabeth Kemery
Subject: RE: PX01DOCS-#739858-v1-Private Offering Memorandum (2013).DOC
Elizabeth:

Sorry, I had intended to send as an attachment.

Best, David

From: Beauchamp, David
Sent: Tuesday, June 25, 2013 12:54 PM
To: Sipes, Elizabeth Kemery
Subject: PX01DOCS-#739858-v1-Private Offering Memorandum (2013).DOC

Elizabeth:

Attached is the previous POM for the client which has only had the date changed. We stopped the updating when we were told that the investments from the investors had jumped to approximately \$47.5 million. Given that significant increase, I have been asking for help to determine what other federal or state laws might be applicable. Bob Pederson of NY has said that the Trust Indenture Act will not be applicable so long as the client is under the Regulation D, Rule 506 exemption. The other big issues have waited for your help to discern if we need to comply with the Investment Advisors Act of 1940 and the Registered Investment Advisors requirements.

Thank you.

Best regards, David

Thanks, David

Confidential Private Offering Memorandum

DenSco Investment Corporation

May __, 2013

6/25/2013

DIC0003575

Dec 5th / 2013

TCU Elizabeth Sipes (6/25/13)

54-0348

(24)

- has a funds 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

TCL Elizabeth Sipes (6/27/13)

54-0348

(0.4)

still does not think it will be subject to 140 Act - but still checking

- primary business is to make loans + that should not be considered

of Investors → only is applicable of 3(c)(1) of the Investment

- 506 can be utilized

will send email to confirm

DIC0003336

Beauchamp
EXH. NO. 127
7-19-18
Kelly S. Oglesby CR 50178

Dec 5, 2013

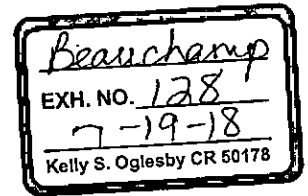
Ted Denny Chittick (4/27/13)

602-469-3001

(03)

revised info from ^{Elizabeth} ~~Frankie~~ Spe & report re: Trust Administration Act

Delete ~~and~~ reference to investor rate of return



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

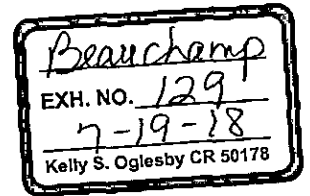
DenSea / 2013

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



DenSco / 2013 Page 1 of 2

Beauchamp, David

From: Beauchamp, David
Sent: Monday, July 01, 2013 12:20 PM
To: Sipes, Elizabeth Kemery
Cc: Beauchamp, David
Subject: Re: DenSco

Elizabeth:

Thank you!

All the 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: Sipes, Elizabeth Kemery
Sent: Monday, July 01, 2013 01:44 PM
To: Beauchamp, David
Cc: Weakley, Mark
Subject: DenSco

David,

I wanted to follow-up on our conversations last week about whether DenSco has any concerns related to the Investment Company Act (ICA) or Investment Advisers Act. Based on DenSco's primary business objective to make high-interest loans to "Foreclosure Specialists" as described in the draft May 2013 OM, I don't believe DenSco would be considered an investment company under the ICA. As a result, no one will need to register as an investment adviser.

It is also not necessary to count accredited investors at this time. DenSco is offering the notes under 506 which permits an unlimited number of accredited investors. Counting only matters if you need to rely on the 3c1 exemption under the ICA.

7/10/2013

DIC0003495

If DenSco starts purchasing securities and/or changes its business model, then we should revisit these issues.

Please let me know if you need any additional help on this matter or have any questions.

Best,

Elizabeth

Elizabeth Kemery Sipes
Bryan Cave HRO LLP
1700 Lincoln Street, Suite 4100
Denver, CO 80203
elizabeth.sipes@bryancave.com
Direct: 303.866.0348
Cell: 970.331.3384

7/10/2013

DIC0003496

<i>Beauchamp</i>
EXH. NO. <u>130</u>
<u>7-19-18</u>
Kelly S. Oglesby CR 50178

Revised to new version
for b/l purposes

Confidential Private Offering Memorandum

DenSeo 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.

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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 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

SEPA and
unless 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~~ ^{\$250,000} 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

~~\$1,000,000~~^{\$2,500,000} 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.

check
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 \$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} 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
Sutkey*

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 drawn

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~~

*currently
Company does not have an allowance for loan losses in the
+ traditional sense of loan loss reserve. Company has been
building retained earnings, which are*

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.

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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.

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>
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. *use in earlier reference*
- (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.

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.

insert subsequent credit

primarily

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

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, ⁴⁵4, 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.

→ parallel the ^{earlier} charge to the retained earnings

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

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 \$1.7 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.

SOBT

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 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."

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,~~ ^{operate so} the Company will ~~certify to the requesting investor(s)~~ ^{certify to the requesting investor(s)} that the aggregate outstanding principal amount of all cash accounts, other property and Trust Deeds ~~is~~ ^{will be} at least equal to the principal amount of outstanding Notes as of the date of the request, ~~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

Note Amount (1)	Note Terms (2)(3)		
	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~~ *\$250,000* to ~~\$1,000,000~~ *\$2,500,000*, 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. ✓

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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.

→ 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.

Added to CAPS

John Chittick

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.

2/20
2/2013

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.

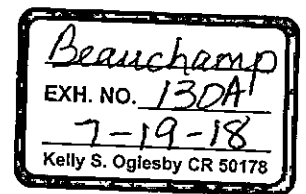
DC to update
- all
sold
except
twelve-
plex

10/2013 all houses sold
12 plex for sale 2/13

DC to update → all sold, except twelveplex to be sold 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



DenSco / 2013

Beauchamp, David

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](#)
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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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bc1p2013

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

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

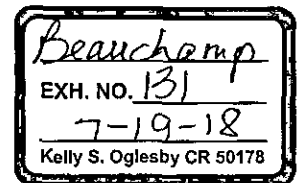
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bc1p2013

7/12/2013

DIC0003487

From: Beauchamp, David
Sent: Fri 7/19/2013 8:06 PM (GMT-00:00)
To: 'Denny Chittick'
Cc:
Bcc:
Subject: Client Alert: New SEC Private Placement Rules



Denny:

The attached provides more insight on the recent ruling from the SEC.

All the 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) 319-6602 | Mobile Tel.

To: Our Clients and Friends
From: The Bryan Cave Corporate Finance and Securities Client Service Group

SEC Adopts Final Rules to Rule 506 Private Placements: General Solicitations Ban Removed, "Bad Actors" Disqualified; Proposes Additional Rules to Monitor Private Placement Practices

The SEC recently adopted new rules to lift the ban on general solicitations and general advertising for Rule 506 private placements and Rule 144A offerings. In addition, the SEC also adopted rules disqualifying "bad actors" from taking advantage of the Rule 506 private placement safe harbor. These new rules will be effective 60 days from their publication in the Federal Register. The SEC has further proposed new rules that, among other things, require an SEC filing at the start of Rule 506 placements involving general solicitation, the inclusion of additional cautionary legends and disclosures in offering materials as well as a temporary (two-year) requirement to file general solicitation materials with the SEC.

Click [here](#) for a copy of the entire Bulletin.

Corporate Finance and Securities Professionals.

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Beauchamp
 EXH. NO. 132
 7-19-18
 Kelly S. Oglesby CR 50178



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 Jefferson City | Kansas City | Los Angeles | New York | Paris | Phoenix | San Francisco | Shanghai | Singapore | St. Louis | Washington, D.C.

EMPLOYER IDENTIFICATION NUMBER: 43-0602162

DenSCO Investment Corporation
 ATTN: Denny J. Chittick
 6132 West Victoria Place
 Chandler, AZ 85226

July 23, 2013
 Invoice # 10227984
 Client # C068584

Payment is due upon
 Receipt

STATEMENT OF ACCOUNT

BALANCE FORWARD:

Balance per Statement Dated June 17, 2013	\$	2,989.00	
Payments and Other Credits		(2,989.00)	
BALANCE FORWARD		\$	0.00

CURRENT CHARGES FOR MATTER:

File #0352992
 2013 Private Offering Memorandum

Subtotal Fees for Legal Services	\$	17,880.50	
10% DISCOUNT BY ATTORNEY		(1,788.05)	
Total Fees for Legal Services		16,092.45	

TOTAL CHARGES THIS INVOICE **\$ 16,092.45**

STATEMENT TOTAL **\$ 16,092.45**

PAYMENT INSTRUCTIONS

Check Payment Instructions:
 Bryan Cave LLP
 P.O. Box 503089
 St. Louis, MO 63150-3089

Please return Remittance Advice with
 payment in the enclosed envelope.

ACH Payment Instructions:
 ACH to: Bank of America
 One Bank of America Plaza
 St. Louis, MO 63101
 Routing #081001032
 Account # 100101007976

Wire Instructions:
 Wire to: Bank of America
 One Bank of America Plaza
 St. Louis, MO 63101
 ABA #0260-0959-3
 Account # 100101007976

Swift Codes:
 BOFAUS3N (incoming US wires)
 BOFAUS66 (incoming Non-US wires)

Please include the Client, Matter, or Invoice Number with all payments.

DenSco Investment Corporation

July 23, 2013
Invoice # 10227984
Client # C068584
Page 2

For Legal Services Rendered Through June 30, 2013

File #0352992
2013 Private Offering Memorandum

06/07/13	D. G. Beauchamp	0.90 hrs.	441.00	Work on outline of questions to be analyzed for offering; work on information.
06/10/13	D. G. Beauchamp	2.30 hrs.	1,127.00	Review and respond to several emails concerning potential regulations affecting the offering; text messages to D. Chittick with questions; outline questions for research.
06/11/13	R. E. Pedersen	0.40 hrs.	316.00	Begin review of Trust Indenture Act jurisdiction issue.
06/11/13	D. G. Beauchamp	1.60 hrs.	784.00	Review and respond to several emails and information concerning number of investors, information on website, investment requirements and issues; review information from D. Chittick.
06/12/13	R. E. Pedersen	0.50 hrs.	395.00	Continue review of Trust Indenture Act jurisdiction issue.
06/12/13	D. G. Beauchamp	1.40 hrs.	686.00	Work on information from D. Chittick and forward information for the analysis of the additional requirements; review regulations and outline questions.
06/13/13	D. G. Beauchamp	0.90 hrs.	441.00	Outline facts, questions and information to verify compliance issues for Fund investors.
06/14/13	R. E. Pedersen	0.50 hrs.	395.00	Continue review of Trust Indenture Act jurisdiction issue.
06/14/13	D. G. Beauchamp	0.50 hrs.	245.00	Email to D. Chittick regarding need to disclose pending litigation in Private Offering

BC_003082

				Memorandum; review email from D. Chittick; review requirements.
06/14/13	D. G. Beauchamp	1.40 hrs.	686.00	Review several emails and documents from D. Chittick regarding litigation; review court records and respond to D. Chittick.
06/16/13	R. E. Pedersen	1.50 hrs.	1,185.00	Continue review of Trust Indenture Act and Securities Act.
06/17/13	R. R. Wang	0.40 hrs.	282.00	Confer with R. Pedersen regarding securities matter; follow-up regarding same; telephone conference with D. Beauchamp regarding same.
06/17/13	R. E. Pedersen	1.50 hrs.	1,185.00	Prepare for telephone conference, and confer, with R. Wang re Trust Indenture Act jurisdiction. Email to D. Beauchamp.
06/17/13	D. G. Beauchamp	2.40 hrs.	1,176.00	Review and respond to several emails concerning Trust Indenture Act, Registered Advisor and Investment Company requirements; review research information; telephone conference with D. Chittick regarding requirements, website and procedure, work on notes and outline follow-up; telephone conference with R. Wang.
06/18/13	D. G. Beauchamp	1.90 hrs.	931.00	Work on issues concerning additional federal regulation due to amount of aggregate investor notes; review and respond to emails; telephone conference with M. Weakley regarding Investment Company requirements; work on issues.
06/19/13	D. G. Beauchamp	0.80 hrs.	392.00	Review and respond to emails, questions and analysis of additional requirements.

DenSco Investment Corporation

July 23, 2013
Invoice # 10227984
Client # C068584
Page 4

06/20/13	D. G. Beauchamp	2.90 hrs.	1,421.00	Work on information concerning additional regulatory requirements; prepare detailed email with background information and questions for analysis of Regulation D issues, investment company issues and general solicitation issues; review and respond to several emails concerning additional questions concerning requirements due to increase in amount of funds under control.
06/21/13	D. G. Beauchamp	0.80 hrs.	392.00	Work on issues for Registered Investment Advisor requirements and exemptions; provide additional background information for analysis of E. Sipes.
06/24/13	D. G. Beauchamp	1.90 hrs.	931.00	Work on information and issues concerning Investment Company Act compliance and regulations; review messages and emails from J. Sipes; submit information to J. Sipes; work on Regulation D requirements and general solicitation issues.
06/25/13	D. G. Beauchamp	3.10 hrs.	1,519.00	Review and respond to several emails; work on revisions to Private Offering Memorandum ; telephone conference with E. Sipes regarding Investment Company Act requirements and Investment Advisor requirements; review information about website and Reg D limitations for total investors when Investment Company Act is applicable; review regulations concerning calculation of investors.
06/25/13	E. K. Sipes	1.30 hrs.	682.50	Review draft of 2013 offering memorandum in preparation for call with D. Beauchamp ; telephone conference with D.

BC_003084

Date	Attorney	Hours	Rate	Description
				Beaucamp to discuss scope of analysis under the Investment Company Act and federal investment adviser registration requirements; research factors related to investment company analysis.
06/26/13	D. G. Beuchamp	0.60 hrs.	294.00	Review emails, research notes and outline disclosure requirements for Private Offering Memorandum; prepare and send email with additional questions.
06/27/13	D. G. Beuchamp	2.10 hrs.	1,029.00	Review notes, emails and information for compliance; extended telephone conference with E. Sipes regarding Investment Company Act of 1940, exemption, website issues, compliance and procedure; telephone conference with D. Chittick regarding status of search; revisions to procedure and timing; review and respond to emails concerning revisions to website.
06/27/13	E. K. Sipes	1.80 hrs.	945.00	Research requirements related to investment company status; research registration requirements for investment advisers under Arizona laws; telephone call with D. Beuchamp regarding status of research.

Total Hours 33.40

Subtotal Fees for Legal Services \$ 17,880.50

10% DISCOUNT BY ATTORNEY \$ (1,788.05)

Total Fees for Legal Services \$ 16,092.45

TOTAL CHARGES FOR THIS MATTER \$ 16,092.45



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Jefferson City | Kansas City | Los Angeles | New York | Paris | Phoenix | San Francisco | Shanghai | Singapore | St. Louis | Washington, D.C.

EMPLOYER IDENTIFICATION NUMBER: 43-0602162

DenSco Investment Corporation
ATTN: Denny J. Chittick
6132 West Victoria Place
Chandler, AZ 85226

July 23, 2013
Invoice# 10227984
Client# C068584
Matter# 0352992

REMITTANCE ADVICE

BALANCE FORWARD:

Balance per Statement Dated June 17, 2013	\$	2,989.00	
Payments and Other Credits		(2,989.00)	
BALANCE FORWARD			\$ 0.00

CURRENT CHARGES

Subtotal Fees for Legal services	\$	17,880.50	
10% DISCOUNT BY ATTORNEY		(1,788.05)	
Total Fees for Legal Services		16,092.45	
TOTAL CHARGES THIS INVOICE			\$ 16,092.45
STATEMENT TOTAL			\$ 16,092.45

PAYMENT INSTRUCTIONS

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St. Louis, MO 63150-3089

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St. Louis, MO 63101
Routing #081000032
Account # 100101007970

Wire Instructions:

Wire to: Bank of America
One Bank of America Plaza
St. Louis, MO 63101
ABA #0260-0959-3
Account # 100101007970

Swift Codes:
BOFAUS33 (incoming US wires)
BOFAUS63 (incoming Non-US wires)

Please include the Client, Matter, or Invoice Number with all payments.

DeSoo / 2013

Beauchamp, David

From: Jensen, Garth
Sent: Tuesday, August 06, 2013 5:34 PM
To: Beauchamp, David; Weakley, Mark
Cc: Brown, Vicki
Subject: RE: Client Alert: New SEC Private Placement Rules

David,

Thanks for your comments and kind words. I haven't had need to start some one on an updated subscription form yet. I'm not sure who may have done this for Susan. Either of Jennifer D'Alessandro or Stephanie Christensen would be a good choice if you need to have some one start on this. I'm on vacation this week, but would be happy to take a quick look at what they come us with.

Garth

From: Beauchamp, David
Sent: Tuesday, August 06, 2013 5:59 PM
To: Jensen, Garth; Weakley, Mark
Cc: Brown, Vicki
Subject: RE: Client Alert: New SEC Private Placement Rules

Garth:

Do you know of anyone in BC or BC-HRO who may have drafted a subscription agreement to comply with the changes to Rule 506? Susan Malone had contacted someone who had done that in our firm, but she has left the firm without giving me the form or telling me who had a draft of the revised form of subscription agreement.

By the way, you have received several compliments concerning the Bulletin on final rules on 506 private placements.

Thanks, David

David G. Beauchamp, Esq.
Bryan Cave LLP
email: david.beauchamp@bryancave.com

From: Jensen, Garth
Sent: Friday, July 19, 2013 12:54 PM
To: G3 All; WCSL
Subject: Client Alert: New SEC Private Placement Rules

All: We have prepared a client alert reporting on the issuance last week by the SEC of final rules on Rule 506 private placements. These rules include the long-anticipated rule mandated by the JOBS Act that removes the ban on general solicitations for certain private placements as well the Dodd-Frank-mandate rule preventing issuers from using the Rule 506 exemption (the most common Regulation D safe harbor) if executive officers, directors or certain other affiliates are felons or other "bad actors." Please feel free to forward to your clients and other contacts.

Garth Jensen and Randy Wang



To: Our Clients and Friends

From: The Bryan Cave [Corporate Finance and Securities Client Service Group](#)

SEC Adopts Final Rules to Rule 506 Private Placements: General Solicitations Ban Removed, "Bad Actors" Disqualified; Proposes Additional Rules to Monitor Private Placement Practices

The SEC recently adopted new rules to lift the ban on general solicitations and general advertising for Rule 506 private placements and Rule 144A offerings. In addition, the SEC also adopted rules disqualifying "bad actors" from taking advantage of the Rule 506 private placement safe harbor. These new rules will be effective 60 days from their publication in the Federal Register. The SEC has further proposed new rules that, among other things, require an SEC filing at the start of Rule 506 placements involving general solicitation, the inclusion of additional cautionary legends and disclosures in offering materials as well as a temporary (two-year) requirement to file general solicitation materials with the SEC.

Click [here](#) for a copy of the entire Bulletin.

Corporate Finance and Securities [Professionals](#).

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Beauchamp
 EXH. NO. 133
 7-19-18
 Kelly S. Oglesby CR 50178



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EMPLOYER IDENTIFICATION NUMBER: 45-16612162

DenSCO Investment Corporation
 ATTN: Denny J. Chittick
 6132 West Victoria Place
 Chandler, AZ 85226

August 14, 2013
 Invoice # 10235895
 Client # C068584

Payment is due upon
 Receipt

STATEMENT OF ACCOUNT

BALANCE FORWARD:

Balance per Statement Dated July 23, 2013	\$	16,092.45	
Payments and Other Credits		(16,092.45)	
BALANCE FORWARD		\$	0.00

CURRENT CHARGES FOR MATTER:

File #0352992
 2013 Private Offering Memorandum

Subtotal Fees for Legal Services	\$	4,770.50	
10% COURTESY DISCOUNT BY ATTORNEY		(477.05)	
Total Fees for Legal Services		4,293.45	

TOTAL CHARGES THIS INVOICE	\$	4,293.45	
STATEMENT TOTAL	\$	4,293.45	

PAYMENT INSTRUCTIONS

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 St. Louis, MO 63101
 ABA #0260-0959-3
 Account # 100101007976
 Swift Codes:
 BOPAU33N (incoming US wires)
 BOPAU66S (incoming Non-US wires)

Please include the Client, Matter, or Invoice Number with all payments.

For Legal Services Rendered Through July 31, 2013

File #0352992
2013 Private Offering Memorandum

07/01/13	E. K. Sipes	0.50 hrs.	262.50	Research definition of investment company; draft correspondence to D. Beauchamp regarding analysis of issuer's being deemed an investment company and accredited investor issues.
07/09/13	D. G. Beauchamp	0.80 hrs.	392.00	Review emails from E. Sipes concerning Investment Company Act and Investment Advisor restrictions and exemptions; verify exemptions.
07/10/13	D. G. Beauchamp	1.20 hrs.	588.00	Review emails and research information from R. Wang and E. Sipes concerning additional federal regulations for loans from investors; work on same.
07/12/13	D. G. Beauchamp	0.80 hrs.	392.00	Work on information, restrictions and offering materials; revise disclosure in Private Offering Memorandum.
07/15/13	D. G. Beauchamp	0.60 hrs.	294.00	Work on revisions to Private Offering Memorandum.
07/16/13	D. G. Beauchamp	1.40 hrs.	686.00	Review emails, notes and information concerning additional issues and restrictions for offering; outline information to add to Private Offering Memorandum.
07/17/13	D. G. Beauchamp	0.70 hrs.	343.00	Work on revisions to Private Offering Memorandum.
07/18/13	D. G. Beauchamp	0.40 hrs.	196.00	Work on disclosure information.
07/23/13	D. G. Beauchamp	0.50 hrs.	245.00	Work on and revise Private

DenSco Investment Corporation

August 14, 2013
Invoice # 10235895
Client # C068584
Page 3

				Offering Memorandum.
07/24/13	D. G. Beauchamp	0.60 hrs.	294.00	Work on issues for Private Offering Memorandum; outline questions for follow-up.
07/25/13	D. G. Beauchamp	1.10 hrs.	539.00	Work on revisions to Private Offering Memorandum; work on regulatory requirements.
07/29/13	D. G. Beauchamp	0.40 hrs.	196.00	Work on additional issues for Private Offering Memorandum.
07/31/13	D. G. Beauchamp	0.70 hrs.	343.00	Work on issues for Private Offering Memorandum and subscription documents.

Total Hours 9.70

Subtotal Fees for Legal Services \$ 4,770.50

10% COURTESY DISCOUNT BY ATTORNEY \$ (477.05)

Total Fees for Legal Services \$ 4,293.45

TOTAL CHARGES FOR THIS MATTER \$ 4,293.45



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Jefferson City | Kansas City | Los Angeles | New York | Paris | Phoenix | San Francisco | Shanghai | Singapore | St. Louis | Washington, D.C.

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Chandler, AZ 85226

August 14, 2013
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Client# C068584
Matter# 0352992

REMITTANCE ADVICE

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Total Fees for Legal Services		4,293.45	
TOTAL CHARGES THIS INVOICE	\$		4,293.45
STATEMENT TOTAL	\$		4,293.45

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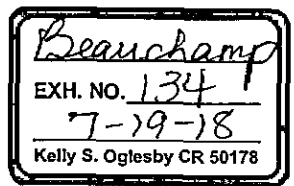
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Account # 100101007976

Swift Codes:
BOFAUS33 (incoming US wires)
BOFAUS66 (incoming Non-US wires)

Please include the Client, Matter, or Invoice Number with all payments.



Den 500 / 2013

Talk Denny Chittich (8/26/13)

602-469-3001

Capt message

- need to work on the latest version of POM that Denny has w/ the prior experience charts
- need to discuss timing & update

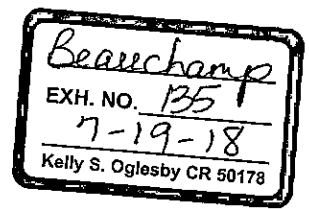
Talk Denny Chittich (8/26/13)

explained delay w/ POM

- need to get copy of Denny's latest POM & make changes to it

- BC will be sending a letter to Denny & letting Denny decide if he wants files kept at BC or move to C.H.

DIC0003481



From: Daniels, Tina
Sent: Fri 8/30/2013 10:07 PM (GMT-00:00)
To: dcmoney@yahoo.com
Cc: Beauchamp, David
Bcc:
Subject: David G. Beauchamp
Attachments: DGB - Densco.PDF

Please see attached correspondence from attorney David G. Beauchamp.



Cristina (Tina) Daniels
Assistant to R. Neil Irwin, David G. Beauchamp
& Marcel Valenta
2 North Central Avenue, Suite 2200
Phoenix, AZ 85004-4406
Direct line: (602) 364-7312
Facsimile: (602) 364-7070
e-mail: tina.daniels@bryancave.com



August 30, 2013

U.S. Mail and
Email: dcmoney@yahoo.com

PERSONAL AND CONFIDENTIAL

Mr. Denny J. Chittick
DenSCO Investment Corporation
6132 West Victoria Place
Chandler, AZ 85226

Dear Denny:

This is to inform you that David G. Beauchamp will be leaving Bryan Cave LLP effective August 31, 2013, to join the law firm of Clark Hill PLC.

In light of his departure, we are writing to discuss the disposition of your active and any inactive files located in our Phoenix office. The attached report is a list of your Bryan Cave LLP matters in the Phoenix office, including any files which have been inactive. It is important that you instruct us to release or retain each matter individually.

You are entitled to those documents currently in Bryan Cave LLP's possession relating to legal services performed by us for you, excluding internal accounting records and other documents not reasonably necessary to your representation. This includes personal or corporate documents or property. For your convenience, we have enclosed with this letter an index of each matter. If you choose to have some or all of the above-described files returned to you, Bryan Cave will arrange to have the files transferred or delivered to you. Under Bryan Cave's document retention policy, inactive files are destroyed ten years after a matter is closed. Please indicate any documents or property you would like returned to you.

Once you have completed your directions, please sign and date the attached page in the space provided and return the letter to the attention of David Beauchamp, at his contact information below, with copies to Jay Zweig at Bryan Cave's Phoenix office. You may do this by facsimile to David at (480) 684-1199, and to Jay at (602) 716-8300; or you may send an e-mail with your instructions to David Beauchamp, at dbeauchamp@clarkhill.com, with a copy to Jay Zweig at jay.zweig@bryancave.com; or you can return it via U.S. Mail. However you choose to respond, we would appreciate a written response by close of business on September 6, 2013. This will facilitate the efficient handling of your files.

Bryan Cave LLP
One Renaissance Square
Two North Central Avenue
Suite 2200
Phoenix, AZ 85004-4408
Tel (602) 364-7000
Fax (602) 364-7070
www.bryancave.com

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Page 2

David G. Beauchamp's contact information as of September 1, 2013 will be as follows:

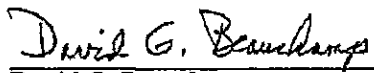
Clark Hill PLC
14850 N. Scottsdale Road, Suite 500
Scottsdale, AZ 85254
Office: (480) 684-1100
Mobile: (602) 319-5602
Fax (480) 684-1199

In the meantime, please contact us if you have any questions at the following numbers:

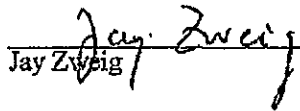
David Beauchamp: (602) 319-5602

Jay Zweig: (602) 364-7300

Very truly yours,



David G. Beauchamp



Jay Zweig

MATTER LIST

Please indicate in the spaces provided below those files you wish delivered to you, delivered to David Beauchamp at Clark Hill, PLC, retained by Bryan Cave LLP for handling, retained by Bryan Cave in offsite storage or destroyed. Any files that are not specifically marked will be retained under Bryan Cave's document retention policy and destroyed ten years after a matter is closed. In addition, please notify Bryan Cave LLP of any personal or corporate documents or property retained in these files. Such personal material will be returned to you at this time. Your signature is an acknowledgment of Bryan Cave LLP's retention policy.

Matter Name	Matter Number	Returned to Client	Delivered to David Beauchamp at Clark Hill PLC	Retained by Bryan Cave	Destroyed
C068584 - DenSco Investment Corp.					
2007 Private Offering	0224518	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2008 Private Offering	0220088	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2009 Private Offering	0232360	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2011 Private Offering	0322546	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2013 Private Offering	0352992	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AZ Practice Review	0326715	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blue Sky Issues	0235165	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Formation of affiliated entity w/partners	0323475	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Garnishments	0307850	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Corporate	0219815	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Page 4

I hereby acknowledge the return or destruction of the documents as indicated below.

By: _____ Date: _____
Name _____
Position _____

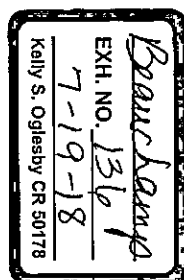
To schedule file(s) for pick-up at Bryan Cave's Phoenix office, please call Katherine Velazquez at 602-364-7044.

For matters to be shipped COD (collect on delivery), please fill out the form below:

Name: _____
Street Address: _____
City: _____
State: _____ Zip: _____
Phone: _____ Email: _____
FedEx Account Number: _____
UPS Account Number: _____
USPS COD (collect on delivery) _____

DUE DILIGENCE

DENSCO INVESTMENT CORPORATION
2013 Private Offering Memorandum



C068584/0352992

PX F:001 1:006
S 1 8 4 1 8 3 7 5

DIC0003427

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.



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.

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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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Quarterly Newsletter

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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>
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<u>9-30-10</u>	<u>12-31-10</u>	<u>3-31-11</u>	<u>6-30-11</u>
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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.

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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.

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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.

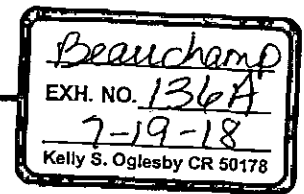
To discuss these issues further, please feel free to contact any of the Bryan Cave attorneys listed below:

Nir Yarden
(212) 541-2080
nir.yarden@bryancave.com

Erica L. Moscarello
(212) 541-2304
erica.moscarello@bryancave.com

Paul Huey-Burns
(202) 508-6010
paul.huey-burns@bryancave.com

Eric Rieder
(212) 541-2057
erieder@bryancave.com



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

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

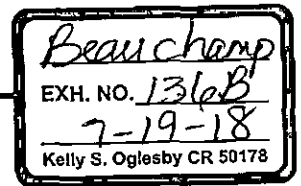
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CH_0005453



Message

From: Denny Chittick [dcmoney@yahoo.com]
Sent: 9/12/2013 3:18:30 PM
To: Daniels, Tina [tina.daniels@bryancave.com]
CC: Velazquez, Katherine [kdvelazquez@bryancave.com]
Subject: Re: David G. Beauchamp
Attachments: Docs Request.pdf

here you go

thx

dc

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

From: "Daniels, Tina" <tina.daniels@bryancave.com>
To: 'Denny Chittick' <dcmoney@yahoo.com>
Cc: "Velazquez, Katherine" <kdvelazquez@bryancave.com>
Sent: Thursday, September 12, 2013 3:10 PM
Subject: RE: David G. Beauchamp

Hi Denny,

Please return the letter we previously sent with your instructions (and signature) as to the file disposition. Our records department will then coordinate getting the requested files to you.

Thank you,

Tina Daniels



Cristina (Tina) Daniels

Assistant to R. Neil Irwin & Marcel Valenta
2 North Central Avenue, Suite 2200
Phoenix, AZ 85004-4406
Direct line: (602) 364-7312
Facsimile: (602) 364-7070
e-mail: tina.daniels@bryancave.com

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Thursday, September 12, 2013 2:50 PM

To: Daniels, Tina
Subject: Re: David G. Beauchamp

this is what david said:

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

thx
dc

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

From: "Daniels, Tina" <tina.daniels@bryancave.com>
To: "dcmoney@yahoo.com" <dcmoney@yahoo.com>
Cc: "Beauchamp, David" <David.Beauchamp@bryancave.com>
Sent: Friday, August 30, 2013 3:07 PM
Subject: David G. Beauchamp

Please see attached correspondence from attorney David G. Beauchamp.



Cristina (Tina) Daniels
Assistant to R. Neil Irwin, David G. Beauchamp

& Marcel Valenta
2 North Central Avenue, Suite 2200
Phoenix, AZ 85004-4406
Direct line: (602) 364-7312
Facsimile: (602) 364-7070
e-mail: tina.daniels@bryancave.com

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bcilp2013

MATTER LIST

Please indicate in the spaces provided below those files you wish delivered to you, delivered to David Beauchamp at Clark Hill, PLC, retained by Bryan Cave LLP for handling, retained by Bryan Cave in offsite storage or destroyed. Any files that are not specifically marked will be retained under Bryan Cave's document retention policy and destroyed ten years after a matter is closed. In addition, please notify Bryan Cave LLP of any personal or corporate documents or property retained in these files. Such personal material will be returned to you at this time. Your signature is an acknowledgment of Bryan Cave LLP's retention policy.

Matter Name	Matter Number	Returned to Client	Delivered to David Beauchamp at Clark Hill PLC	Retained by Bryan Cave	Destroyed
C068584 – DenSco Investment Corp.					
2007 Private Offering	0224518	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
2008 Private Offering	0220088	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
2009 Private Offering	0232360	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
2011 Private Offering	0322546	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2013 Private Offering	0352992	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AZ Practice Review	0326715	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blue Sky Issues	0235165	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Formation of affiliated entity w/partners	0323475	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Garnishments	0307850	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Corporate	0219815	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

I hereby acknowledge the return or destruction of the documents as indicated below.

By: 
 Name David Beauchamp
 Position Partner

Date: 8-31-13

To schedule file(s) for pick-up at Bryan Cave's Phoenix office, please call **Katherine Velazquez** at **602-364-7044**.

For matters to be shipped COD (collect on delivery), please fill out the form below:

Name: David Beauchamp

Street Address: 14850 N Scottsdale Rd #500

City: Scottsdale

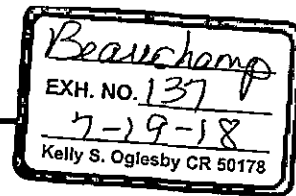
State: AZ Zip: 85254

Phone: 480-684-1100 Email: dbeauchamp@clarkhill.com

FedEx Account Number: _____

UPS Account Number: _____

USPS COD (collect on delivery) _____



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
480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

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CLARK HILL

David Beauchamp
T: 480.684.1126
F: 480.684.1199
dbeauchamp@Clarkhill.com

Clark Hill PLC
14850 N. Scottsdale Road
Suite 500
Scottsdale, AZ 85254
T 480.684.1100
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.

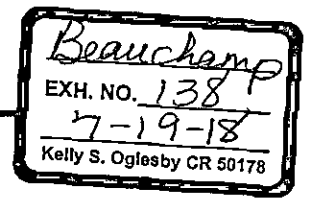
BILLING ARRANGEMENTS AND TERMS OF PAYMENT

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.

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

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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: Paul

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 Kiehar.
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: 85226 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 Activity Codes Required: Y N
Task Code _____ Activity Code _____

Attorney(s) Assigned: _____

DIC0008653

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:

DGB
Client Responsible Timekeeper, Signed

David Beauchamp
Print Name

9/13/13

JTS
Partner/Of Counsel/Manager/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)	DEESCO Investment Corporation
Address	
City	State
Zip	

Matter Information

Client Responsible	1482 Janshamp, 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 Report	0

ID	Full Name/Company	First Name	Action	Approval	Strong #
1	CHLIDB	Denny J.	Client Affdate	Accept	2
2	DEESCO Investment Corporation		Client	Accept	2

Approvals

Approval History			
Approver	Approval Type	Created Date	Status
KKLIBH	Conflicts	09/13/2013	Approve Conflicts
KKLIBH	Conflicts	09/13/2013	Approve Senior Conflicts

Finalization	
Search batch ID	30902 <input checked="" type="checkbox"/>

Timestamp	Date / Time	Action
09/13/2013 09:24AM	09/13/2013 09:24AM	Successfully created prospective search batch (160502)

Notes Archive

New Client

Submitted to
conflicts

Client

DenSec 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

Blanchamp
 EXH. NO. 139
7-19-18
 Kelly S. Oglesby CR 50178



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 Joffraan City | Kansas City | Los Angeles | New York | Paris | Phoenix | San Francisco | Shanghai | Singapore | St. Louis | Washington, D.C.

COMPANY IDENTIFICATION NUMBER: 43-4602162

DenSco Investment Corporation
 ATTN: Denny J. Chittick
 6132 West Victoria Place
 Chandler, AZ 85226

September 24, 2013
 Invoice # 10249588
 Client # C068584

Payment is due upon
 Receipt

STATEMENT OF ACCOUNT

BALANCE FORWARD:

Balance per Statement Dated August 14, 2013	\$	4,293.45	
Payments and Other Credits		(4,293.45)	
BALANCE FORWARD		\$	0.00

CURRENT CHARGES FOR MATTER:

File #0352992
 2013 Private Offering Memorandum

Fees for Legal Services	\$	196.00	
TOTAL CHARGES THIS INVOICE		\$	196.00
STATEMENT TOTAL		\$	196.00

PAYMENT INSTRUCTIONS

Check Payment Instructions:
 Bryan Cave LLP
 P.O. Box 503089
 St. Louis, MO 63150-3089
 Please return Remittance Advice with
 payment in the enclosed envelope.

ACH Payment Instructions:
 ACH to: Bank of America
 One Bank of America Plaza
 St. Louis, MO 63101
 Routing #031000032
 Account # 100101007976

Wire Instructions:
 Wire to: Bank of America
 One Bank of America Plaza
 St. Louis, MO 63101
 ABA #0260-0939-3
 Account # 100101007976
 Swift Codes:
 BOPALUS3N (incoming US wires)
 BOPALUS65 (incoming Non-US wires)

Please include the Client, Matter, or Invoice Number with all payments.

DenSco Investment Corporation

September 24, 2013
Invoice # 10249588
Client # C068584
Page 2

For Legal Services Rendered Through August 31, 2013

File #0352992
2013 Private Offering Memorandum

08/06/13	D. G. Beauchamp	0.40 hrs.	196.00	Review and respond to emails concerning revision to Regulation D and revisions to subscription documents and procedure.
----------	-----------------	-----------	--------	---

Total Hours	0.40
-------------	------

Total Fees for Legal Services	\$	196.00
-------------------------------	----	--------

TOTAL CHARGES FOR THIS MATTER	\$	196.00
-------------------------------	----	--------



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 Jefferson City | Kansas City | Los Angeles | New York | Paris | Phoenix | San Francisco | Shanghai | Singapore | St. Louis | Washington, D.C.

EMPLOYER IDENTIFICATION NUMBER: 43-0602163

DenSco Investment Corporation
 ATTN: Denny J. Chittick
 6132 West Victoria Place
 Chandler, AZ 85226

September 24, 2013
 Invoice# 10249588
 Client# C068584
 Matter# 0352992

REMITTANCE ADVICE

BALANCE FORWARD:

Balance per Statement Dated August 14, 2013	\$	4,293.45	
Payments and Other Credits		(4,293.45)	
BALANCE FORWARD			\$ 0.00

CURRENT CHARGES

Fees for Legal Services	\$	196.00	
TOTAL CHARGES THIS INVOICE			\$ 196.00
STATEMENT TOTAL			\$ 196.00

PAYMENT INSTRUCTIONS

Check Payment Instructions

Bryan Cave LLP
 P.O. Box 503089
 St. Louis, MO 63150-3089

Please return Remittance Advice with
 payment in the enclosed envelope.

ACH Payment Instructions

ACH to: Bank of America
 One Bank of America Plaza
 St. Louis, MO 63101
 Routing #081000332
 Account # 100101007976

Wire Instructions

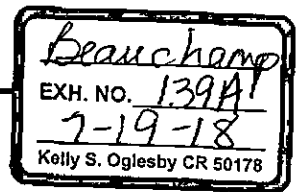
Wire to: Bank of America
 One Bank of America Plaza
 St. Louis, MO 63101
 ABA #0260-0939-3
 Account # 100101007976

Swift Code:
 BOPAU33N (incoming US wires)
 BOPAU363 (incoming Non-US wires)

Please include the Client, Matter, or Invoice Number with all payments.

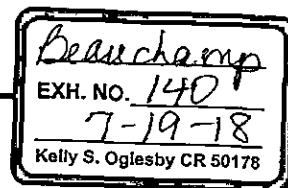
Message

From: Denny Chittick [dcmoney@yahoo.com]
Sent: 12/18/2013 10:11:43 AM
To: Beauchamp, David G. [dbeauchamp@clarkhill.com]
Subject: few things



1. since you moved, we've never finished the update on the memorandum. Warren is asking where it is.
 2. i've got two of my best borrowers moving to Fl, they are begging me to look at lending in FL. i don't know anything about the market there, but i trust these guys. i've done 20 million with them over the past 5 yrs. is it easy to find out the challenges, issues, etc with me lending there?
- thx
dc

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



Message

From: Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]
Sent: 12/18/2013 11:06:47 AM
To: 'dcmoney@yahoo.com' [dcmoney@yahoo.com]
CC: Beauchamp, David G. [dbeauchamp@clarkhill.com]
Subject: Re: 2011 memorandum

Denny:

Thank you.

Have a wonderful Holiday Season!

All the best, 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

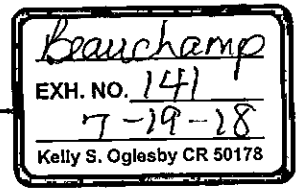
From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Wednesday, December 18, 2013 11:38 AM
To: Beauchamp, David G.
Subject: 2011 memorandum

here you go!

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

Message

From: Beauchamp, David G [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]
Sent: 1/6/2014 9:57:51 AM
To: Stringer, Lindsay L. [lstringer@clarkhill.com]
Subject: FW: 2011 memorandum
Attachments: Private Offering Memorandum 2011.doc



Lindsay:

This is what I sent to you last month. I think it was done but I am not sure where it is on our system.

Thanks, 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

From: Beauchamp, David G.
Sent: Wednesday, December 18, 2013 4:01 PM
To: Stringer, Lindsay L.
Subject: FW: 2011 memorandum

Lindsay:

Please put this on our system for DenSco Investment Corporation / 2013 POM.

Thanks, 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

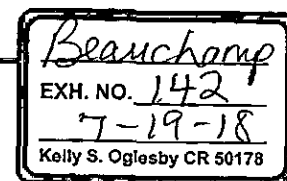
From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Wednesday, December 18, 2013 11:38 AM
To: Beauchamp, David G.
Subject: 2011 memorandum

here you go!

DenSco Investment Corp
www.denscoinvestment.com

Message

From: Denny Chittick [dcmoney@yahoo.com]
Sent: 1/6/2014 12:59:08 PM
To: Beauchamp, David G. [dbeauchamp@clarkhill.com]
Subject: see attached
Attachments: Bryan Cave Doc.pdf



read the first two pages, then give me a call.

thx

dc

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



Robert J. Miller
 Direct: (602) 364-7043
 Fax: (602) 716-8043
 rjmill@bryancave.com

January 6, 2014

VIA HAND-DELIVERY

Densco Investment Corporation
 Attn: Mr. Denny J. Chittick
 6132 W. Victoria Place
 Chandler, AZ 85226

Re: Mortgage Recordation; Demand For Subordination

Dear Mr. Chittick:

This law firm represents Azben Limited, LLC ("Azben"), Geared Equity, LLC ("Geared Equity") and 50780, LLC in connection with their disputes with you and your company, Densco Investment Corporation ("Densco"). As you know, Geared Equity and 50780, LLC previously made various loans to Arizona Home Foreclosures, LLC and/or Easy Investments, LLC (collectively, the "Borrower"). Sell Wholesale Funding, LLC ("SWF") also made certain loans to Borrower which were collaterally assigned to Azben. Azben, Geared Equity, and 50780, LLC will be collectively referred to herein as the "Lienholders." Geared Equity, 50780, LLC, and SWF will be collectively referred to herein as the "Lenders."

This demand letter addresses the Lienholders' loans to the Borrower and the real property collateral described on Exhibit A attached hereto (the "Loans" and the "Properties," respectively). The Lenders made each of the Loans to the Borrower for the specific purpose of providing purchase money financing so the Borrower would have sufficient funds to acquire the Properties through trustee sales conducted under Arizona law. The Lenders, in each and every instance, deliberately advanced the loan proceeds pursuant to certified funds delivered directly to the trustee and received a receipt from the trustee confirming delivery of such funds. The Lenders, in each and every instance, also promptly recorded deeds of trust confirming a senior lien position on each of the Properties.

The Lienholders recently learned that your company, Densco, engaged in a practice of recording a "mortgage" on each of the Properties on or around the same time as the Lenders were recording their senior deeds of trust. In each and every instance, Densco's recorded mortgage states that Densco provided purchase money funding and that Densco's loans are "evidenced by a check payable" to the trustee for each of the Properties.

Thus, Densco is taking the position in recorded documents that it provided a purchase money loan to the Borrower with respect to each of the Properties.

752649.3

Bryan Cave LLP
 One Renaissance Square
 Two North Central Avenue
 Suite 2200
 Phoenix, AZ 85008-4908
 Tel: (602) 364-7000
 Fax: (602) 364-7070
 www.bryancave.com

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 OF NON-LAWYER PROFESSIONALS

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Mr. Denny J. Chittick
January 6, 2014
Page 2

Presumably, Densco is taking the position that its alleged loan is senior to the liens of the Lienholders with respect to each of the Properties. Of course, this is a practical and legal impossibility since, in each and every instance, only the Lenders provided the applicable trustee with certified funds supporting the Borrower's purchase money acquisition for each of the Properties and, with respect to the loans made by SWF, Azben "stands in the shoes" of SWF as the senior purchase money lender.

This demand letter provides Densco with an opportunity to immediately clarify its position and rectify this situation. Because of the seriousness of this situation, the Lenders are presenting their position as a formal demand on you and Densco. The demand is as follows:

Included herein are two forms of subordination agreement – one form document applies to the Azben loans and the other form applies to the loans of Geared Equity and 50780, LLC. The Lienholders hereby demand that Densco agree to complete and deliver this exact form of subordination agreement for each of the Properties to my office so that these completed subordination agreements may be recorded and delivered to the Borrower.¹ If Densco does not immediately so agree in writing and complete this entire subordination delivery process by no later than five (5) business days from the date of this demand letter, then the Lenders will immediately commence litigation against Densco and the other parties involved in this situation.

Please give this matter your immediate and undivided attention. While the Lienholders will be asserting all of the claims they have against the parties involved in this situation absent the timely completion of this subordination process, the most obvious claims the Lienholders will assert are: (i) fraud and conspiracy to defraud; (ii) negligent misrepresentation; and (iii) wrongful recordation pursuant to A.R.S. §33-420. The Lienholders reserve all of their rights and remedies against Densco, you, and all other parties, and no such rights or remedies are waived, modified, or impaired in any way pursuant to this demand letter or otherwise.

Sincerely,



Robert J. Miller
FOR THE FIRM

RJM;se
Enclosure

¹ Property addresses and other "form" information will need to be included in each subordination agreement. My firm will only commence preparing a subordination agreement for each loan when written confirmation is provided that Densco has unconditionally agreed to execute each subordination agreement in the form enclosed herein. A subordination agreement is required for each and every loan even though several of the loans have been paid in full and even though in several instances it is very clear the Densco mortgage was recorded after the Lender's deed of trust was recorded – the Lenders are entitled to total and permanent clarity on all of these issues now.

Mr. Denny J. Chittick
January 6, 2014
Page 3

cc: **VIA FEDERAL EXPRESS (w/encs.)**

Kurt Johnson Associates, PC
23005 N. 15th Avenue
Suite 2
Phoenix, AZ 85027
Statutory Agent for Densco

Azben Limited, LLC (w/o encs.)
Geared Equity, LLC (w/o encs.)
50780, LLC (w/o encs.)
Sell Wholesale Funding, LLC (w/encs.)

Exhibit A

Azben Limited, LLC Loans

<u>Loan #</u>	<u>Street Address</u>	<u>City</u>	
5445	Sheila Ln, 7134 W	Phoenix	Paid in Full
5448	Palmier St, 3826 E	Gilbert	
5506	Palm St, 2681 S	Gilbert	
5514	Horsetail Trail, 1751 W	Phoenix	Paid in Full
5594	Maui Ln, 13920 W	Surprise	
5597	66th Dr, 10020 N	Glendale	
5619	Millbrae Ln, 2895 E	Gilbert	
5620	Wood Dr, 1502 W	Phoenix	
5621	170th Ln, 16010 N	Surprise	
5629	Wayland Dr, 23687 W	Buckeye	
5631	Lobo Ave, 10125 E	Mesa	
5641	Dublin St, 516 W	Chandler	
5644	Sunsites Dr, 18915 N	Surprise	
5645	Portland, 3043 S	Mesa	
5648	Yale, 1355 S	Mesa	
5660	Kent Ave, 3425 E	Gilbert	Paid in Full
5667	101st Dr, 2027 S	Tolleson	
5672	Peck Dr, 8987 W	Glendale	
5679	Colonial Dr, 977 S	Gilbert	
5680	220th Ln, 1040 S	Buckeye	
5684	Tyson St, 4232 E	Gilbert	Paid in Full
5685	Navajo St, 16739 W	Goodyear	
5690	Milburn, 2718 S	Mesa	
5691	Hassett, 126 S	Mesa	
5693	Ogelsby Ave, 11603 W	Youngstown	
5694	Cristine Ln, 15829 N	Surprise	Paid in Full
5695	85th Dr, 1629 S	Tolleson	
5719	Puget Ave, 18146 W	Waddell	
5720	Caribbean Ln, 14869 W	Surprise	
5722	Rose Garden Ln, 3014 W	Phoenix	
5724	Valley View Dr, 4119 W	Laveen	
5728	Gelding Dr, 4906 W	Glendale	
5729	Maldonado Dr, 3247 E	Phoenix	
5730	Anderson Dr, 3830 W	Glendale	
5742	Olla Ave, 9832 E	Mesa	
5754	Whyman St, 25510 W	Buckeye	
5755	233rd Ln, 1697 S	Buckeye	
5757	Bent Tree Dr, 2507 W	Phoenix	
5760	Arcadia Ave, 10836 E	Mesa	
5761	Sundance Way, 523 W	Chandler	

Geared Equity, LLC Loans

<u>Loan #</u>	<u>Street Address</u>	<u>City</u>	
13-6091	10440 W. Hammond Lane	Tolleson	
13-6094	39817 N. Messner Way	Anthem Way	
13-6104	W. Via Montoya Drive	Phoenix	
13-6105	11509 E. Pratt Ave	Mesa	Paid in Full
13-6113	707 E. Potter Drive	Phoenix	Property under review with Trustee for possible rescission of sale
13-6114	14904 W. Port Royale Lane	Surprise	
13-6118	4728 W. Carson Road	Laveen	
13-6122	978 N. 85th Place	Scottsdale	
13-6123	635 S. St Paul	Mesa	

50780, LLC Loans

<u>Loan #</u>	<u>Street Address</u>	<u>City</u>
13-1020	8116 E. Onza Avenue	Mesa
13-1051	11634 W. Adams Street	Avondale
13-1052	25863 W. Saint James Avenue	Buckeye

RECORDING REQUESTED
BY AND WHEN RECORDED
MAIL TO:

AZBEN LIMITED, L.L.C.
1223 S. Clearview Avenue
Suite 103
Mesa, Arizona 85209

Space Above This Line for Recorder's Use Only

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT (THIS "AGREEMENT") RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT ("Agreement"), made this ____ day of January, 2014, by SELL WHOLESALE FUNDING, LLC, an Arizona limited liability company (hereinafter referred to as "Senior Creditor"), whose mailing address is 4105 N. 20th Street, #210, Phoenix, Arizona 85016, and DENSCO INVESTMENT CORPORATION, an Arizona corporation (hereinafter referred to as "Junior Creditor"), whose mailing address is 6132 W. Victoria Place, Chandler, Arizona 85226;

WITNESSETH

THAT WHEREAS, Arizona Home Foreclosures, LLC, an Arizona limited liability company (hereinafter referred to as "Owner"), is the owner of the land hereinafter described on Exhibit "A" attached hereto and made a part hereof (the "Land" or the "Property"); and

WHEREAS, Owner, as mortgagor, executed a Mortgage ("Junior Mortgage") dated September 16, 2013, to and for the benefit of Junior Creditor, as mortgagee, and recorded on September 17, 2013 at 8:32 a.m., as Instrument No. 2013-0832534 in the Records of Maricopa County, Arizona ("Records"), purporting to encumber the Land, which Junior Mortgage purportedly secures payment of the sum of \$140,000.00 ("Junior Liabilities") which might come due under or pursuant to a purported loan made by Junior Creditor to Owner in such purported amount referenced in said Junior Mortgage. When used herein, the term "Junior Mortgage" shall not only mean and refer to the Junior Mortgage stated above, but also to: i) any re-recording thereof; and ii) that certain Deed of Trust and Assignment of Rents, of even date with the Junior Mortgage ("Junior Deed of Trust"), made by Owner, as trustor, to First American Title, as trustee, to and for the benefit of Junior Creditor, as beneficiary, which Junior Deed of Trust was recorded September 27, 2013 as Instrument No. 2013-0863555 in the Records; and

WHEREAS, Owner, as trustor, also executed that certain Deed of Trust and Assignment of Rents ("Senior Deed of Trust") dated September 16, 2013, to Fidelity National Title, as trustee, to and for the benefit of Senior Creditor, as beneficiary, which Senior Deed of Trust secures payment of a Promissory Note of Owner to Senior Creditor in the original stated principal amount of \$144,080.00 ("Purchase");

Money Note"), recorded September 17, 2013 at 9:50 a.m. as Instrument No. 2013-0833010 in the Records. Proceeds from the Purchase Money Note were used to pay, and represent, purchase money of and for the Property. The beneficial interest in the Senior Deed of Trust was thereafter collaterally assigned by Senior Creditor to Azben Limited, L.L.C., an Arizona limited liability company (hereinafter referred to as "**Azben**"), by Collateral Assignment of Beneficial Interest Under a Single Deed of Trust dated September 16, 2013 and recorded on September 17, 2013 as Instrument No. 2013-0833044 in the Records, and subsequently re-recorded on October 25, 2013 as Instrument No. 2013-0940922 in the Records to correct the recited date of original recordation of such document. When used herein, the term "Senior Deed of Trust" shall not only mean and refer to the Senior Deed of Trust, but also to the re-recordation thereof on October 4, 2013 as Instrument No. 2013-0885110 in the Records. Capitalized terms not otherwise defined herein shall have the meanings given them in the Senior Deed of Trust; and

WHEREAS, Senior Creditor and Junior Creditor have further agreed that the Junior Liabilities secured by the Junior Mortgage are and shall be subordinated to the Purchase Money Note and to other sums due and owing thereunder and under the Senior Deed of Trust (collectively, the "**Senior Liabilities**"), all in accordance with the terms hereof; and

WHEREAS, Senior Creditor and Junior Creditor have further agreed that i) the Senior Deed of Trust, securing the Purchase Money Note and representing purchase money for the Land, is a lien or charge upon the Land prior and superior to the lien or charge of the Junior Mortgage, ii) that Junior Creditor will specifically and unconditionally subordinate the lien or charge of the Junior Mortgage to the lien or charge of the Senior Deed of Trust, and iii) that the Junior Liabilities secured by the Junior Mortgage are subordinated to the Senior Liabilities, all as more fully set forth herein below; and

WHEREAS, it is to the mutual benefit of the parties hereto that Senior Creditor not: i) take any formal action (which would entail time and expense and in which Senior Creditor would prevail) to establish the first and prior nature of the lien of the Senior Deed of Trust; ii) institute immediate action for foreclosure of the Senior Deed of Trust which might result in proceeds insufficient to defray both the Senior Liabilities and the Junior Liabilities (it being understood that Senior Creditor's forbearance in this regard is limited to Owner's default ("**Owner's Recording Default**") under the Senior Deed of Trust occasioned by the existence of the Junior Deed of Trust and not to any other current or future defaults under the Senior Deed of Trust, including, without limitation, failure to pay at maturity or to perform any other terms and conditions of the Senior Deed of Trust or the Purchase Money Note (herein, "**Other Defaults**")); and iii) presently enforce the right of Senior Creditor to charge interest at the default rate under the Senior Deed of Trust (it being understood that such forbearance is limited to the effect of Owner's Recording Default and not to any Other Defaults) which would be in priority to the Junior Liabilities, and Junior Creditor is willing to agree that the Senior Deed of Trust securing the Purchase Money Note shall constitute a lien or charge upon the Land which is unconditionally prior and superior to the lien or charge of the Junior Mortgage.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Senior Creditor to forbear from taking formal actions to establish the lien priority of the Senior Deed of Trust, to not institute any foreclosure actions on account of Owner's Recording Default and not presently enforce interest at the default rate due on the Purchase Money Note on account of Owner's Recording Default, it is hereby declared, understood and agreed as follows:

- (1) That the Senior Deed of Trust securing the Senior Liabilities, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the Land therein described, prior and superior to the lien or charge of the Junior Mortgage.
- (2) That this Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Junior Mortgage to the lien or charge of the Senior Deed of Trust.

(3) That Senior Creditor may amend the Senior Deed of Trust or the Purchase Money Note in any manner without the prior written consent of Junior Creditor. No renewal, modification or extension of time of payment of the Senior Liabilities, and no release or surrender of any security for the Senior Liabilities, or the obligations of any endorsers, sureties or guarantors thereof, or release from the terms of this or any other subordination agreement of any claims subordinated, and no delay or omission in exercising any right or power on account of or in connection with the Senior Liabilities, or under this Agreement, shall, in any manner, impair or affect the rights and duties of Senior Creditor or Junior Creditor. Senior Creditor, in its uncontrolled discretion, may waive or release any right or option accorded Senior Creditor under this Agreement without the consent Junior Creditor, and without otherwise in any way affecting the obligations Junior Creditor hereunder. Junior Creditor hereby waives notice of the creation, existence, renewal, modification or extension of the time of payment, of the Senior Liabilities.

(4) That Junior Creditor may not amend the Junior Mortgage in any manner that would materially and adversely affect the Senior Liabilities or the Property, including, without limitation, increasing the face amount of the Junior Liabilities, increasing the interest rate or any payment obligations under the Junior Liabilities, or expanding Junior Creditor's security interests and liens under the Junior Loan relating to the Property, without the prior written consent of the Senior Creditor. Junior Creditor shall give Senior Creditor written notice as well as copies of any such amendments within five (5) business days after such documents have been executed by Junior Creditor.

(5) That Junior Creditor shall send to Senior Creditor a written copy of any notices given to Owner regarding: (i) any default under the Junior Mortgage or Junior Liabilities; or (ii) any event, with the giving of such notice or the passage of time without cure, would result in a default under the Junior Mortgage or Junior Liabilities. Junior Creditor agrees that all such notices to Senior Creditor shall be sent contemporaneously with the sending of such notices to Owner. Senior Creditor shall send to Junior Creditor a written copy of any notices given to Owner regarding: (i) any default under any of the Purchase Money Note or the Senior Deed of Trust; or (ii) any event, with the giving of such notice or the passage of time without cure, would result in a default or Event of Default under either the Purchase Money Note or the Senior Deed of Trust. Senior Creditor agrees that all such notices to Junior Creditor shall be sent contemporaneously with the sending of such notices to Owner. Senior Creditor and Junior Creditor shall each have the right, but not the obligation, to cure any default by Owner under the Junior Mortgage, on one hand, or the Purchase Money Note or the Senior Deed of Trust; on the other hand, and respectively. In addition, at any time and from time to time, Junior Creditor, at its option, shall have the right to fully repay the Purchase Money Note in full, together with accrued but unpaid interest and all of Senior Lender's costs and fees thereunder, in which case Junior Creditor shall be entitled to all of the rights and benefits of Senior Lender thereunder.

(6) Notwithstanding any lien now held or hereafter acquired by the Junior Creditor, the Senior Creditor may take possession of, sell, dispose of, and otherwise deal with all or any part of the Property, and may enforce any right or remedy available to it with respect to the Owner or the Property, all without notice to or the consent of the Junior Creditor except as specifically required by applicable law or this Agreement. The Senior Creditor shall have no duty to preserve, protect, care for, insure, take possession of, collect, dispose of, or otherwise realize upon any of the Property, except in accordance with applicable law (including the Arizona Uniform Commercial Code), and in no event shall the Senior Creditor be deemed the Junior Creditor's agent with respect to the Property. All proceeds received by the Senior Creditor with respect to the Property, or any portion thereof, may be applied, first, to pay or reimburse the Senior Creditor for all costs and expenses (including reasonable attorneys' fees) incurred by the Senior Creditor in connection with the collection of such proceeds, and, second, to any Senior Liabilities secured by the Senior Deed of Trust in any order that it may choose or as otherwise required by the Purchase Money Note or applicable law, and, third, to the Junior Liabilities.

(7) That, until the Senior Liabilities are paid in full, Junior Creditor agrees, except as expressly set forth herein, to not take any action or exercise any remedies under the Junior Deed of Trust or with respect of the Junior Liability or to cause Owner to voluntarily or involuntarily seek relief from its creditors, appointment of a receiver, liquidator or trustee for all or a major part of its assets or file a pleading or answer in any proceeding admitting insolvency, bankruptcy or inability of pay its debts as they mature.

(9) That if: (a) there occurs any casualty to the buildings or improvements constructed on the Property that is covered by insurance; or (b) any portion of the Property is condemned or taken under a power of eminent domain, Senior Creditor shall have the sole right, without any involvement or rights of Junior Creditor, to adjust, collect and compromise, in its sole discretion, all insurance proceeds and compensation and awards issued on account of such action.

(10) That the Recitals set forth above are incorporated by reference into the body of the Subordination Agreement as if fully re-written herein.

(11) No addition to or modification of any term or provision of this Agreement shall be effective unless set forth in writing and signed by both Senior Creditor and Junior Creditor.

(12) That each of Senior Creditor and Junior Creditor and attorneys for each such party have participated in the drafting and preparation of this Agreement. Therefore, the provisions of this Agreement shall not be construed in favor of or against either Senior Creditor or Junior Creditor, but shall be construed as if both Senior Creditor and Junior Creditor equally prepared this Agreement.

(13) That this Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute a single agreement. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by the other party.

(14) That the laws of the State of Arizona applicable to contracts to be performed wholly within Arizona shall govern this Agreement.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN SPECIFIC CONSIDERATION, A PORTION OF WHICH MAY BE EXPENDED, UTILIZED AND/OR APPLIED FOR OTHER PURPOSES THAN THE IMPROVEMENT OF THE LAND.

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

(Remainder of page intentionally blank.)

SENIOR CREDITOR:

SELL WHOLESale FUNDING, LLC, an Arizona limited liability company

By: _____
Printed Name: _____
Title: _____

STATE OF ARIZONA)
)ss.
County of Maricopa)

On _____, before me, the undersigned Notary Public, personally appeared _____, the _____ of SELL WHOLESale FUNDING, LLC, an Arizona limited liability company, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal,

My Commission
Expires:

Notary Public

JUNIOR CREDITOR:

DENSCO INVESTMENT CORPORATION, an Arizona corporation

By: _____
Denny J. Chittick, President

STATE OF ARIZONA)

)ss.

County of Maricopa)

On _____, before me, the undersigned Notary Public, personally appeared Denny J. Chittick, President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

My Commission
Expires:

Notary Public

AZBEN CONSENT

The undersigned AZBEN LIMITED, L.L.C., an Arizona limited liability company, hereby consents to the foregoing Subordination Agreement between Sell Wholesale Funding, LLC, an Arizona limited liability company, as senior creditor, and Densco Investment Corporation, an Arizona corporation, as junior creditor, pertaining to the Land more particularly described on Exhibit "A" attached hereto.

AZBEN LIMITED, L.L.C., an Arizona limited liability company

By: _____
Broc C. Hiatt, Manager

STATE OF ARIZONA)

)ss.

County of Maricopa)

On _____, before me, the undersigned Notary Public, personally appeared Broc C. Hiatt, Manager of AZBEN LIMITED, L.L.C., an Arizona limited liability company, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

My Commission
Expires:

Notary Public

EXHIBIT "A"

Description of Property

Lot 176, of SUBDIVISION LINDSAY AND WARNER, according to the Plat of Record in the Office of the County Recorder of Maricopa County, Arizona, recorded in Book 610 of Maps, Page 17.

APN: 309-25-432

RECORDING REQUESTED
BY AND WHEN RECORDED
MAIL TO:

GEARED EQUITY, LLC
6828 E. Camelback Rd.
Scottsdale, Arizona 85251

Space Above This Line for Recorder's Use Only

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT (THIS "AGREEMENT") RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT ("Agreement"), made this ____ day of January, 2014, by GEARED EQUITY, LLC, an Arizona limited liability company (hereinafter referred to as "Senior Creditor"), whose mailing address is 6828 E. Camelback Rd., Phoenix, Arizona 85251, and DENSCO INVESTMENT CORPORATION, an Arizona corporation (hereinafter referred to as "Junior Creditor"), whose mailing address is 6132 W. Victoria Place, Chandler, Arizona 85226;

WITNESSETH

THAT WHEREAS, Arizona Home Foclosures, LLC, an Arizona limited liability company (hereinafter referred to as "Owner"), is the owner of the land hereinafter described on Exhibit "A" attached hereto and made a part hereof (the "Land" or the "Property"); and

WHEREAS, Owner, as mortgagor, executed a Mortgage ("Junior Mortgage") dated August 6, 2013, to and for the benefit of Junior Creditor, as mortgagee, and recorded on August 6, 2013 at 12:46 p.m., as Instrument No. 2013-0717135 in the Records of Maricopa County, Arizona ("Records"), purporting to encumber the Land, which Junior Mortgage purportedly secures payment of the sum of \$150,000.00 ("Junior Liabilities") which might come due under or pursuant to a purported loan made by Junior Creditor to Owner in such purported amount referenced in said Junior Mortgage. When used herein, the term "Junior Mortgage" shall not only mean and refer to the Junior Mortgage stated above, but also to: i) any re-recording thereof, and ii) that certain Deed of Trust and Assignment of Rents, of even date with the Junior Mortgage ("Junior Deed of Trust"), made by Owner, as trustor, to Trustee Corps, as trustee, to and for the benefit of Junior Creditor, as beneficiary, which Junior Deed of Trust was recorded August 21, 2013 as Instrument No. 2013-0760511 in the Records; and

WHEREAS, Owner, as trustor, also executed that certain Deed of Trust and Assignment of Rents ("Senior Deed of Trust") dated August 6, 2013, to Thomas C. Wilmer, Esq., as trustee, to and for the benefit of Senior Creditor, as beneficiary, which Senior Deed of Trust secures payment of a Promissory Note of Owner to Senior Creditor in the original stated principal amount of \$152,800.00 ("Purchase");

Money Note"), recorded August 7, 2013 at 12:42 p.m. as Instrument No. 2013-0721399 in the Records. Proceeds from the Purchase Money Note were used to pay, and represent, purchase money of and for the Property. When used herein, the term "Senior Deed of Trust" shall not only mean and refer to the Senior Deed of Trust, but also to the re-recording thereof on August 22, 2013 as Instrument No. 2013-0765233 in the Records. Capitalized terms not otherwise defined herein shall have the meanings given them in the Senior Deed of Trust; and

WHEREAS, Senior Creditor and Junior Creditor have further agreed that the Junior Liabilities secured by the Junior Mortgage are and shall be subordinated to the Purchase Money Note and to other sums due and owing thereunder and under the Senior Deed of Trust (collectively, the "Senior Liabilities"), all in accordance with the terms hereof; and

WHEREAS, Senior Creditor and Junior Creditor have further agreed that i) the Senior Deed of Trust, securing the Purchase Money Note and representing purchase money for the Land, is a lien or charge upon the Land prior and superior to the lien or charge of the Junior Mortgage, ii) that Junior Creditor will specifically and unconditionally subordinate the lien or charge of the Junior Mortgage to the lien or charge of the Senior Deed of Trust, and iii) that the Junior Liabilities secured by the Junior Mortgage are subordinated to the Senior Liabilities, all as more fully set forth herein below; and

WHEREAS, it is to the mutual benefit of the parties hereto that Senior Creditor not: i) take any formal action (which would entail time and expense and in which Senior Creditor would prevail) to establish the first and prior nature of the lien of the Senior Deed of Trust; ii) institute immediate action for foreclosure of the Senior Deed of Trust which might result in proceeds insufficient to defray both the Senior Liabilities and the Junior Liabilities (it being understood that Senior Creditor's forbearance in this regard is limited to Owner's default ("Owner's Recording Default") under the Senior Deed of Trust occasioned by the existence of the Junior Deed of Trust and not to any other current or future defaults under the Senior Deed of Trust, including, without limitation, failure to pay at maturity or to perform any other terms and conditions of the Senior Deed of Trust or the Purchase Money Note [herein, "Other Defaults"]); and iii) presently enforce the right of Senior Creditor to charge interest at the default rate under the Senior Deed of Trust (it being understood that such forbearance is limited to the effect of Owner's Recording Default and not to any Other Defaults) which would be in priority to the Junior Liabilities, and Junior Creditor is willing to agree that the Senior Deed of Trust securing the Purchase Money Note shall constitute a lien or charge upon the Land which is unconditionally prior and superior to the lien or charge of the Junior Mortgage.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Senior Creditor to forbear from taking formal actions to establish the lien priority of the Senior Deed of Trust, to not institute any foreclosure actions on account of Owner's Recording Default and not presently enforce interest at the default rate due on the Purchase Money Note on account of Owner's Recording Default, it is hereby declared, understood and agreed as follows:

- (1) That the Senior Deed of Trust securing the Senior Liabilities, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the Land therein described, prior and superior to the lien or charge of the Junior Mortgage.
- (2) That this Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Junior Mortgage to the lien or charge of the Senior Deed of Trust.
- (3) That Senior Creditor may amend the Senior Deed of Trust or the Purchase Money Note in any manner without the prior written consent of Junior Creditor. No renewal, modification or extension of time of payment of the Senior Liabilities, and no release or surrender of any security for the Senior Liabilities, or the obligations of any endorsers, sureties or guarantors thereof, or release from the terms of this or any other subordination agreement of any claims subordinated, and no delay or omission in exercising any right or power on account of or in connection with the Senior Liabilities, or under this Agreement, shall, in

any manner, impair or affect the rights and duties of Senior Creditor or Junior Creditor. Senior Creditor, in its uncontrolled discretion, may waive or release any right or option accorded Senior Creditor under this Agreement without the consent Junior Creditor, and without otherwise in any way affecting the obligations Junior Creditor hereunder. Junior Creditor hereby waives notice of the creation, existence, renewal, modification or extension of the time of payment, of the Senior Liabilities.

(4) That Junior Creditor may not amend the Junior Mortgage in any manner that would materially and adversely affect the Senior Liabilities or the Property, including, without limitation, increasing the face amount of the Junior Liabilities, increasing the interest rate or any payment obligations under the Junior Liabilities, or expanding Junior Creditor's security interests and liens under the Junior Loan relating to the Property, without the prior written consent of the Senior Creditor. Junior Creditor shall give Senior Creditor written notice as well as copies of any such amendments within five (5) business days after such documents have been executed by Junior Creditor.

(5) That Junior Creditor shall send to Senior Creditor a written copy of any notices given to Owner regarding: (i) any default under the Junior Mortgage or Junior Liabilities; or (ii) any event, with the giving of such notice or the passage of time without cure, would result in a default under the Junior Mortgage or Junior Liabilities. Junior Creditor agrees that all such notices to Senior Creditor shall be sent contemporaneously with the sending of such notices to Owner. Senior Creditor shall send to Junior Creditor a written copy of any notices given to Owner regarding: (i) any default under any of the Purchase Money Note or the Senior Deed of Trust; or (ii) any event, with the giving of such notice or the passage of time without cure, would result in a default or Event of Default under either the Purchase Money Note or the Senior Deed of Trust. Senior Creditor agrees that all such notices to Junior Creditor shall be sent contemporaneously with the sending of such notices to Owner. Senior Creditor and Junior Creditor shall each have the right, but not the obligation, to cure any default by Owner under the Junior Mortgage, on one hand, or the Purchase Money Note or the Senior Deed of Trust, on the other hand, and respectively. In addition, at any time and from time to time, Junior Creditor, at its option, shall have the right to fully repay the Purchase Money Note in full, together with accrued but unpaid interest and all of Senior Lender's costs and fees thereunder, in which case Junior Creditor shall be entitled to all of the rights and benefits of Senior Lender thereunder.

(6) Notwithstanding any lien now held or hereafter acquired by the Junior Creditor, the Senior Creditor may take possession of, sell, dispose of, and otherwise deal with all or any part of the Property, and may enforce any right or remedy available to it with respect to the Owner or the Property, all without notice to or the consent of the Junior Creditor except as specifically required by applicable law or this Agreement. The Senior Creditor shall have no duty to preserve, protect, care for, insure, take possession of, collect, dispose of, or otherwise realize upon any of the Property, except in accordance with applicable law (including the Arizona Uniform Commercial Code), and in no event shall the Senior Creditor be deemed the Junior Creditor's agent with respect to the Property. All proceeds received by the Senior Creditor with respect to the Property, or any portion thereof, may be applied, first, to pay or reimburse the Senior Creditor for all costs and expenses (including reasonable attorneys' fees) incurred by the Senior Creditor in connection with the collection of such proceeds, and, second, to any Senior Liabilities secured by the Senior Deed of Trust in any order that it may choose or as otherwise required by the Purchase Money Note or applicable law, and, third, to the Junior Liabilities.

(7) That, until the Senior Liabilities are paid in full, Junior Creditor agrees, except as expressly set forth herein, to not take any action or exercise any remedies under the Junior Deed of Trust or with respect of the Junior Liability or to cause Owner to voluntarily or involuntarily seek relief from its creditors, appointment of a receiver, liquidator or trustee for all or a major part of its assets or file a pleading or answer in any proceeding admitting insolvency, bankruptcy or inability of pay its debts as they mature.

(9) That if: (a) there occurs any casualty to the buildings or improvements constructed on the Property that is covered by insurance; or (b) any portion of the Property is condemned or taken under a power of eminent domain, Senior Creditor shall have the sole right, without any involvement or rights of Junior Creditor, to adjust, collect and compromise, in its sole discretion, all insurance proceeds and compensation and awards issued on account of such action.

(10) That the Recitals set forth above are incorporated by reference into the body of the Subordination Agreement as if fully re-written herein.

(11) No addition to or modification of any term or provision of this Agreement shall be effective unless set forth in writing and signed by both Senior Creditor and Junior Creditor.

(12) That each of Senior Creditor and Junior Creditor and attorneys for each such party have participated in the drafting and preparation of this Agreement. Therefore, the provisions of this Agreement shall not be construed in favor of or against either Senior Creditor or Junior Creditor, but shall be construed as if both Senior Creditor and Junior Creditor equally prepared this Agreement.

(13) That this Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute a single agreement. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by the other party.

(14) That the laws of the State of Arizona applicable to contracts to be performed wholly within Arizona shall govern this Agreement.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN SPECIFIC CONSIDERATION, A PORTION OF WHICH MAY BE EXPENDED, UTILIZED AND/OR APPLIED FOR OTHER PURPOSES THAN THE IMPROVEMENT OF THE LAND.

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

(Remainder of page intentionally blank.)

SENIOR CREDITOR:

GEARED EQUITY, LLC, an Arizona limited liability company

By: _____
Printed Name: _____
Title: _____

STATE OF ARIZONA)

)ss.

County of Maricopa)

On _____, before me, the undersigned Notary Public, personally appeared _____, the _____ of GEARED EQUITY, LLC, an Arizona limited liability company, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

My Commission
Expires:

Notary Public

JUNIOR CREDITOR:

DENSCO INVESTMENT CORPORATION, an Arizona corporation

By: _____
Denny J. Chittick, President

STATE OF ARIZONA)
)ss.
County of Maricopa)

On _____, before me, the undersigned Notary Public, personally appeared Denny J. Chittick, President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

My Commission
Expires:

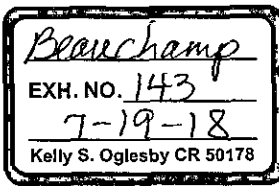
Notary Public

EXHIBIT "A"

Description of Property

Lot 218, of Anthem -- Unit 55, According to the Plat of Record in the Office of the County Recorder of Maricopa County, Arizona, Recorded in Book 665 of Maps, Page 30.
EXCEPT therefrom all coal, oil, gas and other mineral deposits, as reserved in the patent to the land.

APN: 211-93-218



Den Sco / ~~Sen~~
workout

Tew Denny Chittick (4/6/14)

602-469-3001

- left message

Scott

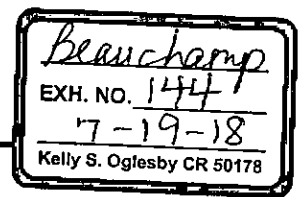
Tew Denny Chittick (4/6/14)

602-469-3001

- largest Borrower had a guy working in his office + was getting 2 ~~loans~~ loans on each property
- Thurs 10 - 11:45

already fixed about 6 loans

- these guys have not indicated any willingness to extend the loans to work this out



Message

From: Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]
Sent: 1/9/2014 8:20:59 AM
To: Stringer, Lindsay L. [lstringer@clarkhill.com]
Subject: Fw: the details
Attachments: RM Easy Investments.doc; DOT Easy Investments.doc; Note Easy Investment.doc; HUD Pratt 90k.pdf

Please print this for me and reserve a conf room from 10 to noon today with a whiteboard.

Thanks

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: Tuesday, January 07, 2014 01:49 PM
To: Beauchamp, David G.
Cc: Yomtov Menaged <smena98754@aol.com>
Subject: the details

I thought i would give you something to read so that you are up to date and you can have questions for us when we arrive. i'm bringing Scott with me.

I've been lending to Scott Menaged through a few different LLC's and his name since 2007. i've lent him 50 million dollars and i have never had a problem with payment or issue that hasn't been resolved.

Sometime last year, his wife became ill with cancer. his cousin was working with him and took on a stronger day to day role as scott was distracted with his wife. Scott always was the one that determined what properties to buy, how much etc. his cousin was doing paperwork, checks and management of the day to day. At

- some point his cousin decided to take advantage of our relationship and started to steal money. Scott would request a loan from me, his cousin would request a loan from another borrower (i would say there are as many as 1/2 dozen different lenders in total) . Because of our long term relationship, when Scott needed money, i would wire the money to his account and he would pay the trustee. I do this same thing with several borrowers and bidding co's. As an example, He would buy a property at auction for 100k, it's worth 145k, he would ask me for 80k. i would wire it to him, he would pay the trustee with my 80k and his 20k and he would sign the RM, which i've attached (all docs you have reviewed and have been reveived by a guy at your last law firm, maybe two firms ago in 2007). i've attached them. i would record the RM the day he paid for the property. then once the trustee's deed was recorded, which during the last few years has been at times 6 weeks from the auction date to the recorded date, i then would record my DOT. this is a practice that i have done for 14 years. it's recognized by all the escrow co's. Some title agents won't see anything before the trustee's deed recording as a valid lien, some look at the whole chain. for me to be covered, i would record the RM to muddy up title then record the DOT after the trustee's deed to ensure my first position lien. when the loan is paid off, i always send a release for both liens. when i say that some title officers request it and some don't , it seems to matter of opinion rather than a hard and fast law/requirement/demand/ or something of that nature. Again, this is what i do on every single auction property no matter who is the borrower.
- What is cousin was doing was receiving the funds from me, then requesting them from the other lenders. these other lenders would

○ cut a cashiers check for the agreed upon loan amount and then take it to the trustee and receive the receipt. they would then record a DOT immediately, then after the trustee's deed is recorded, they would re-record their DOT. Sometimes i would record my RM first sometimes they would. then after the trustee's deed, sometimes i would record my DOT first sometimes they would.

The cousin absconded with the funds. Scott figured this out in mid November. He came to me and told me what was happening. he said he had talked to the other lenders and they agreed that this was a mess, and as long as they got their interest and were being paid off they wouldn't foreclose, sue or anything else.

○ Scott and i spent a great amount of time creating a plan to fix this. Our plan is simple, sell off the properties and pay off both liens with interest and make everyone whole. Because many of the houses were bought in the first half of last year. they are upside down, but not nearly as bad as you would think. if Scott paid 100k, i lent 80k and another lender lent 80k. the house is now worth 140k, it's upside down 20k. However there are some houses that are more upside down than this. Coming up with the short fall on all these houses is a challenge , but we believe it's doable. our plan is a combination of injecting capital and extending cheaper money, along with continuing the business as he's run it for years, by flipping homes which will generate profits.

The Plan:

1. all lenders will be paid their interest, except me, i'm allowing my interest to accrue.
- 2. i'm extending him a million dollars against a home at 3%

- 3. he is bringing in 4-5 million dollars over the next 120 days from liquidating some assets as well as getting some money back that the cousin stole, and other sources.
- 4. he's got a majority of these houses rented, this brings in a lot of money every month.
- 5. the houses that he's buying now and will be flipping will bring in money every week starting next week or two.
- 6. as the houses become vacant either because of ending the lease or the tenant leaves, scott will fix up the house and sell it retail. this will drive the order in which the houses will be sold.
- 7. he also owns dozens of houses that only have one lien on them and have substantial equity in them, and he'll be selling these as the tenants vacate.

○ i've been over this plan 100 times and the numbers and i truly believe this is the right avenue to fix the problem. we have been proceeding with this plan since November and we've already cleared up about 10% of the total \$'s in question. that's in the slowest part of the selling season. We feel once things pick up seasonally we can speed this up

the gentleman that handed me the paperwork, believes because he physically paid the trustee that he is in first position, but agrees it's messy. he wants me to subordinate to him, no matter who recorded first. we have paid off one of his loans, you'll see on this list Pratt - paid in full, i've attached the hud-1 and you see that it shows me in first position versus his belief. now that's one title agents opinion, i understand that's not settling legal dispute on who's in first or second.

○



I know that i can't sign the subordination because that goes against everything that i tell my investors. plus i can tell you there are several other lenders waiting to see what i do, if i sign with this group, they want to have me sign one for them too.

What we need is an agreement that as long as the other lenders are being paid their interest and payoffs continue to come, (we have 12 more houses in escrow currently, all planned to close in the next 30 days) , that no one initiates foreclosure for obvious reasons, which will give us time to execute our plan.

let me know any questions so that when we meet we can be productive as possible.

thx
dc



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



Appointment

From: Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]
Sent: 1/6/2014 2:58:33 PM
To: Beauchamp, David G. [dbeauchamp@clarkhill.com]
Subject: meeting with Denny Chittick + Scott (Borrower)
Location: need conference room
Start: 1/9/2014 9:00:00 AM
End: 1/9/2014 10:45:00 AM
Show Time As: Busy

DenSco (Managed)

~~Lead~~

Met w/ Denny Cliftick & Scott Managed (12/14)

- put cousin in charge
- eliminated about 10% in last 45 days → through liquidation & another 12 are in escrow (3 or 4 should be the plaintiffs)
- happened to about 100 to 125 properties

- what happened to the money?

- will pursue something w/ his cousin → but trying to determine where the money has gone

→ Plan

- to pay off other lenders through
 - Denny to raise coverage + loan amount from 75% to 90%
 - other investors to help Scott to come up w/ the balance

- strategically pick the properties
- some are leased & are tied up for

+ Dan, Craig & Len → they came to ^(+ met w/) DC

- most of their properties
- supposedly they are in touch w/ other lenders

- pushing to get
 - they are getting paid current

— 60 total properties (approx \$6 MM)

— of group from Bob Miller's letter + the other lenders that they are talking to

Jeff Coulter → atty for Scott

— Chris Hyman → directed deals to different lenders (brokers)

— Greg Reichman - Active Funding

↳ Scott met w/ him → if there is a subordination agent, Greg wants to be protected → if none, he is OK - understands the plan

↳ partner Jodie Angel (atty)
↳ (he)

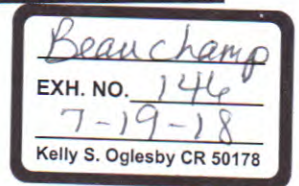
Plan (tent)

— 90 days

— what does Denny need to do to get the full time

Message

From: Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]
Sent: 1/9/2014 1:27:11 PM
To: Denny Chittick [dcmoney@yahoo.com]
Subject: RE: David G. Beauchamp



Denny:

Thanks, 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

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Thursday, January 09, 2014 1:50 PM
To: Daniels, Tina
Cc: Velazquez, Katherine
Subject: Re: David G. Beauchamp

Please forward the files to him.

thx
dc

DenSco Investment Corp
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602-469-3001 C
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From: "Daniels, Tina" <tina.daniels@bryancave.com>
To: 'Denny Chittick' <dcmoney@yahoo.com>
Cc: "Velazquez, Katherine" <kdvelazquez@bryancave.com>
Sent: Thursday, January 9, 2014 1:35 PM
Subject: RE: David G. Beauchamp

Denny, when we sent out our initial authorization letter to you, several of your matters were not "checked" and remain here at the firm. They are:

0224518 – 2007 Private Offering
0220088 – 2008 Private Offering
0232360 – 2009 Private Offering
0323475 – Formation of Affiliated Entity with Partners

If you would kindly give your authorization by a return email, we will send these files over to David's office.

Thank you,

Tina

Cristina (Tina) Daniels

Assistant to R. Neil Irwin, James D. Smith, Hal Morgan & Dan Crane
2 North Central Avenue, Suite 2200
Phoenix, AZ 85004-4406
Direct line: (602) 364-7312
Facsimile: (602) 364-7070
e-mail: tina.daniels@bryancave.com

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Thursday, January 09, 2014 12:50 PM
To: Daniels, Tina
Cc: Velazquez, Katherine
Subject: Re: David G. Beauchamp

Can you forward to David Beauchamp the research material on the 2009 offering memorandum?

thx
dc

From: "Daniels, Tina" <tina.daniels@bryancave.com>
To: 'Denny Chittick' <dcmoney@yahoo.com>
Cc: "Velazquez, Katherine" <kdvelazquez@bryancave.com>
Sent: Thursday, September 12, 2013 3:10 PM
Subject: RE: David G. Beauchamp

Hi Denny,

Please return the letter we previously sent with your instructions (and signature) as to the file disposition. Our records department will then coordinate getting the requested files to you.

Thank you,

Tina Daniels



Cristina (Tina) Daniels

Assistant to R. Neil Irwin & Marcel Valenta
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Phoenix, AZ 85004-4406
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Facsimile: (602) 364-7070
e-mail: tina.daniels@bryancave.com

From: Denny Chittick [<mailto:dcmoney@yahoo.com>]
Sent: Thursday, September 12, 2013 2:50 PM
To: Daniels, Tina
Subject: Re: David G. Beauchamp

this is what david said:

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

thx
dc

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From: "Daniels, Tina" <tina.daniels@bryancave.com>
To: "dcmoney@yahoo.com" <dcmoney@yahoo.com>

Cc: "Beauchamp, David" <David.Beauchamp@bryancave.com>
Sent: Friday, August 30, 2013 3:07 PM
Subject: David G. Beauchamp

Please see attached correspondence from attorney David G. Beauchamp.



Cristina (Tina) Daniels

Assistant to R. Neil Irwin, David G. Beauchamp
& Marcel Valenta

2 North Central Avenue, Suite 2200

Phoenix, AZ 85004-4406

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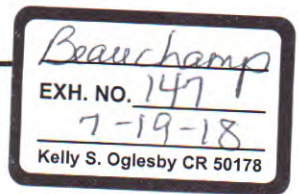
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bc1p2013

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bc1p2013

Message

From: Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]
Sent: 1/9/2014 1:30:22 PM
To: Denny Chittick [dcmoney@yahoo.com]
Subject: RE: two trusts



Denny:

Let me think about it. I will get back to you.

Best, 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

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Thursday, January 09, 2014 2:16 PM
To: Beauchamp, David G.
Subject: two trusts

I have one investor that has two trusts with me, each one for his children, i spoke with him. he says that the children's trusts are subsets of larger family trusts that they have a pro-rated share of (you know how they create these spider web of trusts) even though he his the trustee, has full authority over them, he cannot definitively say that they would valued at 5 million each. what do you recommend that i do? he's completely flexible, i've known him for 20 yr, one of my first investors. This is the Taser guy, Tom Smith.

thx
dc

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www.denscoinvestment.com

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602-532-7737 f



Message

From: Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]
Sent: 1/9/2014 9:41:55 PM
To: 'dcmoney@yahoo.com' [dcmoney@yahoo.com]
CC: Beauchamp, David G. [dbeauchamp@clarkhill.com]
Subject: Re: auction properties/paying trustee

Denny:

Let me see what the other lenders got from the Trustee and we can make a better decision. There is either another way to do it or someone described a procedure that does not work.

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

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Thursday, January 09, 2014 08:55 PM
To: Beauchamp, David G.
Subject: auction properties/paying trustee

If i cut a cashiers check and take it to the trustee myself, i dont' get a receipt that DenSco Paid for it. i get a receipt saying that x property was paid for, for X \$'s vested in borrower's name. my name doesn't appear on it. other than having a cashiers check receipt saying that i made a check out for it, there isn't anything from the trustee saying that it was my check.

i could wire Scott the money, he could produce a cashiers check that says remitter is DenSco and it would have the exact same affect as if i got cashiers check that said i'm the remitter.

i don't just do this with scott, i do this with 90% of the guys that i fund at the auctions. 90% of the time there is an intermediary

between my borrower and the trustee, a bidding co. everyone wires the money to the bidding co and the bidding co' gets the cashiers check saying remitter is the buyer.

put aside the logistics for a second, what proof or what guarantee is there by me cutting the check and handing it to suzy at the trustees office rather than my borrowers?

i know i must be missing something.
dc

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602-532-7737 f



DenSco / Workout

Beauchamp, David G.

From: Denny <dcmoney@yahoo.com>
Sent: Friday, January 10, 2014 4:37 AM
To: Beauchamp, David G.
Subject: Re: auction properties/paying trustee

I will do some more checking with Trustee's

Sent from my iPad

On Jan 9, 2014, at 10:41 PM, "Beauchamp, David G." <DBeauchamp@ClarkHill.com> wrote:

Denny:

Let me see what the other lenders got from the Trustee and we can make a better decision. There is either another way to do it or someone described a procedure that does not work.

Best regards, David

David G. Beauchamp
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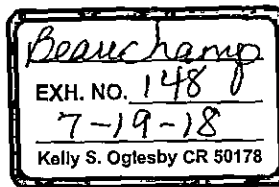
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DenSoo/Waldman

Beauchamp, David G.

From: Miller, Robert <rjmiller@BryanCave.com>
Sent: Friday, January 10, 2014 5:52 PM
To: Beauchamp, David G.
Cc: Denny J. Chittick (dcmoney@yahoo.com); Velazquez, Katherine; Daniels, Tina; Erwin, Sally; Office Services, Phoenix
Subject: RE: David G. Beauchamp

Makes sense. Thanks for the clarifications. We'll get on this Monday morning. Have a good weekend.

Bob

From: Beauchamp, David G. [mailto:DBeauchamp@ClarkHill.com]
Sent: Friday, January 10, 2014 5:27 PM
To: Miller, Robert
Cc: Denny J. Chittick (dcmoney@yahoo.com); Velazquez, Katherine; Daniels, Tina; Erwin, Sally; Office Services, Phoenix
Subject: RE: David G. Beauchamp

Bob:

If I remember correctly, the files are voluminous. Obviously it is up to you, but you might want these files to be held in an empty office due to the volume of material.

Initially, we should try to limit the scope as follows:

The 0323475 – Formation of Affiliated Entity with Partners file is not related to this issue and can also be retained until this is resolved.

The 2007 file is from Gammage & Burnham and is not related to this issue and can be retained by BC until this issue is resolved. This might later become an issue, if the 2008 or 2009 files reference and approve the information in the 2007 file, but I think that is unlikely.

The drafts of the private offering memoranda (in the 2008 and the 2009 files) probably fill a couple of redwells. That portion of each file can be retained by BC until we can confirm the issues we discussed.

The applicable portions of the 2008 and the 2009 file are the workpapers, any research filebacks, and correspondence (and emails if separate from correspondence). Hopefully, that will make this workable, but please scan the applicable fileback list for both files and send them to me to determine if any other filebacks are necessary for this immediate question.

Thank you for your assistance with this matter.

Sincerely, 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

From: Miller, Robert [<mailto:rimiller@BryanCave.com>]
Sent: Friday, January 10, 2014 5:00 PM
To: Velazquez, Katherine
Cc: Beauchamp, David G.; Denny J. Chittick (dcmoney@yahoo.com); Daniels, Tina; Erwin, Sally
Subject: RE: David G. Beauchamp

Please put them in my office. We will need to keep at least a portion of the files. Thanks.

David – When you have a minute please get me feedback on the email below re: scope of what you need. It'd be good to minimize copy expenses if we can. Obviously, if the files are not voluminous it does not matter.

Thanks.

Bob

From: Velazquez, Katherine
Sent: Friday, January 10, 2014 4:52 PM
To: Miller, Robert
Cc: 'Beauchamp, David G.'; Denny J. Chittick (dcmoney@yahoo.com); Daniels, Tina
Subject: Re: David G. Beauchamp

I have all the files ready to go and spoke with Rodney Grayson from Clark Hill who will be picking up the files around 7:30am Monday morning.

Sent from my Verizon Wireless 4G LTE DROID

"Miller, Robert" <rimiller@BryanCave.com> wrote:

Katherine –

Please talk to me first thing Monday morning about what we need to do to expedite this request. David/Denny – Do you want just the correspondence and the research portions of the file? Just don't want to deal with copying everything and the attendant cost if we can help it. Let me know your thoughts and thanks.

Bob

From: Beauchamp, David G. [<mailto:DBeauchamp@ClarkHill.com>]
Sent: Friday, January 10, 2014 4:37 PM
To: Miller, Robert
Cc: Denny J. Chittick (dcmoney@yahoo.com); Daniels, Tina; Velazquez, Katherine
Subject: FW: David G. Beauchamp

Bob:

As a follow up to our conversation, here is the email chain with respect to the additional DenSco Investment files being sent by Bryan Cave to my new firm.

Regards, David

David G. Beauchamp

CLARK HILL PLC
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From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Thursday, January 09, 2014 1:50 PM
To: Daniels, Tina
Cc: Velazquez, Katherine
Subject: Re: David G. Beauchamp

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thx

dc

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From: "Daniels, Tina" <tina.daniels@bryancave.com>
To: 'Denny Chittick' <dcmoney@yahoo.com>
Cc: "Velazquez, Katherine" <kdvelazquez@bryancave.com>
Sent: Thursday, January 9, 2014 1:35 PM
Subject: RE: David G. Beauchamp

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0232360 – 2009 Private Offering
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From: Denny Chittick [mailto:dcmoney@yahoo.com]
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To: Daniels, Tina
Cc: Velazquez, Katherine
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Cc: "Velazquez, Katherine" <kdvelazquez@bryancave.com>
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Subject: RE: David G. Beauchamp

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From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Thursday, September 12, 2013 2:50 PM
To: Daniels, Tina
Subject: Re: David G. Beauchamp

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Blue Sky issues
Garnishments
General Corporate
2011 and 2013 Private Offering

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David G. Beauchamp

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dc

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From: "Daniels, Tina" <tina.daniels@bryancave.com>
To: "dcmoney@yahoo.com" <dcmoney@yahoo.com>
Cc: "Beauchamp, David" <David.Beauchamp@bryancave.com>
Sent: Friday, August 30, 2013 3:07 PM
Subject: David G. Beauchamp

Please see attached correspondence from attorney David G. Beauchamp.



Cristina (Tina) Daniels
Assistant to R. Neil Irwin, David G. Beauchamp
& Marcel Valenta
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bcllp2013

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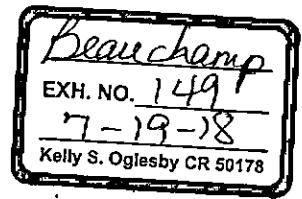
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bcllp2014

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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 #: 43820

B. Client Information (for new clients only):

True Legal Name: _____

Client name for billing (if different from true legal name): _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____ Country: _____

Contact Name (A/R purposes): _____ Contact Telephone #: _____

Contact Fax #: _____ Contact E-mail Address: _____

Originator Responsible Timekeeper:

Single originator, list name: David G. Beauchamp

Shared origination, list names and percentages: _____

C. Matter Information:

Practice Group Assigned: Corporate

Nature of Assignment (Explain in sufficient detail the nature of the work.):

Loan work-out

Matter Name: Work-out of lien issue

Matter Contact Name and E-mail Address (A/R Purposes, if different from Client Contact):

Contact Name: _____ Contact E-mail Address: _____

Referred By: MERGER - 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: David G. Beauchamp

Shared client responsible timekeepers, list names and percentages: _____

Matter Responsible (Supervising) Timekeeper (senior level only):

Single matter responsible timekeeper, list name: David G. Beauchamp

Shared matter responsible timekeepers, list names and percentages: _____

Task Codes Required: Y N

Task Code _____

Activity Codes Required: Y N

Activity Code _____

Attorney(s) Assigned: _____

D. File Labels:

Labels: Correspondence; Work Papers; Client Documents; Attorney Notes; 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 DOB (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: An existing client

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: Already a client

F. Approvals:

<u>DOB</u> Client Responsible Timekeeper, Signed	David G. Beauchamp Print Name	1/10/2014 Date
<u>DA DeGerome</u> Practice Group Leader or Delegate, Signed	David A. De Gerome Print Name	1/10/2014 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 # <u>43820</u>	Matter # <u>170082</u>	Date Records Received: <u>JAN 14 2014</u>
Records Initial: <u>LSA</u>	Date Linked by Conflicts: _____	Conflicts Initial: _____

NBIE16011

Client Information

Client (True Legal)	43820 DenSco Investment Corporation
Address	DenSco Investment Corporation Attn: Denny Chittick 6132 W. Victoria Place Chandler, AZ 85226
City	Chandler State AZ
Zip	85226

Matter Information

Client Responsible	1482 Beauchamp, David G.
--------------------	--------------------------

Matter Parties

Report Type	<input checked="" type="radio"/> All Relationships Report
Direct Conflicts Report	
Nature of Matter	Loan Work-out
Conflict Check Type	None of the above
Conflicts Found?	<input checked="" type="radio"/> Yes <input type="radio"/> No
No. of Conflicts Reports	1

ID	Last Name/Company	First Name	Affiliation	Approval	Group #
1	Arizona Home Foreclosures, LLC		Adverse	Accept	1
2	Menaged	Yomtov Scott	Adverse	Accept	1
3	DenSco Investment Corporation		Client	Accept	2

Approvals

Approver	Approval Type	Signed Date	Status
KKLISH	Conflicts	01/09/2014	Approve Conflicts
LROSS	Conflicts	01/09/2014	Approve Senior Conflicts
DBEAUCHAMP	Attorney	01/09/2014	Approve Conflicts Report

Search Batch ID	169465, 169466	
Username	Date / Time	Action
clarkhillpic@clarkhillplc.com	01/09/2014 01:56 PM	Successfully created prospective search batch (169465,169466).

Notes Archive

Date: 01/09/2014
 Batch: 169466

CONFLICTS SEARCH RESULTS

Names Submitted:

1. DENSCO INVESTMENT CORPORATION

* Other = Client Affiliate = Parties deemed clients for conflict purposes because of their affiliation with a Clark Hill client.

Client/Matrix#	Client Name	Matter Name	Party Name	Role*	Contact/Attorney	Client Last Time Entry	Matter Last Time Entry	Status
33014-139230	Chrysler Group LLC	Denso Corporation	DENSCO CORPORATION	Adverse	Berg, John	01/08/2014	09/28/2010	
43820	DenSco Investment Corporation			Client	Beauchamp, David G.	12/30/2013		Active
33295	Denso Corporation			Client	Richner, Andrew C.	02/12/2013		Active

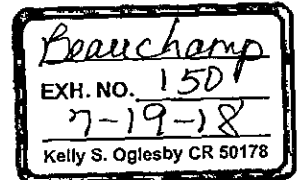
Search Terms:

1. DENS*
2. *CO*

DenSec / Workout

Beauchamp, David G.

From: Denny <dcmoney@yahoo.com>
Sent: Sunday, January 12, 2014 9:35 PM
To: Beauchamp, David G.
Subject: Re: Plan



No I am not aware of who it is or what their agreement is

Sent from my iPad

On Jan 12, 2014, at 9:33 PM, "Beauchamp, David G." <DBeauchamp@ClarkHill.com> wrote:

Denny:

Thank you for the update. You should feel very honored that you could raise that amount of money that quickly.

I will outline a few thoughts tomorrow and get back to you. Do you know the terms that Scott is having to give his investor?

Best, 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

From: Denny Chittick [<mailto:dcmoney@yahoo.com>]
Sent: Sunday, January 12, 2014 03:05 PM
To: Yomtov Menaged <smena98754@aol.com>; Beauchamp, David G.
Subject: Plan

I've spent the day contacting every investor that has told me they want to give me more money. i don't have an answer on specifically how much i can raise, i'll know that in a day or two. i have 3 million in my acct. i still have to fund my regular business at the same time. i've got a few million closing in the next 10 business days. i feel like if all goes well, i'll have my money in total of rought 5-6 million in this time frame.

The idea, which Scott and i talked about Friday night.

would be to have the opposing group, give a list of addresses and \$'s amounts to us and to Debbie Pihl (yes it's spelled correctly, pronounced Peal) she works at Magnus, both Scott and i have worked with her for years, highly respected. i'm quite sure they know her too. she then does the title work, verifies the dollar amounts, gives us a list of \$'s and properties to pay off their loans. based on cash that scott and i have, we'll start knocking them off. that way, it's all documented, it's through a neutral third party and everyone is secure in their positions and dollars.

As far as Scott and i, we would like to meet with Dave and Scott's attorney, all four of us. Create a terms sheet then have it written up as far as what needs to be in there to both make me secure, terms are understood, conditions, costs, etc.

if both scott and i can raise enough money, we should be able to have this all done in 30 days easy, less than three weeks would be my goal.

we have both been told there are as many as three other entities, waiting to see what happens, which represent as many as 6 to 10 more loans. i'm sure they will be next, we have to plan for that too.

then that should leave us with just me and Greg on all of Scott's loans. Greg has confirmed with Scott and has told me, as long as he gets his interest and payoffs come, he's happy. which he should be, because he claims he's run title on every loan and he's in first position on all of them but 2 of the loans.

the plan that scott and i sent forth to you in my email that

went to spam folder, would then be pursued to pay off these loans that i'm 95% LTV and to pay off Greg's loans. the time frame for this will be driven by Scott's ability to bring in the additional capital he's raising.

that's my plan, shoot holes in it.

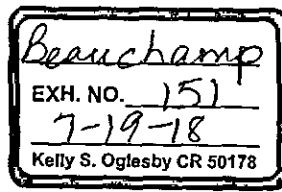
thx

dc

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

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DenSco/Workout

Beauchamp, David G.

From: Denny Chittick <dcmoney@yahoo.com>
Sent: Monday, January 13, 2014 10:11 AM
To: Beauchamp, David G.
Subject: Re: Plan

i sent an email to scott requesting he communicate with you about the agreement.

yes i'll be available at 2pm.

thx

dc

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

From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>
To: "dcmoney@yahoo.com" <dcmoney@yahoo.com>
Cc: "Stringer, Lindsay L." <lstringer@ClarkHill.com>; "Beauchamp, David G." <DBeauchamp@ClarkHill.com>
Sent: Monday, January 13, 2014 10:02 AM
Subject: Re: Plan

Denny:

Since you are relying on Scott, I think his deal with his investor is very relevant information. Would you mind asking Scott and indicate that we have been asked by Bob Miller to vouch for Scott and his investors. (Which is true). You can say that Beauchamp would be more comfortable knowing the details before we do that.

Bob Miller wants another conference call this afternoon with me. I would like to talk to you before that. Would you be available at 2:00 to talk for about 15 to 20 minutes?

Thanks, 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

From: Denny [mailto:dcmoney@yahoo.com]
Sent: Sunday, January 12, 2014 09:35 PM
To: Beauchamp, David G.
Subject: Re: Plan

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David G. Beauchamp
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From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Sunday, January 12, 2014 03:05 PM
To: Yomtov Menaged <smena98754@aol.com>; Beauchamp, David G.
Subject: Plan

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thx

dc

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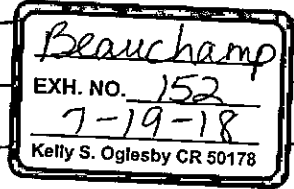
DeSco / Lambert

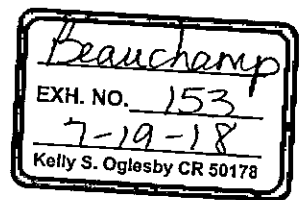
○ Tou Denny Chittich (Y13/14)

602-469-3001

- get a list to '1

- share info in Bob Miller →





DenSco / workout

TOW Bob Miller (1/13/14)

1.1 — Bob talked to his clients
client wants to keep this on a short book

— Bob has reviewed the files — prepared cover letter — describing what is there

— 2008 offering was empty → so looked at other files

— will have files delivered in the morning

— Bob does not have any desire to file litigation → but want to

Bob divides into 2 parts:

① — What Scott thinks he can bring \$ into this to settle this matter

— want to

— Term Sheet → wants to resolve this by ~~Friday~~ Wednesday to see the Term Sheet before Friday Mtg.

② — To the extent is there a dispute between Scott + Denny concerning DOT priority? — yes

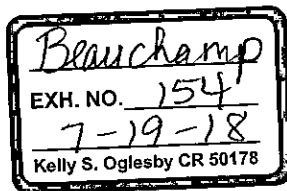
③ — Bob wants a waiver of conflict of interest (limited non-litigation waiver) (for anything after this week)

DIC0005398

Lobo Property (Carbon Loan)

→ rescission \$100,000 was given back to someone
* is gone

→ JGB to keep Bob informed



Dea Sco / workout

TCW Denny Chittick (4/13/19)

602-469-3001

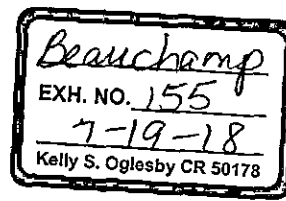
4 Lobo
→ A property → still referenced as being in Scott's

→ relayed conversation w/ Bob Miller → ~~see~~ they want mtg w/ to
see term sheet → DGB not comfortable w/ Mtg

→ will need to have confidentiality agmt w/ Bob's clients
so that ~~info~~ settlement info is not shared w/ anyone else

→ Scott said he will leave between \$250,000 + 400,000 by
Friday of this week

DC → got \$350,000 in his acct already



Den Sco / workout

Beauchamp, David G.

From: Scott Menaged <smena98754@aol.com>
Sent: Monday, January 13, 2014 9:51 PM
To: Beauchamp, David G.
Cc: Denny
Subject: Re: Verification of Funds Available for Workout

David,

I am meeting with my attorney wed at 1030 am. I will discuss with him about what to provide and what not to. Me, you and Denny are on the same side here , I just know you can't advise me legally so I asked to meet with my attorney.

I will get back to you wed afternoon. In the meantime lets get the list of properties and we can still have title start to work on it.

Thanks

Sent from my iPhone

On Jan 13, 2014, at 7:02 PM, "Beauchamp, David G." <DBeauchamp@ClarkHill.com> wrote:

Scott:

According to Bob Miller, his clients want enough information about the availability of your funds to know that the funds are real and will be available in a timely manner. What are you comfortable providing with respect to your investor, the timing for those funds and what is your transaction with your investor?

Thank you.

Sincerely, 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

-----Original Message-----

From: Scott Menaged [mailto:smena98754@aol.com]
Sent: Monday, January 13, 2014 10:31 AM
To: Beauchamp, David G.; Denny
Subject:

Dave,

I understand the other side wants to know my agreement with my friend who will provide me some capital.

I will be able to borrow up to 1,000,000 as a personal loan with a balloon in December 2015.

I am working on other sources as we'll, but do not have anything firmed up yet as to details of the deal.

Scott

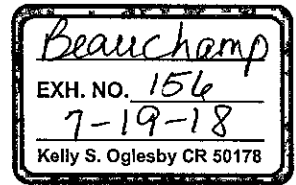
Sent from my iPhone

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Robert J. Miller
 Direct: (602) 364-7043
 Fax: (602) 716-8043
 rjmiller@bryancave.com



January 13, 2014

VIA HAND-DELIVERY

David Beauchamp
 CLARK HILL PLC
 14850 N Scottsdale Road
 Suite 500
 Phoenix, Arizona 85254

Re: Densco Investment Corporation

Dear David:

Per your request, please find enclosed the following categories of documents from the 2007 and 2009 offering files in connection with Densco Investment Corporation: (i) memoranda; (ii) correspondence; (iii) research; and (iv) attorney notes. The 2008 offering file was empty.

Please call or write if you have any questions.

Sincerely,

Robert J. Miller
 FOR THE FIRM

RJM:se
 Enclosures

Bryan Cave LLP
 One Renaissance Square
 Two North Central Avenue
 Suite 2200
 Phoenix, AZ 85004-4406
 Tel (602) 364-7000
 Fax (602) 364-7070
 www.bryancave.com

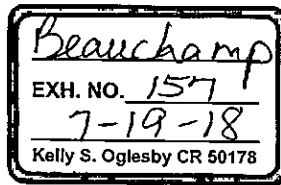
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- Tokyo



Den Sco / Managed

○ Twp Denny Chittick (1/10/14)

602-469-3001

(0.5)

— Denny talked to Scott:

— Denny explained what DGB was going to discuss w/ Bob

— Scott asked about the time frame → Denny

○ — Scott's wife is in Hospice right now

→ deal w/ Bob Miller's 3 guys

— then Greg feels he is in first & supposedly he is OK

DenSCO / Managed

Message from Denny Chittick (4/10/14)

602-469-3001

— what is status

Tell Denny Chittick (4/10/14)

602-469-3001

— Denny talked to Greg 2X today

— Greg said that Denny has to sign the Subordination Agent or that Dan + others

— Trustee's Sale — so do not get fiddle into

— Need to get back-up plan in place

— Denny does not want to talk to his investors until he is ready → will not take long

— Denny will talk to Scott to get his \$ ready

— Denny will also talk to Dan & explain

Den Sco / Managed

○ Talk Bob Miller (4/10/14)

- left message

Talk Bob Miller (4/10/14)

602-550-8380

(MS)

- Greg Reichman - Active Funding -

- tried to find other
Cardon

Dan Deton -

- Bob talked to Dan earlier today

○

- Bob said that his clients gave the \$ to the Trustees & can prove that

Bob - Denny needs to take

- Bob will report this to his client

- Conflict of Interest

○

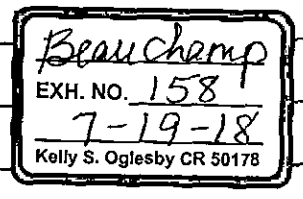
TOW Scott Merged (1/14/14)

0.3

— Jenny told Scott to call DGB to understand

— Scott wants to pay off 3 houses right away to demonstrate intent

— need to get



Terms for Settlement

Borrower to pay ^{all} Costs of Lender

NO JV or partnership between Borrower and Lender

Plan will be to refinance the notes from Other Lenders on the Properties through ^{as applicable}

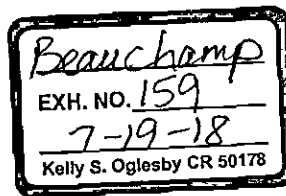
- DenSco increasing the amount of ~~its~~ Existing Loan on that Property to 95% LTV;

- Borrower to fund the additional amount to pay off the ~~total~~ amount due to the Other Lender with respect to that Property, so the Other Lender releases its lien ^{on that Property}

- DenSco to receive title policy evidencing its first lien position with respect to that Property

~~Lender and Borrower to cooperate and assist ^{each other} in the connection with Purpose of this Agreement~~

~~As ^{and P} Property ~~is~~ sold, Borrower is to pay the short fall at the Closing to have both the DenSco lien and the ~~lien~~ of the other Lender released at Closing~~



DenSco/workout

Beauchamp, David G.

From: Beauchamp, David G.
Sent: Tuesday, January 14, 2014 2:26 PM
To: Denny Chittick
Subject: RE: 3 loans

Denny:

These guys are negotiators and will take this as a sign of weakness. It is important that we stick to what we have offered and to what they have responded with. We can discuss later if you want.

Best, David

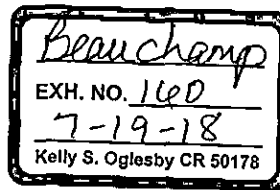
David G. Beauchamp

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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: Tuesday, January 14, 2014 1:06 PM
To: Beauchamp, David G.
Subject: 3 loans

To show good faith and maybe move these guys off their high horse of demands, scott and i thought we could pay off through escrow three of their loans.
we could do this in a day or two. we have escrow working on it now.
what do you think about that?
dc

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



DenSco/Workout

Beauchamp, David G.

From: Denny Chittick <dcmoney@yahoo.com>
Sent: Tuesday, January 14, 2014 4:21 PM
To: Beauchamp, David G.
Subject: Re: any headway?

ok well one deal is getting paid off tomrorow, i think another one is planned for Friday, these houses that were in escrow with planned closed dates, we just following normal course of business.
dc

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

From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>
To: Denny Chittick <dcmoney@yahoo.com>
Sent: Tuesday, January 14, 2014 4:19 PM
Subject: RE: any headway?

Denny:

Other than Bob Miller's office calling with more questions, I have not heard from anyone. I did receive a very small portion of your previous files from Bryan Cave. They want to review everything before it is released to me. I am uncomfortable with that, but they have the right to do that.

Call if you have any specific questions. I am trying to work on outline of deal.
Best, 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

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Tuesday, January 14, 2014 4:14 PM
To: Beauchamp, David G.
Subject: any headway?

have you heard from them?
have you heard from Jeff? (scott's attorney)
do you two hav ea meeting?
Jeff and Scott are meeting at 10:30 tomorrow.
dc

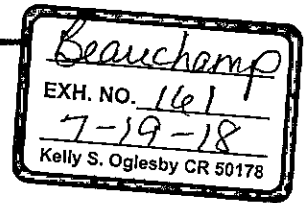
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Message

From: Stringer, Lindsay L. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=LSTRINGER]
Sent: 1/14/2014 9:50:49 AM
To: Beauchamp, David G. [dbeauchamp@clarkhill.com]
Subject: RE: DenSco



You got it.

Lindsay L. Stringer
CLARK HILL PLC
480.684.1133 (direct) | 480.684.1199 (fax)

-----Original Message-----

From: Beauchamp, David G.
Sent: Tuesday, January 14, 2014 10:50 AM
To: Stringer, Lindsay L.
Subject: Re: DenSco

Thank you

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

----- Original Message -----

From: Stringer, Lindsay L.
Sent: Tuesday, January 14, 2014 10:45 AM
To: Beauchamp, David G.
Subject: RE: DenSco

ok, I will submit the conflicts report now, be on the lookout for it :)

Lindsay L. Stringer
CLARK HILL PLC
480.684.1133 (direct) | 480.684.1199 (fax)

-----Original Message-----

From: Beauchamp, David G.
Sent: Tuesday, January 14, 2014 10:45 AM
To: Stringer, Lindsay L.
Subject: Re: DenSco

Correct

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

----- Original Message -----

From: Stringer, Lindsay L.
Sent: Tuesday, January 14, 2014 10:40 AM
To: Beauchamp, David G.
Subject: RE: DenSco

We have a "POM" and then "work out of lien issue" I am waiting on Detroit to give me a billing number... so just to be clear, you want a 3rd matter open as well?

Lindsay L. Stringer
CLARK HILL PLC
480.684.1133 (direct) | 480.684.1199 (fax)

-----Original Message-----

From: Beauchamp, David G.
Sent: Tuesday, January 14, 2014 10:35 AM
To: Stringer, Lindsay L.
Cc: Beauchamp, David G.
Subject: DenSco

Lindsay:

What files do we have open for DenSco Investment? We need a General Business opened to bill last month's time.

Thanks, 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



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 Klefar.

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 #: 43820

B. Client Information (for new clients only):

True Legal Name: _____

Client name for billing (if different from true legal name): _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____ Country: _____

Contact Name (A/R purposes): _____ Contact Telephone #: _____

Contact Fax #: _____ Contact E-mail Address: _____

Originator Responsible Timekeeper:

Single originator, list name: David G. Beauchamp

Shared origination, list names and percentages: _____

C. Matter Information:

Practice Group Assigned: Corporate

Nature of Assignment (Explain in sufficient detail the nature of the work.):

Corporate Maintenance

Matter Name: Business Matters

Matter Contact Name and E-mail Address (A/R Purposes, if different from Client Contact):

Contact Name: _____ Contact E-mail Address: _____

Referred By: MERGER - Resulting from me Billing Frequency: Monthly

Billing Arrangements: 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: David G. Beauchamp

Shared client responsible timekeepers, list names and percentages: _____

Matter Responsible (Supervising) Timekeeper (senior level only):

Single matter responsible timekeeper, list name: David G. Beauchamp

Shared matter responsible timekeepers, list names and percentages: _____

Task Codes Required: Y N

Task Code _____

Activity Codes Required: Y N

Activity Code _____

Attorney(s) Assigned: _____

D. File Labels:

Labels: Correspondence, Work papers, Client Documents, Drafts, Final Documents ; Attorney Notes

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 DOB (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, new matter opening only

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:

<u>DG Beauchamp</u> Client Responsible Timekeeper Signed	David G. Beauchamp Print Name	1-14-2014 Date
<u>[Signature]</u> Practice Group Leader or Delegate, Signed	David A. De Gerome Print Name	1-14-2014 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 #: <u>43820</u>	Matter #: <u>170145</u>	Date Records Received: <u>JAN 15 2014</u>
Records Initial: <u>RLM</u>	Date Linked by Conflicts: _____	Conflicts Initial: _____

NA16161

Client Information

Client (True Legal) 43820 DonSco Investment Corp
 oration
 Address DepSoc Investment Corporation
 Attn: David Chilik
 6132 W. Victoria Place
 Chandler, AZ 85226
 City Chandler State AZ
 Zip 85226

Matter Information

Client Responsible 1462 Beauchamp, David D.

Matter Parties

Report Type All Relationships Report
 Direct Conflicts Report
 Nature of Matter Business Maintenance
 Conflict Check Type None of the above

Conflicts Found? Yes No No. of Conflicts Reports 0

ID	Last Name/First Name	First Name	Initials	Approval	Stop #
1	Chilik	David J.	Client/Advisor	Accept	2
2	DONSOCO Investment Corporation		Client	Accept	2

Approvals

Approval History

Approver	Approval Type	Signed Date	Status
CHOLLAND	Conflicts	01/15/2014	Approve_Conflicts
BRUSSELL	Conflicts	01/15/2014	Approve_Senior_Conflicts

Finalization

Search Batch ID 169022

Username	Date / Time	Action
clarkhill@clarkhillpc.com	01/15/2014 09:35 AM	Successfully created prospective search batch (169022).

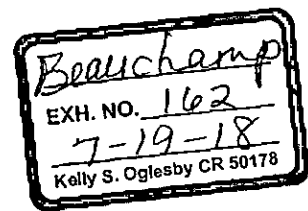
Notes Archive

From: clarkhill@clarkhillpc.com
 Sent: 01/14/2014 01:11 PM
 Subject: Conflicts_Check

Clarification needed, 1) This is already an existing Client - Please use Client # 43820. 2) Also, is Denny a nickname? If so, please submit the full legal name. Call 55924 with questions

From: CLARKHILLPLC@stringer
Sent: 01/14/2014 04:02 PM
Subject: Form Entries

Yes it is Denny. Thank you



Beauchamp, David G.

From: Miller, Robert <rjmiller@BryanCave.com>
Sent: Wednesday, January 15, 2014 11:03 AM
To: Beauchamp, David G.
Subject: RE: Possible Meeting

Totally understand.

Bob

-----Original Message-----

From: Beauchamp, David G. [mailto:DBeauchamp@ClarkHill.com]
Sent: Wednesday, January 15, 2014 10:59 AM
To: Miller, Robert
Subject: Possible Meeting

Bob:

Please know that under the circumstances I do not want to attend any meetings at Bryan Cave. Hopefully, we can pick another location for any meetings that might be necessary. My last few months there were more than a little difficult and I do not want to go back to that.

Sincerely, David

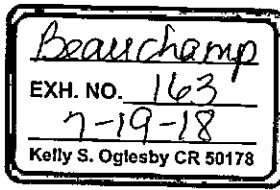
David G. Beauchamp
CLARK HILL PLC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell) dbeauchamp@clarkhill.com | www.clarkhill.com

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bclp2014



Don Sco / ~~Walton~~

12:19 Message from ~~Scott~~ Jeff Gulder (7/15/14)

602 212 -8531

- at Stinson Leonard Street
- will be there until 2:00 today as out last of week in mfg
- represents Scott Menzies

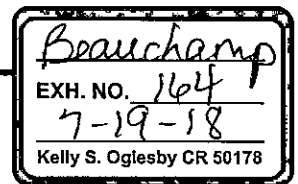
Tom Jeff Gulder (7/15/14)

602 - 212 - 8531

- left message

Message

From: Denny Chittick [dcmoney@yahoo.com]
Sent: 1/15/2014 1:15:53 PM
To: Beauchamp, David G. [dbeauchamp@clarkhill.com]
Subject: Re: DenSco and Scott Menaged



call me when you are free so i know what i'm giving up plz.

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

From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>
To: Denny Chittick <dcmoney@yahoo.com>
Sent: Wednesday, January 15, 2014 2:13 PM
Subject: RE: DenSco and Scott Menaged

Denny:

That is great. As I have explained to both you and Scott, my only concern is that you and Scott receive some form of consideration in return for these immediate payoffs. I want to know that you have adequate time to get this resolved without being under the constant threat of immediate litigation.

Do you have any problem with giving the non-litigation waiver of the potential conflict of interest to allow Bob Miller to proceed with trying to resolve his clients' issues with a settlement? (He can proceed so long as there is no litigation, which means that he will have to send it to another law firm if litigation is commenced.) My new firm would also like for me to obtain a waiver from DenSco for me to continue proceeding with this matter. Please call if we need to discuss this issue.

Thanks, 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

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Wednesday, January 15, 2014 2:04 PM
To: Beauchamp, David G.; Yomtov Menaged
Subject: Re: DenSco and Scott Menaged

Jeff knows the urgency that we are working under so i'm hoping he gets back to you.

mean while, they've been paid off on one loan today ,and three more will be paid off by thrusday/friday.

dc

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

From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>

To: Denny Chittick <dcmoney@yahoo.com>

Sent: Wednesday, January 15, 2014 1:58 PM

Subject: RE: DenSco and Scott Menaged

Denny:

Jeff left a message about 12:20 and I called him back a few minutes ago and left a message. Hopefully, he calls back before 2:00, because he is out of his office after 2:00 today for the rest of the day. He is also out Thursday and Friday in meetings. His time schedule does not work with the schedule that Bob Miller's clients are insisting upon. Do you want to talk to Scott or wait and we talk for a few minutes after 2:00 assuming I do not hear back from Jeff?

Thanks, David

David G. Beauchamp

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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: Wednesday, January 15, 2014 1:04 PM

To: Beauchamp, David G.

Subject: Re: DenSco and Scott Menaged

I know you spoke with Jeff by now, or at least i hope, call me after you do. so we can all be on the same page.

thx

dc

DenSco Investment Corp
www.denscoinvestment.com

602-469-3001 C

602-532-7737 f

From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>
To: "dcmoney@yahoo.com" <dcmoney@yahoo.com>
Cc: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>
Sent: Wednesday, January 15, 2014 10:59 AM
Subject: Fw: DenSco and Scott Menaged

Denny:

FYI

Best, 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

----- Original Message -----

From: Miller, Robert [mailto:rimiller@BryanCave.com]
Sent: Wednesday, January 15, 2014 10:48 AM
To: Beauchamp, David G.
Subject: RE: DenSco and Scott Menaged

I have no issue with working on that so long as Densco gives me the non-litigation waiver. Let me know and thanks.

Bob

-----Original Message-----

From: Beauchamp, David G. [mailto:DBeauchamp@ClarkHill.com]
Sent: Wednesday, January 15, 2014 10:34 AM
To: Miller, Robert
Cc: Beauchamp, David G.
Subject: DenSco and Scott Menaged

Bob:

Scott (or his attorney) want to have a Mutual Confidentiality Agreement in place to protect your clients, DenSco and Scott prior to Scott agreeing to provide the terms of his draft settlement with DenSco. Supposedly, other lenders are waiting to "see Dan's deal" in order to decide what to do. Both Denny and Scott are willing to work with your clients (and to funnel their resources) to resolve this matter with your clients as quickly as possible. However, they do not want the other lenders to know what are the terms of the settlement and to try to leverage that into disrupting the priority that Denny and Scott are offering to give your clients.

Sincerely, 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

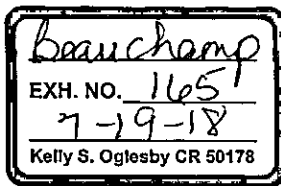
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bcllp2014



Denny / Workout

Taw Denny Chittick (7/15/14)

602-469-3001

(0.3)

→ relayed status

- Waiver of Conflict of Interest → OK w Denny

- DOB working on Term Sheet

- goal is to have

- if Scott cannot up w the additional \$ necessary to fund the pay-offs → Scott will be able to draw upon any available balance of the \$1MM loan that has not yet been drawn upon up to 95% of LTV of property value

- Scott told Denny that Jeff Gulden is not willing to share where Scott is getting his money & what his deal is

Beauchamp, David G.

From: Denny Chittick <dcmoney@yahoo.com>
Sent: Wednesday, January 15, 2014 2:35 PM
To: Beauchamp, David G.
Subject: Re: DenSco and Scott Menaged

ok now i'm off the hphone any time you are available i'll make myself available.

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

From: Denny Chittick <dcmoney@yahoo.com>
To: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>
Sent: Wednesday, January 15, 2014 2:20 PM
Subject: Re: DenSco and Scott Menaged

give me a few mins

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

From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>
To: Denny Chittick <dcmoney@yahoo.com>
Sent: Wednesday, January 15, 2014 2:19 PM
Subject: RE: DenSco and Scott Menaged

okay

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

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Wednesday, January 15, 2014 2:16 PM
To: Beauchamp, David G.
Subject: Re: DenSco and Scott Menaged

call me when you are free so i know what i'm giving up
plz.

DenSco Investment Corp
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From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>
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David G. Beauchamp

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From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Wednesday, January 15, 2014 2:04 PM
To: Beauchamp, David G.; Yomtov Menaged
Subject: Re: DenSco and Scott Menaged

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From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>
To: Denny Chittick <dcmoney@yahoo.com>
Sent: Wednesday, January 15, 2014 1:58 PM
Subject: RE: DenSco and Scott Menaged

Denny:

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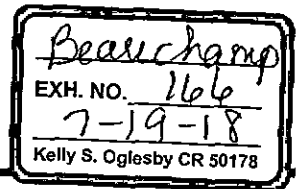
Thanks, David

David G. Beauchamp

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dbeauchamp@clarkhill.com | www.clarkhill.com

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Wednesday, January 15, 2014 1:04 PM
To: Beauchamp, David G.
Subject: Re: DenSco and Scott Menaged

I know you spoke with Jeff by now, or at least i hope, call me after you do. so we can all be on the same page.



Beauchamp, David G.

From: Beauchamp, David G.
Sent: Wednesday, January 15, 2014 3:07 PM
To: 'rjmiller@BryanCave.com'
Subject: RE: DenSco and Scott Menaged

Bob:

Denny tentatively agreed to grant the non-litigation waiver. He would like to look at the actual letter before he commits to it. Please send it to me and I will forward it to him.

Thanks, 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

-----Original Message-----

From: Beauchamp, David G.
Sent: Wednesday, January 15, 2014 10:56 AM
To: 'rjmiller@BryanCave.com'
Cc: Beauchamp, David G.
Subject: Re: DenSco and Scott Menaged

I told Denny that you and I both need that. He said he had no problem with that. He agreed to speak to one of his investors who is an attorney to confirm. I should hear later today.

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

-----Original Message-----

From: Miller, Robert [mailto:rjmiller@BryanCave.com]
Sent: Wednesday, January 15, 2014 10:48 AM
To: Beauchamp, David G.
Subject: RE: DenSco and Scott Menaged

I have no issue with working on that so long as DenSco gives me the non-litigation waiver. Let me know and thanks.

Bob

-----Original Message-----

From: Beauchamp, David G. [mailto:DBeauchamp@ClarkHill.com]
Sent: Wednesday, January 15, 2014 10:34 AM
To: Miller, Robert
Cc: Beauchamp, David G.
Subject: DenSco and Scott Menaged

Bob:

Scott (or his attorney) want to have a Mutual Confidentiality Agreement in place to protect your clients, DenSco and Scott prior to Scott agreeing to provide the terms of his draft settlement with DenSco. Supposedly, other lenders are waiting to "see Dan's deal" in order to decide what to do. Both Denny and Scott are willing to work with your clients (and to funnel their resources) to resolve this matter with your clients as quickly as possible. However, they do not want the other lenders to know what are the terms of the settlement and to try to leverage that into disrupting the priority that Denny and Scott are offering to give your clients.

Sincerely, David.

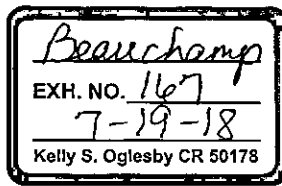
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bcllp2014



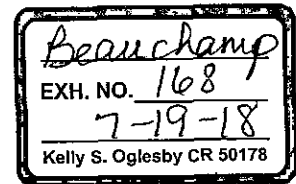
DenSco / workout

Tom Jeff Goulder (4/15/14)

(0.2)

— Jeff will come in on Monday to meet w/ Scott

— jGoulder@stinson.com → email



Beauchamp, David G.

From: Goulder, Jeffrey <jeffrey.goulder@stinsonleonard.com>
Sent: Wednesday, January 15, 2014 5:27 PM
To: Beauchamp, David G
Subject: FW: Demand Letter from Bob Miller
Attachments: Bryan Cave Doc.pdf

Thanks David.

Jeffrey J. Goulder | Partner | Stinson Leonard Street LLP
1850 N. Central Avenue, Suite 2100 | Phoenix, AZ 85004-4584
T: 602.212.8531 | M: 602.999.4350 | F: 602.586.5217
jeffrey.goulder@stinsonleonard.com | www.stinsonleonard.com

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From: Beauchamp, David G. [mailto:DBeauchamp@ClarkHill.com]
Sent: Wednesday, January 15, 2014 5:20 PM
To: Goulder, Jeffrey
Cc: Denny J. Chittick (dcmoney@yahoo.com); Schenck, Daniel A.; Stringer, Lindsay L.
Subject: Demand Letter from Bob Miller

Jeff:

Thank you for calling. I forgot that Denny had sent the demand letter to me by email, so I did have an electronic version to send it to you. Attached is the letter from Bob Miller and the Subordination Agreements. Please note that DenSco cannot enter into any Subordination Agreements without violating its private offering documents and its underlying fund documents So we have had to explore a different way to proceed to resolve this matter.

Please confirm your receipt of this email, so that I know that I am giving the correct email address to my associate to use to send out other documents tomorrow.

Sincerely, David

David G. Beauchamp

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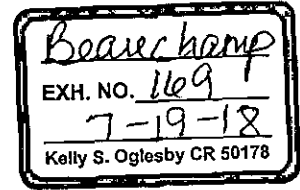
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Beauchamp, David G.

From: Beauchamp, David G.
Sent: Wednesday, January 15, 2014 8:00 PM
To: Denny J. Chittick (dcmoney@yahoo.com)
Subject: Non Disclosure Agreement
Attachments: 200112402_2.doc

Denny:

Attached is a Non-Disclosure Agreement that has been modified to fit the needs of this transaction. Please review it and let me know if you are satisfied that it will work for this transaction. If so, please share it with Scott and then we will need to make any changes and get it to Bob Miller's group.

I am completely perplexed. Everything from Bob Miller is "yesterday" and Jeff Goulder is "tomorrow." See my notes below.

I have had several different conversations with (and messages from) Bob Miller asking where are his documents (even though he had not yet agreed at that time to have his client even sign a Confidentiality Agreement). Bob also said that his clients have already talked to other counsel and they are ready to sue to protect their position. I understand that is a negotiating position, but I told him that his actions are completely counter-productive to getting this done. He also wanted me to draft the waiver language that you would agree to for his conflict waiver and I just laughed. He also wanted an email from me with a commitment as to when I would provide all of the documents and the information about where the money is coming from. He said that he will have a complaint filed if they do not have the documents by end of day Thursday and a meeting to resolve all issues on Friday. I said that I would do what I could but no promises.

Then, I finally talked to Jeff Goulder and I think I copied you on my email to him with the original letter from Bob Miller. Jeff said he is tied up in all day firm meetings the next two days. Jeff said that Scott agreed to meet with Jeff in Jeff's office on Monday to discuss how to proceed. Jeff indicated that if this was so important to Scott, Scott should have called and talked to Jeff before today. The impression that I got from Jeff is that he either did not understand the time pressure or that he did not agree that the time pressure was important.

I indicated to Jeff that Bob Miller's clients are other lenders with liens and they are threatening to file suit in court. I also explained that you and Scott would prefer to not have to go into court. I even added that your concern is that all of the lenders go into court and this turns into another Mortgages Limited situation. Jeff responded that is not likely to occur and it will be much more of a problem for you than Scott. (Jeff clearly implied that Scott can just put his entities into bankruptcy and walk away. Do you have personal guarantees from Jeff?) Jeff said that he understood that Scott wanted to help you, but Scott should not put himself in a bad position to help you. I tried to tell him that you are trying to help Scott's problem, but he did not see it that way.

FYI Jeff did not want to talk to Bob Miller, because he said that Miller is going after you and not Scott.

Despite the telephone calls and other issues, I am still trying to finish the terms outline and to send it to you tonight.

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

From: Schenck, Daniel A.
Sent: Wednesday, January 15, 2014 6:39 PM
To: Beauchamp, David G.
Subject: NDA

David,

Attached is the NDA of DenSco.

Daniel A. Schenck

CLARK HILL PLC
480.684.1118 (direct) | 480.684.1179 (fax)
Licensed in Arizona, California, Utah and Nevada
dschenck@clarkhill.com | www.clarkhill.com

CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

This CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT (the "Agreement") is made and entered into as of January __, 2014, by and between DenSco Investment Corporation, an Arizona corporation ("DenSco"), Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), Easy Investments, LLC, an Arizona limited liability company ("EI"), Yomtov S. Menaged, an individual ("YM"), Azben Limited, L.L.C., an Arizona limited liability company ("Azben"), Geared Equity, LLC, an Arizona limited liability company ("Geared"), and 50780 L.L.C., an Arizona limited liability company ("50780"). DenSco, AHF, EI, YM, Azben, Geared, and 50780 are each considered a "Party" hereunder and are collectively referred to as the "Parties".

RECITALS

A. DenSco previously made various loans (collectively, the "DenSco Loans") to AHF, EI and / or to other entities owned and /or controlled by YM (collectively, the "Borrower"), and a dispute has arisen between DenSco and Borrower regarding these loans and their respective collateral (the "DenSco Dispute");

B. Azben, Geared, and 50780 (collectively, the "Lenders") also previously made various loans to Borrower, and a dispute has arisen between Lenders and Borrower regarding these loans and their respective collateral (the "Lenders Dispute");

C. A dispute has arisen between DenSco and Lenders regarding which party has first priority to the collateral used to secure various loans which DenSco and / or Lenders made to Borrower (the "Priority Dispute");

D. DenSco and Borrower are considering entering into a loan workout arrangement regarding the DenSco Loans and the DenSco Dispute (the "DenSco Workout") and anticipate preparing various term sheets, correspondence, drafts of agreements, and final agreements regarding the DenSco Workout (collectively, the "DenSco Workout Documents");

E. The Parties anticipate discussions and activities (the "Discussions") amongst the Parties regarding possible mutually agreeable resolutions regarding the DenSco Dispute, Lenders Dispute, and Priority Dispute (collectively, the "Borrower Disputes");

F. In order to facilitate the Parties' participation and cooperation in the Discussions and to pursue possible resolutions to the Borrower Disputes, the Parties opine that the disclosures and access to certain information from one Party to another Party will be required. As a condition to their disclosure of Confidential Information (as defined herein), the Parties desire assurance that any Confidential Information disclosed to, or discovered by, one Party to another Party will not be disclosed to any third party or used in any manner other than as expressly permitted by this Agreement; and

G. In each instance, and as the circumstances apply, a Party which discloses Confidential Information shall be the "Discloser" and a Party receiving Confidential Information

shall be a "Recipient". Unless the context otherwise requires, as applicable, the term "Discloser" and "Recipient" will include the respective Party's directors, officers, employees, agents, consultants, advisors or other representatives, including legal counsel, accountants and financial advisors.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

TERMS AND CONDITIONS

1. **Incorporation of Recitals.** The Recitals set forth above are hereby incorporated into and made a part of this Agreement.

2. **Confidentiality.** Recipient agrees that it shall not at any time, directly or indirectly, disclose to any person or entity, use for its own benefit (other than as expressly permitted in writing from the Discloser) or for the benefit of any third party, any Confidential Information provided to it by the Discloser. As used in this Agreement, the term "Confidential Information" shall include all of the DenSco Workout Documents, including all details regarding their respective terms, representations, warranties, conditions, obligations, and other provisions; details regarding the DenSco Workout, including the negotiations and / or agreements of DenSco and Borrower regarding the same; and any and all correspondence, documents, material, and other information regarding any of the Parties, the DenSco Loans, the Lenders Loans, and or the Borrower Disputes, whether disclosed orally or in writing, which is designated by the Discloser as being "confidential" and or "proprietary" prior to being disclosed to the Recipient. Notwithstanding the foregoing, Recipient shall be permitted to disclose the Confidential Information to such of its officers, members of its board of directors, and its attorneys, accountants, or other professionals (collectively, "Authorized Parties"), as is necessary to analyze and review the Confidential Information, or if entered into, perform the obligations required in the DenSco Documents; provided that Recipient shall be fully responsible for any breach of the terms of this Agreement by any Authorized Party to whom it discloses such information.

The term Confidential Information shall not include information which, by clear and convincing written evidence:

- (i) was in the public domain at the time of execution of this Agreement;
- (ii) hereafter becomes part of the public domain by publication or otherwise through no action of Recipient; or
- (iii) was received by Recipient through a source (other than the Discloser) which is not under an obligation of confidentiality to the Discloser.

3. **Additional Covenants.** Recipient agrees that, following the receipt of Confidential Information hereunder, it shall:

(i) Undertake all reasonable and appropriate steps to ensure that the secrecy and confidentiality of Confidential Information is maintained, including, without limitation, restricting its disclosure solely to Authorized Parties; and

(ii) If requested pursuant to, or required by, applicable law or regulation or by legal process to disclose any Confidential Information, provide the Discloser with prompt notice of such request(s) to enable the Discloser to seek an appropriate protective order.

4. **Return of Confidential Information.** At any time requested by Discloser, Recipient (i) shall promptly deliver to Discloser all documents or other materials disclosed by Discloser to Recipient constituting Confidential Information, together with all copies and summaries thereof in the possession or under the control of Recipient, and (ii) will destroy materials generated by Recipient that include or refer to any part of the Confidential Information, without retaining a copy of any such material. Any such destruction pursuant to the foregoing must be certified by an authorized officer of Recipient in writing to Discloser (and such certification shall include a list of the destroyed materials).

5. **No Obligation to Resolve Disputes.** Each Party reserves the right, in its sole discretion, to conclude its participation in the Discussions and the negotiations of possible mutually agreeable resolutions of the Borrower Disputes. Without limiting the preceding sentences, nothing in this Agreement requires either Recipient or Discloser to enter into or agree to the terms of the DenSco Workout Documents or any agreement intended to resolve one or more of the Borrower Disputes.

6. **Ownership of Confidential Information.** At all times the ownership of the Confidential Information shall remain with Discloser. Nothing in this Agreement or in the disclosure of such Confidential Information to Recipient shall convey any right, title or interest in or to the Confidential Information to Recipient.

7. **No Liability.** Discloser agrees to act in good faith with respect to any Confidential Information provided to Recipient. Recipient agrees that no covenants, warranties or representations are made by the Discloser with respect to the accuracy or completeness of any Confidential Information. No Discloser shall have any liability to Recipient or the Authorized Parties arising out of the use of Confidential Information provided by such Discloser.

8. **Remedy.** Recipient hereby acknowledges that a violation of the provisions of this Agreement may cause irreparable damage to the Discloser, the amount of which may be impossible to quantify, and it is therefore agreed and understood that in the event of such a violation (or threatened violation) of this Agreement, the Discloser shall be entitled to injunctive relief, without the necessity of posting any bond, against such violation, in addition to such other remedies the Discloser may have.

9. **Waiver.** The waiver by the Discloser of any breach of any provision of this Agreement shall not be construed as a waiver of any subsequent breach, whether of the same or of a different character.

10. **Governing Law/Venue.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Arizona. All claims or proceedings arising out of or related to this Agreement shall be litigated in courts located within Maricopa County, Arizona, and each Party irrevocably hereby consents and submits to the jurisdiction of any local, state or federal court located in Maricopa County, Arizona.

11. **Binding Agreement.** This Agreement shall be binding upon, and inure to the benefit of, the Discloser and its successors and assigns.

12. **Severability.** In the event that any provision of this Agreement is determined to be invalid or unenforceable for any reason, such provision shall be deemed modified to the extent required to render it valid, enforceable and binding, and such determination shall not affect the validity or enforceability of any other provision of this Agreement.

13. **Integration.** This Agreement contains the entire understanding of the Parties with respect to the matters contained in this Agreement and no representation or covenants have been made other than those contained in this Agreement.

14. **Survival of Obligations.** The Parties understand that the conclusion of the Discussions will not terminate the Parties' obligations under this Agreement.

15. **Construction.** The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

16. **Attorneys' Fees.** In the event of any claim, controversy or dispute arising out of or relating to this Agreement, or the breach thereof, the prevailing party shall be entitled to recover reasonable attorneys' fees incurred in connection with the enforcement, construction or interpretation of this Agreement and in the case of a court proceeding, the fees shall be set by the court sitting without a jury.

17. **Counterparts; Facsimile or Electronic Signatures.** This Agreement may be executed in one or more counterparts, by facsimile, or by a scanned signature transmitted electronically, for the convenience of the parties and any such counterpart, facsimile or electronic signature, shall be deemed an original. All such counterparts shall be construed as being one and the same document.

[Signatures On the Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

DenSco:

DenSco Investment Corporation, an Arizona corporation

By: _____
Denny J. Chittick
Its: President

Azben:

Azben Limited, L.L.C., an Arizona limited liability company

By: _____
Printed Name: _____
Its: Manager

AHF:

Arizona Home Foreclosures, LLC, an Arizona limited liability company

By: _____
Yomtov S. Menaged
Its: Member

Geared:

Geared Equity, LLC, an Arizona limited liability company

By: 4Group, LLC, an Arizona limited liability company
Its: Manager

EI:

Easy Investments, LLC, an Arizona limited liability company

By: _____
Yomtov S. Menaged
Its: Member

By: _____
Printed Name: _____
Its: Manager

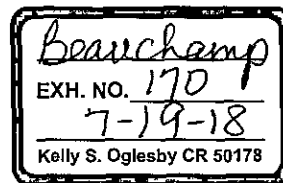
50780:

50780 L.L.C., an Arizona limited liability company

By: _____
Lynn A. Hoebing
Its: Member

YM:

Yomtov S. Menaged, Individually



Beauchamp, David G.

From: Beauchamp, David G.
Sent: Wednesday, January 15, 2014 8:26 PM
To: Denny J. Chittick (dcmoney@yahoo.com)
Subject: FW: Densco

Denny:

Please see the email that I just received from Bob Miller. Again, he is pushing.

Best, 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

From: Miller, Robert [mailto:rjmiller@BryanCave.com]
Sent: Wednesday, January 15, 2014 8:11 PM
To: Beauchamp, David G.
Subject: Densco

Confirming our discussion of today, I need from you an email laying out precisely what your client is proposing in terms of when a term sheet will be delivered and when the face-to-face meeting will occur. I am also not inclined to spend any more time on this until I know, in fact, Densco will execute a standard "no sue" waiver where my firm is allowed to represent my clients on any and all matters adverse to Densco excluding filing and prosecuting a lawsuit.

Please advise so I may report to my clients.

Again, I think if litigation is to be avoided it is important to get this game plan ironed out asap. The fact that Scott's counsel is "unavailable" for the rest of the week (something that is troubling under these circumstances and in this day and age of everyone being available on a remote basis through technology) is troubling.

Thanks for your efforts on trying to keep this on a prompt, consensual path.

Bob



Robert J. Miller
Partner

Bryan Cave LLP
Two N. Central Avenue, Suite 2200
Phoenix, AZ 85004-4406
Telephone: (602) 364-7043
Cell: (602) 550-8380

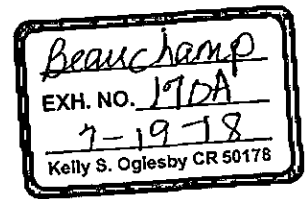
Fax: (602) 716-8043

E-mail: rjmiller@bryancave.com

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bc1p2014



Beauchamp, David G.

From: Beauchamp, David G.
Sent: Wednesday, January 15, 2014 10:21 PM
To: Denny Chittick
Subject: RE: Densco

Understood.

Thanks, David

David G. Beauchamp

CLARK HILL PLC

14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
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dbeauchamp@clarkhill.com | www.clarkhill.com

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Wednesday, January 15, 2014 10:17 PM
To: Beauchamp, David G.
Subject: Re: Densco

I forwarded this to Scott so he knows what you are saying and how pushing this off is not doing us any favors.

dc

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

From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>
To: "Denny J. Chittick (dcmoney@yahoo.com)" <dcmoney@yahoo.com>
Cc: "Schenck, Daniel A." <DSchenck@ClarkHill.com>; "Stringer, Lindsay L." <lstringer@ClarkHill.com>
Sent: Wednesday, January 15, 2014 9:46 PM
Subject: FW: Densco

Denny

Set forth below is my response to Bob Miller concerning the timing that he had to know today before he would talk to his clients.

Please note that I shared Jeff's comments that waiting until next week should be no big deal, but I did not share Jeff's comments that this seems to be just a dispute between DenSco and the other lenders.

Best, 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

From: Beauchamp, David G.
Sent: Wednesday, January 15, 2014 9:43 PM
To: Miller, Robert
Subject: RE: Densco

Bob:

I did not talk to Scott Menaged's attorney until this evening. Scott's attorney is Jeff Goulder at Stinson. Jeff did not think that waiting until he could be involved in the discussions next week should be a big deal. I sent him a copy of your previous demand letter, but that did not make a difference to him. (When I asked if Jeff could be available for some time on Thursday or Friday, I was told that Jeff is in all day management meetings for the next several days to resolve end of year compensation for the partners at Stinson. Accordingly, his wishes are that he is not to be disturbed)

The draft Confidentiality Agreement was sent to Denny earlier this evening. Denny said he would review it and send it to Scott to get his consent to it and then send it to you. Although I do not know if Scott will be willing to sign even that simple agreement with his attorney advising him to wait, Denny was going to encourage him to do that so some discussions can take place.

I have just finished the revised draft term sheet and sent it to Denny for his review. Again, Scott might try to delay the distribution of this draft term sheet, but Denny will strongly encourage him to allow it to be distributed after the Confidentiality Agreement is distributed and signed.

Denny also indicated that he will sign the waiver letter so long as Bryan Cave is not participating directly or indirectly in any litigation against DenSco. I guess he was warned about having you hire another firm to litigate the matter, but you stay involved and direct the litigation from behind the scenes. I assured him that you would not do that and you would make the language in the letter indicate that.

Thank you.

David

David G. Beauchamp

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From: Miller, Robert [mailto:rjmiller@BryanCave.com]
Sent: Wednesday, January 15, 2014 8:11 PM
To: Beauchamp, David G
Subject: Densco

Confirming our discussion of today, I need from you an email laying out precisely what your client is proposing in terms of when a term sheet will be delivered and when the face-to-face meeting will occur. I am also not inclined to spend any more time on this until I know, in fact, Densco will execute a standard "no sue" waiver where my firm is allowed to represent my clients on any and all matters adverse to Densco excluding filing and prosecuting a lawsuit.

Please advise so I may report to my clients.

Again, I think if litigation is to be avoided it is important to get this game plan ironed out asap. The fact that Scott's counsel is "unavailable" for the rest of the week (something that is troubling under these circumstances and in this day and age of everyone being available on a remote basis through technology) is troubling.

Thanks for your efforts on trying to keep this on a prompt, consensual path.

Bob



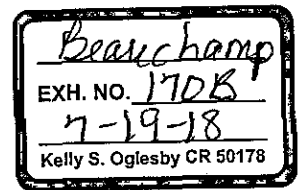
Robert J. Miller
Partner

Bryan Cave LLP
Two N. Central Avenue, Suite 2200
Phoenix, AZ 85004-4406
Telephone: (602) 364-7043
Cell: (602) 550-8380
Fax: (602) 716-8043
E-mail: rjmiller@bryancave.com

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Beauchamp, David G.

From: Beauchamp, David G.
Sent: Wednesday, January 15, 2014 10:30 PM
To: Stringer, Lindsay L.; Schenck, Daniel A.
Subject: FW: Draft Term Sheet
Attachments: Term Sheet v1.docx

Please see Denny's "detailed" comments. (Attempt at humor)

Thanks, 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

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Wednesday, January 15, 2014 10:25 PM
To: Beauchamp, David G.; Yomtov Menaged
Subject: Re: Draft Term Sheet

Attached is the terms sheet that we outlined with David. the dates are blank, i'm not sure what they should be right now. i think this has everything in it. besides a request for a life insurance policy of 10 million with DenSco as the bene.

let me know any other changes.

thx

dc

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

From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>
To: "Denny J. Chittick (dcmoney@yahoo.com)" <dcmoney@yahoo.com>
Cc: "Stringer, Lindsay L." <lstringer@ClarkHill.com>; "Schenck, Daniel A." <DSchenck@ClarkHill.com>

Sent: Wednesday, January 15, 2014 9:24 PM
Subject: Draft Term Sheet

Denny:

Attached is a draft Term Sheet, for a forbearance/workout agreement between DenSco and Scott's entities. I am sending it in Word to you so you can make changes if necessary. I also have one question in bold to confirm what interest payments (and for how long) you are agreeing to defer. (Sorry I could not get Section 9 in the right place and Scott's signature line is not correct.)

Hopefully, you will be able to see the time that I spent reviewing each of the emails and my notes to try to cover as many of the pending issues between you and Scott as possible

Please review this carefully. Hopefully, it is close enough so that any minor changes can be made (and dates filled in), so it can be sent to Scott for his review and approval. In order to encourage Scott to sign it, I made it completely non-binding and totally subject to the definitive agreement.

All the best, 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

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→ w/ Denny's
Comments

TERM SHEET

The provisions of this Term Sheet are intended only as an expression of intent on behalf of DenSco Investment Corporation ("DenSco") and Scott Menaged, Arizona Home Foreclosures, LLC, Easy Investments, LLC and possibly other entities owned by or under the control of Scott Menaged used to purchase real property from trustee sales (collectively, "Borrower"). These provisions are not intended to be legally binding on DenSco or Borrower and are expressly subject to the execution of an appropriate definitive agreement. DenSco and Borrower expressly acknowledge and agree that the contents of this Term Sheet are insufficient to constitute a legally binding agreement as to its subject matter and that there shall be no binding agreement between DenSco and Borrower until a definitive agreement is executed.

TERMS

1. DenSco has advanced several loans to the Borrowers entities. These loans are secured by a Mortgage/Deed of Trust, which was intended to be in first lien position on each of the properties owned by the Borrower.
2. Certain of Borrower's properties were used as security for loans from other lenders and for loans from DenSco.
3. Certain of these other lenders have retained Bryan Cave, LLP to represent them (the "Other Lenders") in connection with the liens of these Other Lenders and the liens of DenSco which were each supposed to be in first lien position on the respective property (each a "Conflict Property" and collectively, the "Conflict Properties").
4. DenSco and Borrower agree to cooperate and assist each other in connection with resolving the dispute with the Other Lenders concerning these Conflict Properties.
5. As each of the Conflict Properties are sold through an escrow, Borrower is to pay any shortfall of funds required to satisfy the liens of the Other Lenders and DenSco on or prior to the closing of the sale of such Conflict Property. Notwithstanding the Priority List defined and referenced below, the sale of such Conflict Properties to third parties are to proceed pursuant to the timing specified by the applicable purchaser of the Conflict Property, so long as the Other Lenders and DenSco are to be paid through such closing.
6. Borrower and DenSco will work with the Other Lenders to obtain a Priority List of the Conflict Properties from the Other Lenders (the "Priority List"). This Priority List will list the order in which the Other Lenders want each Conflict Property to be refinanced so that the respective Other Lender is paid in full for the loan secured by such Conflict Property and its corresponding lien will be released on such Conflict Property.
 - A. The Priority List will be submitted to Debbie Pihl at Magnus Title Agency ("Magnus"). Magnus will arrange for the necessary title work and verify the pay-off amounts for the Other Lender's loan and arrange for the closing of the additional funding from DenSco pursuant to a modification of its existing loan.

B. Based on the pay-off amounts required to satisfy the loan of the applicable Other Lender, as determined by Magnus above, DenSco will submit funds to Magnus to modify and increase DenSco's outstanding loan to a LTV of approximately 95% of the applicable Conflict Property. Borrower will be required to deliver the balance of the required funds to pay-off and release the lien of the Other Lender on the applicable Conflict Property and to provide title insurance to DenSco showing DenSco in first lien position to secure its modified loan .

C. Borrower and DenSco have been assured by Debbie Pihl and Magnus that Magnus has sufficient resources to process the pay-offs of all of the loans from the Other Lenders associated with each of the Conflict Properties on or before _____, 2014.

D. Borrower and DenSco agree to and will deliver adequate funds to Magnus to pay-off all of the loans from the Other Lenders on or before _____, 2014.

E. After all of the loans of the Other Lenders (secured by any of the Conflict Properties) have been paid off and released by the Other Lenders as set forth in Section 5 and Section 6 A and 6 B above, DenSco and Borrower shall proceed to resolve the lien disputes between DenSco and with other similarly situated lenders pursuant to the procedures described in Section 5, Section 6 A and 6 B above.

7. Borrower agrees to the following:

A. Except for DenSco, Borrower agrees to continue to pay the interest due to each of the Other Lenders and any other similarly situated lender on a timely basis and to keep such loans current and in compliance with its terms;

B. Borrower has arranged for private outside financing in the amount of approximately \$1,000,000 (the "Outside Funds"), which is to be provided to Borrower on or before _____, 2014. Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender (and any balance to be paid to DenSco to reduce the amount of DenSco's additional loans to Borrower, as provided herein.

C. Borrower has agreed to inform DenSco of all of the terms of Borrower's transaction to obtain the Outside Funds and the security provided for such Outside Funds. DenSco agrees to keep such information on a confidential basis, provided, however, DenSco will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals.

D. Borrower agrees to provide any additional security to DenSco, as may be requested by DenSco, to secure Borrower's existing obligations to DenSco and to secure the additional obligations that DenSco is agreeing to provide pursuant to this forbearance / workout agreement.

E. Borrower agrees to reimburse all costs and expenses, including without limitation title reports, amendments or title insurance, investigation fees, and / or attorneys' fees, incurred by DenSco in connection with this forbearance / workout agreement, or the existing and / or any future lien disputes with the Other Lenders or any other similarly situated lenders

F. Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately 4 to 5 million US Dollars; (ii) apply all net proceeds from the rental of Borrower's homes, or the net proceeds from the acquisition and disposition of additional homes by Borrower, or (iii) apply and funds received from Borrower's continued good faith efforts to recover any other assets that can be recovered from the missing proceeds from the multiple loans that were advanced from DenSco and other lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between DenSco and other lenders as referenced above;

8. DenSco agrees to the following:

A. So long as each Borrower is in compliance with the terms of the workout agreement and any other agreement with DenSco, DenSco will forbear from taking any action to accelerate its loans to Borrower and to commence foreclosure action against the assets of Borrower;

B. DenSco will defer the collection of interest from the Borrowers on DenSco's loans to the Borrowers **(on all loans or just for the loans secured by the Conflict Properties?)** during the process to fund the amount due to the Other Lenders in connection with the Conflict Properties; **FOR NOW I'M DEFFERING ALL INTERST ON ALL LOANS.**

C. DenSco will provide a new loan to Borrower in the amount up to One Million US Dollars, which loan is to provide for multiple advances, earn 3% annual interest and is to be secured by a first lien position against certain real property to be approved by DenSco in its sole discretion (the "Additional Loan"); and

D. So long as each Borrower is in compliance with the terms of the forbearance and workout agreement and any other agreements with DenSco, DenSco agrees to comply with its obligations set forth elsewhere in this Term Sheet, including the obligation to modify its existing loans to the Borrower that are secured by the Conflict Properties, so that the amount of such loans shall be increased to 95% LTV as indicated above.

9. Borrower and DenSco acknowledge and agree that this forbearance/ workout agreement shall not constitute nor create a joint venture or partnership arrangement between or among DenSco and any of the Borrower

The above terms are agreed to this __ day of January, 2014 by the following.

DENSCO INVESTMENT CORPORATION

By: _____

Denny Chittick, President

ARIZONA HOME FORECLOSURES, LLC

By: _____

Its: _____

EASY INVESTMENTS, LLC

By: _____

Its: _____

YOMTOV SCOTT MENAGED