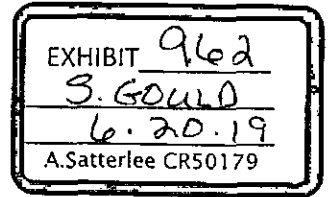


STATE OF ARIZONA
ARTICLES OF INCORPORATION
OF
DENSCO INVESTMENT CORPORATION



Pursuant to A.R.S. § 10-202, the undersigned states as follows:

1. The name of this Corporation is **DenSco Investment Corporation**
2. This Corporation is organized to transact any and all lawful business for which corporations may be organized under Arizona law, as they may be amended from time to time.
3. This Corporation initially intends to conduct the business of lending services.
4. This Corporation shall have the authority to issue 25,000,000 shares of Common Stock.
5. The street address of the principal place of business is: 8665-1 S. 51st St, Phoenix, Arizona 85044.
6. The name and business address of the agent for service of process are:

Kurt Johnson Associates, P.C.
Kurt A. Johnson, President
1641 W. Glendale Ave., Suite A
Phoenix, Arizona 85021-8878

7. The initial board of directors shall consist of two directors. The names and addresses of the persons who are to serve as the directors until the first annual meeting of shareholders or until their successors are elected and qualifies are:

Denny Chittick
8665-1 S. 51st St.
Phoenix, Arizona 85044

Scott Gould
5101 E. Pasadena Ave.
Phoenix, Arizona 85018

The number of persons to serve on the board of directors thereafter shall be fixed by the Bylaws.

8. The name and address of the incorporator is:

Denny Chittick
8665-1 S. 51st St.
Phoenix, Arizona 85044

9. This Corporation shall indemnify any person who incurs expenses or liabilities by reason of the fact he or she is or was an officer, director, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law.
10. To the fullest extent permitted by the Arizona Revised Statutes, as the same exists or may hereafter be amended, a director of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for any action taken or any failure to take any action as a director. No repeal, amendment or modification of this Article, whether direct or indirect, shall eliminate or reduce its effect with respect to any act or omission of a director of the Corporation occurring prior to such repeal, amendment or modification.

DATED: 4-30-02


Denny Chittick, Incorporator

CH EstateSDT_0000753

EXHIBIT A
AMENDMENTS
to
Articles of Incorporation
of
DenSec Investment Corporation

7. The initial board of directors shall consist of one director. The name and address of the person who is to serve as the director until the first annual meeting of shareholders or until their successors are elected and qualifies is:

Denny Chittick
8665-1 S. 51st St.
Phoenix, Arizona 85044

The number of persons to serve on the board of directors thereafter shall be fixed by the Bylaws.

TOTAL P.04

CERTIFICATE OF CORPORATE RESOLUTION

State of Arizona }
County of Maricopa } SS:

I, Denny J. Chittick, Secretary of DenSco Investment Corporation, an Arizona corporation, do hereby certify that the following is a true copy of a resolution passed at a regular meeting of the Board of Directors of said corporation, duly called, and held at the offices of the corporation at 6132 W. Victoria Place, Chandler, AZ 85226 on November 7, 2006, at the hour of 8:00am on said day, at which meeting a quorum was present:

RESOLVED that Denny J. Chittick, as Secretary and President of the corporation is hereby authorized to execute for and on behalf of the corporation deeds, contracts of sale, mortgages, deeds of trust, satisfactions of mortgages, leases and any other documents or instruments pertaining to or connected with real property to be acquired or currently held by this corporation.

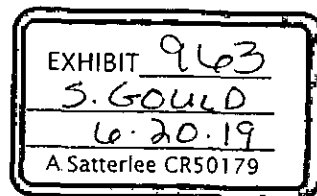
I do further certify that said resolution was adopted by the unanimous vote of the directors present, and is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand, as Secretary of DenSco Investment Corporation, an Arizona Corporation, this November 7, 2006


Secretary

corpres

CH_EstateSDT_0000753



Confidential Private Offering Memorandum

DenSco Investment Corporation

June 1, 2003

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 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 PASSED UPON 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.

	Initial Offering Price (1)	Underwriting Commissions (2)	Proceeds to the Company (3)
Note	\$50,000	-0-	\$50,000
Total Minimum Offering	\$500,000	-0-	\$480,000
Offering Maximum	\$25,000,000	-0-	\$24,980,000

- (1) The Notes are offered in \$50,000 initial investment with \$10,000 additional increments. All subscriptions for Notes are subject to review and acceptance by the Company
- (2) Its 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 and KEOGH Plans), up to one percent (1%) of the principal Note amount.
- (3) Organizational expenses and initial offering expenses, estimated at \$20,000, will be paid from the funds raised.

DenSco Investment Corporation
 8665-1 S. 51st St.
 Phoenix, AZ 85044
 602-469-3001
 602-532-7737(f)

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 STATE SECURITIES LAW; (2) ABLE TO BEAR THE ECONOMIC RISK OF AN INVESTMENT IN THE NOTES; 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.

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.

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 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 with a limited operating history, profits or losses. The Company will be engaged primarily in funding purchases of houses at foreclosure sales and funding and purchasing construction loans, all of which will be secured by real estate deeds of trust ("Trust Deeds") to Arizona builders of new commercial and residential properties with defined loan-to-value ratios. 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 \$2.5 million and a maximum loan-to-value ratio of 70 percent in the aggregate for all loans in the loan portfolio.

The Company's office is currently located at 8665-1 S. 51st Street, Phoenix, Arizona 85044. Its current telephone number is 602-469-3001. Beginning in October, the Company's office will relocate to 6132 W. Victoria Place, Chandler, Arizona 85226.

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 \$24.5 million in principal amount of Notes. The Company's President, Denny Chittick maintains a \$1.0 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, increasing in minimum increments 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 \$25 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."

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.

Limited Operating History

The Company is an entity with a limited operating history. Accordingly, the evaluation of prior company performance set forth in Prior Performance is limited but there can be no assurance that the Company will be able 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 more 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 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 better on 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. These types of borrowers typically have weaker credit worthiness than other borrowers, exposing the Company to a greater risk of nonpayment of its loans by borrowers. See "Business-Target Markets and Potential Future Markets."

Expansion of Real Estate Loan Base

After giving effect to this offering and the application of the net proceeds, the Company will have significant outstanding indebtedness. The Company's ability to make scheduled principal and interest payments on the Notes will depend upon the Company's ability to generate adequate revenues from its real estate lending operations. The Company has historically received approximately 18% effective interest on its real estate loans but no 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 almost all 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 will need 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 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 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 officers and consultants, and on their research

and experience to determine customers, marketing strategy and procedure. The Company has not planned, conducted or reviewed any independent market studies concerning the anticipated demand for the Company's real estate lending services. There can be no assurance that there will be sufficient demand for these lending services from qualified borrowers to meet the Company's need for growth. See "Business-Target Markets and Potential Future Markets."

Referral Network

On an aggregate basis, the Company intends to loan approximately 75% of its real estate loan base to referrals from the referral network that Mr. Chittick has developed. One of the Company's referral sources, Maricopa Investors Alliance ("MIA") refers a number of potential borrowers to the Company. Another referral source, NBI, LLC ("NBI") also refers a number of potential borrowers to the Company. In addition, Scott Gould, a consultant to the Company, refers potential borrowers to the Company. To the extent that MIA, NBI or Mr. Gould would refer these potential loans to a different lender, this could have an adverse effect on the anticipated demand for the Company's real estate lending services. See "Management," and "Dependence on Key Personnel."

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 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; Lack of Governmental Insurance

The Notes represent general obligations of the Company and will not be subject to redemption through a sinking 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. 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 creating senior liens on its property for any purpose. 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. However, the Company has the right to redeem the Notes at any time prior to maturity upon 30 days written notice to the holder. Notes redeemed prior to maturity would prevent holders 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 provided; however, the Company is limited by statute in the amount of money that may be raised from subsequently issued Notes for this purpose. 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, including the currently outstanding Notes in the approximate amount of \$3,250,000. 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 noteholder's ability to gain 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. Existing Notes will not be modified to reflect the terms and conditions of such subsequently issued Notes. Therefore, any particular investor risks investing in the Company 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 Notes will be determined and agreed upon on the date of issuance, in significant part, by movements in the prime rate announced by large banks. Since the interest rate the Company may charge its customers is limited by competitive factors, the Company may not immediately be able to pass on increases in its funding rate to investors. Accordingly, an increase in the prime rate may adversely affect profit margins and the Company's ability to repay Notes. 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 secured by a general pledge of all assets owned by or later acquired by the Company (the "Company's Assets"). The Company's Assets will generally secure, on an equal and ratable basis, the obligations owed to all current holders of Notes, together with all other creditors of the Company, except for note obligations owed to officers of the Company. 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, the ability of investors in the Notes to make a sale of assets of the Company and distribute the proceeds of such a sale may be subject to certain bankruptcy law limitations if a bankruptcy proceeding were to be commenced by or against the Company. See "Use of Proceeds," "Business" and "Description of Securities."

Collections and Foreclosures

The Company is responsible for collecting monthly payments from construction loan obligors and foreclosures in the event of default. The Company estimates the average time between default by a builder and repossession of its collateral will be approximately one year to eighteen months, during which time no interest or other payments may be paid. 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 take as long as three to six months, 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. Although the Company will make every effort to comply with all applicable laws, failure to comply may subject the Company to administrative or judicial action against the Company and severe monetary damages or penalties may result. See "Business-Regulation."

No Assurance of Conventional Financing for the Company's Operations

In addition to Note proceeds, the Company may maintain lines of credit or any other type of bank or conventional financing. The Company believes that during the past few years, conventional financing for businesses has, in general, become more difficult to obtain. If regular, continued sale of these Notes is not successful, and the Company is not able to arrange conventional financing, the Company may be forced to sell Trust Deeds and loans in its portfolio to pay maturing Notes as they come due. Mr. Chittick has provided liquidity to the Company through a personal 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 line of credit, Mr. Chittick draws an interest rate of 12% per annum. Funds advanced in this manner are generally only short term (3-5 days). These funds have priority to funds invested in the Notes. If the Company were to require additional conventional financing, the lender will probably secure its loan 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 sell loans for sufficient amounts to repay its conventional financing, if applicable, and to redeem all 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 consumer credit protection statutes and regulations. 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, and the Real Estate Settlement Procedures Act and 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 adversely affect the operations of the Company. See "Business - Regulation."

FHA Regulation

In addition, the Federal Housing Administration has announced new, nationwide restrictions on the issuance of FHA financing for houses being resold within 90 days of its acquisition. Depending upon the interpretation of these regulations, these regulations are expected to reduce the demand for our loans from Foreclosure Specialists, which could impair our 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 trading market for the Notes, and it is highly unlikely that a trading market will develop. The restricted nature of the security prohibits the purchase of the Notes for any purpose other than holding 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. The Company maintains the right to adjust the interest paid on the Notes offered hereby with 30 days written notice and in subsequently offered Notes. In the past, Arizona's real estate market has experienced cyclical fluctuations, which may reoccur 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 and the service of outside consultants and could be adversely affected by the loss of Mr. Chittick or the loss of service of a key consultant if a qualified replacement could not be found without undue delay. This dependence on outside consultants will be critical if market conditions change drastically due to Mr. Chittick's limited real estate experience. See "Management."

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. One of the Company's initial consultants, Mr. Gould also consults with Real Estate Equity Lending, Inc. ("REEL"), which make investments in loans secured by deeds of trust, and invests in similar instruments on his own behalf. Since the Company plans to invest in portfolios similar to those of REEL, Mr. Gould and Mr. Chittick, and because of the various ownership and consulting relationships between and among Mr. Chittick, Mr. Gould and REEL, conflicts of interest exist and will continue to exist between the Company and the outside interests of Mr. Chittick and Mr. Gould. 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."

Control by and Benefits to Insiders

Holders of Notes 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. In addition, the capital provided from this offering would substantially increase the value of the shares of the Company that are owned by Mr. Chittick. 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 affect on the Company's operations.

Certain Charter Provisions

Arizona law provides that Arizona corporations may include provisions in their articles of incorporation relieving directors of monetary liability for breach of their fiduciary duty as directors, except for the liability of a director 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 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.

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," "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.

USE OF PROCEEDS

The Company intends to use the net proceeds received from the sale of the Notes, after deducting organizational and offering expenses not expected to exceed \$20,000, primarily for operating capital and to purchase and fund Trust Deeds. The proceeds from 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. However, the Company expects that no more than 1 percent of the proceeds of the offering will be allocated to general business purposes. In addition, the Company intends to maintain reserves from the proceeds of the offering, in a cash reserve account, in an amount deemed adequate by the Company, depending on the amount raised and the anticipated roll-over of the portfolio loans, for the purpose of providing liquidity to service interest payments on, and redemption of, the Notes as they mature. The remaining proceeds, net of cash reserves, should be available to fund and purchase Trust Deeds. 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%	\$25,000,000	100%
<i>Commissions & Costs (1)</i>	\$20,000	4%	\$20,000	.08%
<i>Cash Reserve (2)</i>	\$5,000	1%	\$25,000	1%
<i>General Business (3)</i>	\$5,000	1%	\$250,000	1%
<i>Proceeds Available For Funding/ Purchase of Construction Loans (4)</i>	\$470,000	%	\$24,480,000	97.92%

- (1) The Company does not anticipate paying costs and commissions in excess of the costs associated with this offering, because Notes purchased with non-qualified funds are purchased directly from the Company without cost or commission. The Company may pay costs and commissions to a licensed broker-dealer with an approved custodian to facilitate purchases by investors using qualified funds (i.e., IRA, SEP and Keogh Plans), up to one percent (1%) of the principal Note amount.
- (2) The 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) The 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 also include the organizational and initial 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.

BUSINESS

The Company was incorporated in Arizona on April 30, 2001 and is engaged primarily in the business of: (i) funding Foreclosure Specialists, who purchase houses at foreclosure sales and (ii) funding and purchasing construction loans secured by real estate deeds of trust ("Trust Deeds") to Arizona builders of commercial and residential construction projects.

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 and the current yield is 12 percent or greater. Most of these purchased loans will have short-term maturities (less than one year), and under certain circumstances, Company will charge a minimum of 30 days interest on short-term loans. Most Trust Deeds will range in size from \$50,000 to \$250,000. 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 target loan duration is to last between three to nine months and any loans longer than six months is structured to require monthly interest payments.

For lending to Foreclosure Specialists who purchase foreclosed homes, 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.

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, 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 70 percent but with an objective goal of 50 percent to 65 percent. The maximum loan size is intended to be \$2.5 million, 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.

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 rates, better service and personal relationships with Mr. Chittick. The Company will not lend to natural persons for personal, family or household purposes.

The niche market for both commercial and residential lending will be equity loans with a term between three months and two and one-half years with the average being five to eight months. The maximum amount of a single construction project loan from the Company is intended to be \$2.5 million. The maximum loan-to-value ratio is intended to be 70 percent. Loan-to-value ratio is determined by calculating the reasonable market value of the property at the end of the construction project.

The Company may elect to participate as an equity partner in some projects should the benefits warrant the risk. The Company may diversify its financing operations in the future to include other areas

of finance; provided, however, the Company will maintain its assets so that more than 60% of its assets are loans secured by mortgages, deeds of trusts and other liens on and interests in real estate. The Company does not anticipate entering any non-Arizona market without first discussing 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. A late charge of ten percent of the amount due is assessed on a delinquent payment that is not cured within five days. If payment on a Trust Deed is 30 days delinquent, an accelerated default rate goes into effect and foreclosure proceedings begin. When a property is in foreclosure, the Company will reserve against loan losses to the extent the Company deems necessary. The Company believes that the reserves will be sufficient to protect the Company against project losses. However, the Company cannot guarantee that reserve estimates will be adequate, and project losses in excess of reserves would adversely affect the operations of the Company.

Regulation

The financing of construction loans and other types of real estate transactions is regulated by various federal and state government agencies, including the Arizona Banking Department. Arizona Revised Statutes §§ 6-901 to 910, §§ 6-914 to 948 and 6-971 to 985, and regulations issued thereunder, have specific mortgage loan broker and banker licensing and operating requirements.

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 believes it will not need a license from the Arizona Banking Department 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.

The U.S. Federal Housing Administration has announced new, nationwide restrictions on the issuance of FHA financing for houses being resold within 90 days of its acquisition, including additional appraisal requirements. Depending upon the interpretation of these regulations, these regulations are expected to reduce the demand for our loans from Foreclosure Specialists which could impair our ability to keep all of the proceeds from this offering fully vested.

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. It is the Company's plan that the base of borrowers eventually will exceed 100 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 to \$1 million 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 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 191 loans secured by real estate over the last six years. As of the date of this Memorandum, Mr. Chittick has experienced only one default requiring foreclosure, and no loans that resulted in principal losses. 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.

Executive Offices

The Company's office is currently located at 8665-1 S. 51st Street, Phoenix, Arizona 85044. Its current telephone number is 602-469-3001. Beginning in October, the Company's office will relocate to 6132 W. Victoria Place, Chandler, Arizona 85226.

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.

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. To date in 2003, there has been an additional \$290,000 invested by both new and old investors. Mr. Chittick has also personally added an additional \$500,000. Mr. Chittick uses a personal 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 24 to 60 months and have, to date, drawn interest at the rate of 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. There are 29 cities in the Metro area, which include 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.

All real estate loans funded by the Company have been and will 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 at least this ratio.

In 2001, the Company funded 37 loans in its first year of operation. The aggregate amount of these loans totaled \$3,030,000, with the value of underlying homes totaling \$5,946,000. Of those 37 loans, 16 were repaid in 2001. The repaid loans totaled \$1,452,000, with the value of the underlying homes equaling \$2,420,000. All interest due from all loans was collected.

In 2002, the Company funded 70 loans in its first full year of operation. The aggregate amount of these loans totaled \$5,721,000, with the value of the underlying homes totaling \$8,866,000. Of the 70 loans from 2002 and the remaining unpaid loans from late 2001, 65 were repaid in 2002. These repaid loans totaled \$5,205,000, with the value of the underlying homes equaling \$9,001,000. All interest due from all loans was collected.

To date in 2003, the Company has funded 44 loans for a total of \$3,913,000, with the underlying homes valued at \$5,589,000. There have been 36 loans repaid in 2003 for a total of \$3,397,000, and house values of \$4,837,000. All loans that have closed have paid all interest due.

Since inception the Company has participated in 151 loans, with an average loan amount of \$85,000, with the highest single loan being \$225,000 and lowest being \$26,000. The aggregate amount of loans funded is \$12,910,000 with property values totaling \$20,838,000. The total amount of loans that have funded and closed is \$10,100,000, with home values equaling \$16,344,000. These loans have borne interest rates of 18% to 21% per annum. The interest rate paid to noteholders has averaged 12% per annum through such date. All secured loans made by the Company have been paid in accordance with the their respective terms and it has sustained no losses on its portfolio.

MANAGEMENT

Directors and Executive Officers

The Directors and Executive Officers of the Company are: Denny J. Chittick, 35, 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 ASU.

Real Estate Consultant

The Company will have only one employee, which will require the Company to use outside consultants 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

Management Compensation

As the sole shareholder, Mr. Chittick receives a minimal salary consistent with IRS guidelines and he is also compensated through monthly withdrawals of a portion of the Company's net profits. 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 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 intends to retain earnings in the Company up to the 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 Note holders (Mr. Chittick currently has invested approximately \$1,000,000 in Notes, which amount will be subordinated to all other Notes placed pursuant to this Memorandum). See "Description of Securities." The Company intends to pay all retained earnings in excess of the reserve goals to Mr. Chittick.

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 8665-1 S. 51 st Street Phoenix, AZ 85044	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 \$25 million in Notes. The minimum denomination is \$50,000, and the maximum denomination is \$1 million. Denominations increase from the minimum to the maximum in increments 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 Offering 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, if the Company is 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.

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 Phoenix, 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.

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 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 assets of the Company for repayment.

As general obligations of the Company, the Notes will not have any specific collateral but will be generally secured by the Company's Assets. 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 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 review the Company's financials and the aggregate outstanding principal amount of all cash accounts, other property, Trust Deeds and the principal amount of outstanding Notes as of the date of the review. Based on this

review, the Company will certify to the outstanding investors 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 review.

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.

<u>Note Amount (1)</u>	<u>Note Terms (2)(3)</u>		
	<u>6 Months</u>	<u>1 Year</u>	<u>2 Years to 5 Years</u>
\$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, in increments of \$10,000.
- (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, 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 to adjust the interest paid on outstanding Notes on 30 days written notice to Note holders.

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 interest granted in any of the Company's assets to secure an indebtedness will be superior in priority to the general claim of a holder of a Note, which means the Company's Assets that are available as security for a Note will be decreased.

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; or (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 60 days of the filing date.

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 two through five years also may be purchased with qualified monies (such as IRA, SEP 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 Securities and Exchange Commission or any other state or federal regulatory agency. No state or federal agency has made any finding or determination as to the fairness of this offering for investment, the adequacy or accuracy of the disclosures, nor any recommendation or endorsement of the Notes.

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

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

DETERMINATION OF OFFERING PRICE

The rate of return for the Notes offered hereby has been set 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 is a new entity. 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 or to any market price for the Company's securities.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition 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 holder and it is not intended to be applicable to holders 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 holders 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 holders that do not acquire Notes as part of the initial distribution at their initial issue price. Each prospective investor should consult its tax advisor 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 the Code, as amended, existing and proposed U.S. Treasury Regulations, 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.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS 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, partnership or other entity 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 other than a U.S. Holder.

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.

Original Issue Discount

Some of the Notes may be issued with "original issue discount" ("OID"). In general, OID is the excess of the "stated redemption price at maturity" of a debt instrument over its "issue price" if that excess equals or exceeds 1/4 of 1% of the debt instrument's stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity. The stated redemption price at maturity of a debt instrument equals the sum of all payments required under the debt instrument other than "qualified stated interest." Qualified stated interest is interest that is unconditionally payable in cash or other property (other than debt instruments of the issuer), or that is treated as constructively received under the Code Section 451, at least annually at a single fixed rate. The issue price of a debt instrument issued for money, such as the Notes, is the first price at which a substantial amount of the debt instrument was sold.

A Note should not have OID if it is issued for an amount equal to its stated redemption price at maturity, and both call for the payment of interest at a single fixed rate and at fixed periodic intervals of one year or less. A Note may, however, have OID if it calls for the payment of some or all of the interest to be deferred beyond one year. The Code contains a number of very complex provisions requiring holders of debt instruments with OID to include such OID in income as it accrues economically over the life of the debt instrument. In the case of a Note with OID, the holder may be required to include OID in income before the holder receives the associated cash payment, regardless of the holder's accounting method for income tax purposes.

The OID rules describe above will also generally apply to a Note with maturity of one year or less, called a "Short-Term Note," but with some modifications. First, in the case of a Short-Term Note, no payment of interest is considered to be "qualified stated interest." As a result, all interest on a Short-Term Note will be OID. Except as noted below, holders of Short-Term Notes that are cash-basis taxpayers generally will not be required to accrue OID currently, but will be required to report interest income as interest is paid, or, if earlier, upon the taxable disposition of the Short-Term Note. A cash-basis holder of a Short-Term Note, however, may not be allowed to deduct all of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a Short-Term Note until the maturity of the Short-Term Note or its earlier disposition in a taxable transaction. A cash-basis holder of a Short-Term Note may elect to accrue OID on a current basis, in which case the holder would include interest on the Short-Term Note in income as it accrues, but would not be subject to the limitation on the deductibility of interest described above. A holder using the accrual method of tax accounting, and certain other holders, including banks and dealers in securities, generally will be required to report interest income as OID accrues on a Short-Term Note on a straight-line basis over the term of each interest period. Special rules not discussed in this summary apply to a Short-Term Note purchased for more or less than its principal amount.

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 $1/4^{\text{th}}$ 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. This adjusted tax basis will be increased by any 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. 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 be considered (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 10% 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 10% or more 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

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. A U.S. backup withholding tax will apply to such payments if a U.S. Holder fails to provide a taxpayer identification number or certification of other tax-exempt status or fails to report in full dividend and interest income.

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, currently 30% (reduced to 29% for years 2004 and 2005, and 28% for 2006 through 2010), 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 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 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

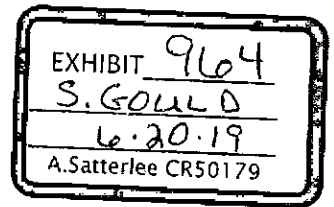
Except as set forth below, each investor must represent in writing that it qualifies as an "accredited investor," as such term is defined in Rule 501(a) of Regulation D under the Act and must demonstrate the basis for such qualification. To be an accredited investor, an investor must fall within any 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) A director or executive officer of the Company;
- (5) A 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 (including the person's residence);
- (6) A 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) A 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 computing net worth for the purpose of (5) above, the principal residence of the investor must be valued at cost, including cost of improvements, or at recently appraised value by an institutional lender making a secured loan net of encumbrances. 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 or KEOGH retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

DenSco Investment Corporation



August 31, 2005

William J. Greene
PO Box 30325
Palm Beach Garden, FL 33420

Bill:

Looks like Florida finally missed a big hurricane! But the season is young. I know that you spent time with Scott Gould this last week here in Phoenix. He said you guys are friends and known each other for quite a while.

I don't believe that I need to take a lot of time explaining what I do exactly. However, I think that it would be helpful for you to read through the information I'm enclosing along with reading through my website www.denscoinvestment.com/.

If you have any questions please give me a call. I look forward to hearing from you.

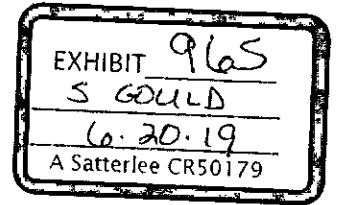
Sincerely,

Denny J. Chittick

6132 W Victoria Place Chandler, AZ 85226
Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737
denscoinvestment.com dcmoney@yahoo.com

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DenSco Investment Corporation



August 28, 2006

Larry Clark
701 N. Elm Dr.
Beverly Hills, CA 90210

Larry,

Scott Gould said that you and he have been talking for the last two weeks while he has been traveling. We met today and he asked me to send you the information on DenSco.

He mentioned to me that you do some lending yourself. I won't need to go in to great detail of what I do, since you are familiar.

An investment in DenSco would be more of a passive investment. Your funds are combined with the rest of the total portfolio to make loans. You would receive a fix rate of return, up to 12% a year on your invested funds. Your funds wouldn't be tied to one individual, but you would own a prorated share of each property that is in the portfolio, much like how a mutual fund works.

Please read through this material and call me with any questions. You can reach me 602-469-3001.

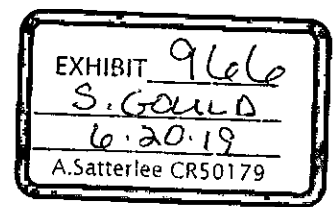
I look forward to speaking to you.

Sincerely,

Denny J. Chittick

6132 W. Victoria Place Chandler, AZ 85226
Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737
denscoinvestment.com dcmoney@yahoo.com

CH_EstateSDT_0000024



Private Offering Memorandum

April 26, 2007

P O BOX 97235 • PHOENIX, AZ • 85060
PHONE: 602-840-0333 • FAX: 602-840-1180

Confidential and Proprietary Material

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4/19/2007

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Confidential Private Offering Memorandum

RLS Capital, Inc.,

an Arizona corporation

No. _____

Name of Payee: _____

Confidential Private Offering Memorandum

RLS Capital, Inc.

General Obligations Notes

Minimum Purchase \$50,000

The General Obligation Notes (the "Notes") are general unsecured obligations of RLS Capital, Inc., 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 unsecured as to the 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 initial stock capitalization from the founding Shareholders of the Company. Interest will be paid monthly, 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 may modify the interest rate to be paid on subsequently issued Notes, and reserves the right to adjust the interest rate payable on any outstanding Note upon 30 days' advance written notice and acceptance by the Noteholder. 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. A Note may be redeemed by the Company prior to maturity upon 1 business days' notice at a price equal to the unpaid principal balance of the Note plus accrued and unpaid 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

Confidential and Proprietary Material

offer the Notes on a continuous basis until the earlier of (a) the sale of the maximum offering of \$50 million, or (b) 2 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 PASSED UPON 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.

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

- (1) The Notes are offered with a \$50,000 initial investment and with \$1.00 additional increments. All subscriptions for Notes are subject to review and acceptance by the Company
- (2) The Company's officers are making the private placement of the Notes on behalf of the Company. No sales commissions will be given in connection with the placement of the Notes. Notes maturing more than 1 year also may be purchased with qualified monies (such as IRA, SEP 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 investor.
- (3) Organizational expenses and initial offering expenses, estimated at \$25,000, will be paid from initial capital contributions.

RLS Capital, Inc.
5433 E. Osborn Rd.
Phoenix, AZ 85018
Telephone: 602-840-0333
Facsimile: 602-840-1180

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 STATE SECURITIES LAW; (2) ABLE TO BEAR THE ECONOMIC RISK OF AN INVESTMENT IN THE NOTES; AND (3) SUFFICIENTLY

Confidential and Proprietary Material iii

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 COMPANY, 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.

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 ROBERT KOEHLER, AS THE COMPANY'S PRESIDENT, LONNIE LINDELL, AS THE COMPANY'S VICE PRESIDENT, OR ROD COHODAS, AS THE COMPANY'S TREASURER, 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 ROBERT KOEHLER, AS THE COMPANY'S PRESIDENT, LONNIE LINDELL, AS THE COMPANY'S VICE PRESIDENT, OR ROD COHODAS, AS THE COMPANY'S TREASURER, 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 THE COMPANY IS STRICTLY PROHIBITED.

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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

RLS Capital, Inc., an Arizona corporation (the "Company"), is a new Arizona corporation, which has only been in operation since April 2007. Despite being newly formed, the Company's key officers have collectively spent approximately 23 years engaged in residential, commercial and equity-backed lending transactions. The Company has been and will continue to be engaged primarily in funding purchases of houses at preforeclosure sales and foreclosure sales, and in funding residential homebuilders, foreclosure wholesalers, "fix & flippers," commercial builders, and other real estate professionals in need of short-term funding. All such loans will be secured by a note, first position real estate deeds of trust ("Trust Deeds"), title insurance, and hazard insurance listing the Company as an Additional Insured or Loss Payee. The Company will seek to maintain a diversity of loan size projects, including "fix & flips," low-end tract, back-office commercial properties, medical offices, retail, commercial flex-office centers, high-end specialty and custom speculative residential properties, pre-sold semi-custom, condominiums, mixed-use and short-term lot loans. The Company does not intend to exceed a maximum initial loan size of \$1.5 million and a maximum loan-to-value ratio of 75% in the aggregate for all loans in the loan portfolio. Once the Company's portfolio reaches \$5 million, the Company intends to invest no more than 10% of its overall portfolio in any single loan.

The Company's office is currently located at 5433 E. Osborn Road, Phoenix, Arizona 85018. Its current telephone number is 602-840-0333.

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The Offering

Securities: The Company is offering up to \$50 million in principal amount of Notes. This investment takes the form of Notes. 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 \$50 million, increasing in minimum increments of \$1.00. The Notes are paid "interest only" during their terms, with principal payable only at maturity. Investors may elect to have interest paid monthly 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 an officer 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 purchasing notes secured by Trust Deeds and property, which will be converted to loans secured by notes and 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 three years from the date of this Memorandum or upon the sale of the maximum offering of \$50 million; provided, however, the Company reserves the right to amend, modify or terminate this offering if the Company changes its operations or method of offering in any material respect. See "Description of Securities" and "Plan of Distribution."

BUSINESS

The Company was formed in Phoenix, Arizona on April 6, 2007, and is engaged primarily in the business of: (i) funding residential homebuilders, foreclosure wholesales, “fix & flippers,” commercial builders, and other real estate professionals in need of short-term funding, and (ii) purchasing properties that have desirable purchasers who want to borrow money from the Company.

Target Markets and Potential Future Markets

The Company will target the funding and purchasing of Trust Deeds to qualified borrowers in Arizona, including purchasers of foreclosed homes, reputable land developers and qualified contractors and builders of commercial and specialty 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 75% percent and the current yield is 12% or greater. Most of these purchased loans will have short-term maturities (less than one year). Most Trust Deeds will range in size from \$100,000 to \$1,500,000. 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 target loan duration is to last between 1 day and 12 months, with an average loan duration of approximately 5 months.

For lending in the foreclosure market, the Company intends to lend to wholesalers and “fix & flippers” who have strong backgrounds in timely performance and a proven history of paying off loans in a timely manner. The Company may take transitional ownership of a property at a foreclosure auction when a buyer makes the appropriate commitment to take ownership once the title work is completed for the benefit of the Company.

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For lending on commercial projects, the Company will target established, reputable contractors and land developers who are developing back-office commercial properties, medical and other professional offices, strip and pre-sold commercial centers, build-outs and high-end specialty projects. The Company intends to have these Trust Deeds have loan-to-value ratios no greater than 70% but with an objective goal of 50% to 65%. The maximum initial loan size is intended to be \$3 million, with participation from other lenders for larger projects.

For residential loans, the Company will seek reputable borrowers who have highly marketable properties with significant equity or a pre-sold home to a qualified buyer. The Company also plans to finance high-end specialty and custom "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, non-reporting to credit bureaus, customized draw schedules, better service and project consulting services. The Company will not lend to natural persons for personal, family or household purposes.

The niche market for both commercial and residential lending will be equity loans with a term between 1 day and 12 months with the average being approximately 5 months. The maximum initial principal balance of any single loan from the Company is intended to be \$3 million. The maximum loan-to-value ratio for any single loan is intended to be 75%. The loan-to-value ratio is determined by calculating the reasonable market value of the property at the end of the construction project. The reasonable market value of the property is usually determined by the past experience of the Company, comparables, pending sales and the Company's knowledge of the property and recent sales in the area.

The Company may elect to participate as an equity partner in some projects should the benefits warrant the risk. The Company may diversify its financing operations in the future to include other areas of finance.

Cash Flow

The Company uses a 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 from the repayment of the loans and the sales of properties 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, trustees and title companies that the Company believes are reliable referral sources. Prior to purchasing a Trust Deed or funding a loan, the Company intends to have an officer, employee or an authorized representative conduct a due diligence review by visiting the property and interviewing its owner, verifying the documentation and performing credit investigations as are deemed appropriate by the Company. 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 loan or the purchase of each Trust Deed submitted for purchase.

Collections

The Company services the loans 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 3 to 5 days following the payment due date and will monitor the account closely until the payment or satisfactory arrangement has been made. A late charge of 10% of the amount due is assessed on a delinquent payment that is not cured within 5 days. If payment on a loan is 30 days delinquent, an accelerated default rate goes into effect and foreclosure proceedings may begin under the Trust Deed; 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. When a property is in foreclosure, the Company will reserve against loan losses to the extent the Company deems necessary. The Company believes that the reserves will be sufficient to protect the Company against project losses. However, the Company cannot guarantee that reserve estimates will be accurate or adequate, and project losses in excess of reserves would adversely affect the operations of the Company.

Regulation

The financing and purchasing 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

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operating requirements. The Company 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 the 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 believes it will 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.

The U.S. Federal Housing Administration previously implemented nationwide restrictions on the issuance of FHA financing for houses being resold within 90 days of its acquisition, including additional appraisal requirements. After some initial disruption to the home loan market, the interpretation of these

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restrictions was eased. If new regulations are issued or if a more strict interpretation of these regulations is implemented in the future, these 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 vested.

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, it is likely that some of those provisions will become in effect in Arizona either through law or regulation during this offering. The Company's management believes that the Company's practices will not need to change in order to be in compliance with any of the current proposals that may go into effect. However, there can be no assurance that such will be the case.

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 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 400 approved and qualified borrowers. The Company anticipates that the current base of borrowers, as may be supplemented or expanded over time consistent with the Company's operating plan, will constitute a sufficiently large borrowing base of qualified contractors and foreclosure specialists to enable the Company to be successful in its operating plan. The Company will maintain loans throughout Arizona to reduce its risk to fluctuations in values and conditions in markets among and within the state. 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 \$150,000 tract homes to \$2 million custom "spec" homes; and commercial investments for flex-office, back-office, medical/general office and retail. In addition, the Company intends to

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maintain general loan-to-value guidelines that currently range from 50% to 75%, (but it is intended not to exceed 75%), 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 real estate markets in the Western United States, the Company 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. Robert Koehler, individually, has documented approximately \$800 Million Dollars worth of real estate loan transactions as a loan officer and real estate agent in residential and commercial transactions over the last 8 years, and Lonnie Lindell has been involved with real estate investments and equity-backed lending for over 15 years. As of the date of this Memorandum, out of the approximately 163 loans obtained by the Company's Principals, only one, obtained by Lonnie Lindell, has resulted in a foreclosure, and no loans have resulted in principal losses. 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.

Executive Offices

The Company's primary business office is currently located at 5433 E. Osborn Road, Phoenix, Arizona 85018. Its current telephone number is 602-840-0333. The Company's daily operations will be conducted from this location, and a secondary administration office is located at 2827 Red Arrow Drive, Las Vegas, Nevada 89135, telephone number: 702-785-7725.

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

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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.

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.

Limited Operating History

Although the Company has virtually no operating history, Robert Koehler, the Company's President, has documented in excess of \$800 Million Dollars worth of real estate loan transactions, and Lonnie Lindell, the Company's Vice President, has been involved with real estate investments and equity-backed lending for over 15 years. However, even with this number of transactions, 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.

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. 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 operate and 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, financial institutions and other private investors that are more 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 the length of time it takes to approve a loan. There are well-established competitors in the finance business in most major metropolitan areas, many of whom have substantially greater financial resources than the Company. Thus, the cost of funds to many of the Company's 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 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 competitors with lower costs and greater assets. See "Business-Target Markets and Potential Future Markets."

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. Therefore, in order to pay the principal and interest due on the Notes, and any other indebtedness of the Company outstanding from time to time, 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 and will need to expand its loan portfolio in order to generate sufficient revenues to make scheduled interest and principal payments on the Notes.

Demand for Real Estate Loans

The Company's success depends, in part, upon its ability to continue to develop and achieve growth in its lending operations and to manage this growth effectively. In formulating and implementing its business plan, the Company relied on the judgment of its officers and consultants, and on their research and experience to determine marketing strategy and procedure and to locate and evaluate potential customers. The Company has not planned, conducted or contracted for any independent market studies concerning the anticipated demand for the Company's services. The Company has not reviewed any specific analysis concerning the demand for its niche in real estate lending. There can be no assurance that there will be sufficient demand for the loans by qualified borrowers such that the Company can generate sufficient revenues to make scheduled interest and principal payments on the Notes needed for growth. See "Business-Target Markets and Potential Future Markets."

Referral Network

On an aggregate basis, the Company intends to loan approximately 100% of the capital raised in this offering to qualified borrowers. To the extent that the Company's referral sources would refer these potential borrowers to a different lender, this could have an adverse effect on the anticipated demand for the Company's real estate lending services. See "Management," and "Dependence on Key Personnel."

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; Lack of Governmental Insurance

The Notes represent general obligations of the Company and will not be subject to redemption through a sinking 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. 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 but unpaid interest. However, the Company has the right to redeem the Notes at any time prior to maturity upon 1 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 Noteholder's ability to gain 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 its customers is limited by competitive and other factors, the Company may not be able to pass on increases in its funding rate to investors. 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. There can be no assurance that the realizable value of any collateral securing a loan would be sufficient to protect the Company from losses in the event of a default or any loans in its portfolio. In addition, if the Company fails to properly perfect its interest in the collateral underlying each loan in accordance with applicable state law, the Company will be unable to enforce its interest in the collateral and the loan will be deemed unsecured.

From time to time, the Company may foreclose under the terms of a Trust Deed in circumstances in which the borrower's project has not been completed. 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 1 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 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.

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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 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 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 would be costly and could materially adversely affect the operations of the Company. See "Business – Regulation," including the predatory mortgage lending discussion contained therein.

FHA Regulation

In addition, the Federal Housing Administration previously implemented nationwide restrictions on the issuance of FHA financing for houses being resold within 90 days of its acquisition. After some initial disruption to the home loan market, the interpretation of these restrictions were eased. If new

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regulations are issued or if a more strict interpretation of these regulations is implemented in the future, these 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 the Western 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, various regions in the Southwest have been cyclical and have 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 highly dependent on the continued services of key personnel and one consultant. A loss of any or all of these key people from the Company would adversely affect the Company if qualified replacements could not be found without undue delay. It may take some time for qualified replacements to be found. None of the key personnel or the consultant have a contract or other employment agreement with the Company, nor do they have a non-compete agreement at this time. The termination of performance by the consultant could have a material, adverse effect on the Company's operations. See "Management."

Management's Outside Interests and Conflicts of Interest

All key personnel managing the Company may have investments that are similar to those held in this portfolio and may have a conflict at times deciding which investments or loan should be placed in what ownership or portfolio. The primary outside consultant may receive payment for supporting and advising other portfolios that are similar to the Company's. No key personnel are forbidden from other employment opportunities. See "Management" and "Certain Relationships and Related Transactions."

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."

Control by and Benefits to Insiders

Noteholders will not be able to influence the management of the Company because the initial incorporators of the Company own all of the outstanding shares of common stock of the Company.

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 2 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 2 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 affect 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 directors, except for the liability of a director or officer resulting from: (i) any transaction from which the director or officer 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 other members or an illegal loan or guaranty. The Company's Bylaws and/or Shareholders Agreement may provide that the Company's directors and officers are not liable to the Company or its other members for monetary damages for the breach of their fiduciary duties to the fullest extent permitted by Arizona law.

The Company's Bylaws and/or Shareholder's Agreement may 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 Real Estate Investments

In situations where immediate funding is required at the time of sale, the Company will primarily take ownership of properties that are purchased at a foreclosure sale. Since the Company is not in a position to secure its position immediately in those states, it will be common for the Company to take ownership until the appropriate title work can be performed. The Company cannot guarantee that these properties will be sold to a borrower immediately or if it will be sold for a higher price than the purchase price. Typically, the Company will purchase a property only if the party bringing the deal to the Company makes a financial contribution and commitment to purchase the property immediately. The market conditions in the target states may change rapidly, which could have an adverse affect on the Company's ability to sell the property.

Concentration of Loans

The Company's portfolio of loans is concentrated in Arizona and Western areas of the United States. Consequently, the Company's operations and financial condition are dependent upon general trends in the markets in which concentrations exist and, more specifically, their respective real estate markets. 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 Allowance 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

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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."

Federal Income Tax Risks

The discussion entitled "Certain United States Federal Income Tax Considerations" includes a discussion of certain U.S. income tax risks involved in an investment in the Notes. The section does not discuss all aspects of U.S. federal income taxation that may be relevant to any particular investor and cannot address any investor's specific investment circumstances. In addition, the section does not include a discussion of state, local or foreign tax laws. Each investor should consult its own tax advisor with respect to these and other tax consequences of an investment in the Notes.

FORWARD-LOOKING STATEMENTS

This Confidential Private Offering Memorandum, including information incorporated by reference in this Memorandum, contains forward-looking statements regarding the Company's plans, expectations, estimates and beliefs. Actual results could differ materially from those discussed in, or implied by, these forward-looking statements. When used in this Memorandum, the words "anticipate," "intend," "believe," "estimate," and other similar expressions generally identify forward-looking statements, which are found throughout this Memorandum whenever statements are made that are not historical facts.

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 notes secured by Trust Deeds, and to purchase properties that have desired purchasers waiting to borrow money from the Company. The proceeds from the sale of the 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 0.2% of the proceeds of the offering will be allocated to general business purposes. The Company is not required to deposit any of the proceeds from this 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 Company also 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>	\$50,000	100%	\$50 Million	100%
<i>Commissions & Costs (1)</i>	\$-0-	0%	\$-0-	0%
<i>Cash Reserve (2)</i>	\$-0-	0%	\$-0-	0%
<i>General Business (3)</i>	\$-0-	0%	\$-0-	0%
<i>Proceeds Available For Funding (4)</i>	\$50,000	100%	\$50 Million	100%

- (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 1 year also may be purchased with qualified monies (such as IRA, SEP 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 investors.
- (2) The Company is not required, and does not intend to maintain cash reserves (or access to other funds) of the aggregate balance of Notes outstanding in its general accounts in order to provide funds to service interest payments and to facilitate redemption of the Notes
- (3) The 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 also include the organizational and initial offering expenses of approximately \$25,000, which the Company intends to pay using the Principals' capital contributions to the Company.

- (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

The initial incorporators organized the Company in April 2007 to provide a short-term funding source for residential homebuilders, foreclosure wholesalers, "fix & flippers," commercial builders and other real estate professionals in need of short-term funds.

Robert Koehler initially capitalized the company with \$50,000 of his personal funds.

Lonnie Lindell initially capitalized the Company with \$50,000 of his personal funds.

Rod Cohodas initially capitalized the Company with \$50,000 of his personal funds.

The Company intends to lend in the metropolitan areas of the major cities located in Arizona. The Company will have loans secured by properties in many of these cities simultaneously. The Company will endeavor 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.

All real estate loans funded by the Company have been and will be secured through first position Trust Deeds. The Company intends to maintain a loan to value ratio of the Company's overall portfolio of an average of less than 75%.

Over the past approximately 10 years, the Company's Principals have participated in approximately 163 loans, with an average loan amount of \$109,000, with the highest single loan being

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\$350,000 and lowest being \$10,000. The aggregate amount of loans funded was \$25 million with property values totaling \$35 million. The total amount of loans that funded and closed was \$25 million with home values equaling \$35 million. These loans have borne interest rates of 18% per annum. All secured loans made by the Company's Principals have been paid in accordance with their respective terms and, except as noted hereinabove, they have sustained no losses on their portfolios.

MANAGEMENT

Directors and Executive Officers

The President is Robert Kochler, who is also a 33.33% shareholder of the Company

Robert is a former Vice President and Manager for Real Estate Lending, Inc. and has 8 years of experience supporting real estate loan portfolios similar to the portfolio intended by the Company. Robert holds a real estate license in Arizona and has worked as a loan officer in the residential and commercial real estate markets. Robert has prepared and documented over \$800 million of real estate loan transactions and has conducted due diligence efforts for hundreds of private purchases 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. He possesses and will provide management, communication and organizational skills that are essential to the operation of the Company.

Lonnie Lindell is the Vice President/Secretary and a 33.33% shareholder in the Company.

While pursuing careers in engineering and computer software industries, Lonnie has participated in real estate investments and equity-backed lending for over 15 years. Lonnie will assist the Company

with due diligence efforts, accounting, investor relations, preparation of various business statements and the searching of new markets.

Rod Cohodas is the Vice President/Treasurer and a 33 33% shareholder of the Company.

Rod has been dedicated to the care of patients and the operation of his chiropractic practice since 1988. In addition to running a successful practice, Rod has been investing in real estate and has been buying and selling investment properties since 1989. Rod will dedicate his full-time efforts to the Company and will assist in loan documentation preparation, underwriting, cash flow management, insurance verification, office management and property research and evaluations.

Real Estate Consultant

The Company will have only 3 employees, 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 originating loans, reviewing the Company's operations, preparing documents, generating loan payoffs and inspecting properties. The Company initially intends to utilize Scott Gould as a consultant, but may also use other consultants from time to time.

Scott Gould has been working in the financial services industry for 15 years. His business degree has a concentration in finance, marketing and investments. Scott helped to develop and has followed the investing principles outlined in this Memorandum for personal investment, as well as on behalf of other investors, for the last 19 years. Scott has a good reputation in the Arizona real estate and investment markets for valuations, the real estate market pulse and surrounding himself with professional lenders, contractors, brokers, agents, appraisers and foreclosure specialists.

Scott will be a real estate consultant to the Company in connection with creating forms, establishing the procedures for the Company to make its real estate loans, and assisting the Company in the due diligence necessary to evaluate such loans. Due to previous decisions by the Arizona Corporation Commission ("ACC") and the National Association of Securities Dealers ("NASD") and a previous consent order with the ACC, Scott will not be involved with the offer and sale of Notes to investors. Specifically, Scott will not engage in any fund raising efforts on behalf of the Company, including soliciting investors, giving investment advice to prospects, delivery or receipt of subscription documents, acceptance or transmission of any investor's checks, discussing the Company's current operations with a potential investor or delivering any descriptive material about the Company's business or fund raising efforts, or letters, to a prospective investor.

On March 22, 1994, the NASD suspended Scott's membership for 1 year and censured and fined him for effecting transactions in securities not approved by his employer, IDS – American Express ("IDS"), on behalf of a client through an unaffiliated dealer, and for not recording such transactions in books and records as required. On March 21, 1995, the Securities Division of the ACC closed a review into the matter of Scott's investment advisor application and his offering of personal promissory notes. The ACC concluded that Scott had failed to make proper disclosures on his application and in the promissory notes from Scott's company, MGF Funding, Inc. ("MGF"), and the ACC issued a consent order which ordered Scott to:

- (i) Cease and desist from violations of the Arizona Securities Act including, but not limited to, offering or selling securities unless the securities are registered with the ACC or qualify for an exemption from registration under the Arizona Securities Act;
- (ii) Make a rescission offer to all investors who purchased Scott's or MGF's notes to receive a complete and immediate repayment of principal and interest; and

- (iii) Pay an administrative penalty of \$5,000 but reduced to \$1,000 upon completion of the rescission offer, payable within 5 days after completion of such offer. (The rescission offer was successfully completed and Scott paid the \$1,000 penalty on May 29, 1995).

The consent decree also provided that Scott's application for an investment advisor license would be denied and Scott would not apply for registration as a securities dealer, securities salesman or investment advisor for a period of 10 years. On November 30, 2000, the ACC issued an Order to Cease and Desist, Order of Rescission, Order for Administrative Penalties and Consent to Same in connection with Scott's securities activities. After an investigation, the ACC issued another consent order which ordered Scott to: (i) cease and desist from violations of the Arizona Securities Act; (ii) make a rescission offer to certain investors; and (iii) pay an administrative penalty of \$30,000. (The rescission offer was successfully completed and Scott paid the penalty on November 7, 2000).

Due to these orders affecting Scott, he is not to be involved with the offer and sale of Notes to investors. Scott is strictly a real estate consultant who will help to create the forms, establish the procedures for the Company to make its real estate loans and, upon request from the Company, assist in the due diligence necessary to evaluate such loans.

Employees

With the assistance of outside consultants on an as-needed basis, the 3 officers and initial shareholders of the Company intend to operate the Company as the primary employees, analyzing, negotiating, originating, purchasing and servicing Trust Deeds. As the portfolio of contracts increases, the Company may add additional personnel.

Management Compensation

The Company's management does not intend to take any salaries from the Company until prudent earnings are achieved. Management will receive salaries, bonuses and dividends based upon the Company's profitability.

Ownership Compensation

The Company receives its revenue primarily from interest earned on cash reserve accounts and interest earned on investments made by the Company after subtracting interest paid on its debts. The amount of profits 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 intends to retain earnings in the Company. 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 goals to meet the Company's obligations.

PRINCIPAL SHAREHOLDERS

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

<u>Name and Address</u>	<u>Number of Shares</u>	<u>Percent</u>
Robert Koehler	50,000	33.33%
Lonnie Lindell	50,000	33.33%
Rod Cohodas	<u>50,000</u>	<u>33.33%</u>
	150,000	100%
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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Competing Businesses/Conflicts of Interest

All key personnel managing the Company and the initial shareholders may have investments that are similar to those held in the intended portfolio and may have a conflict at times in deciding which investment or loan should be placed into what ownership or portfolio. The primary outside consultant, Scott Gould, may receive payment for supporting and advising other portfolios that are similar to the Company. No key personnel are forbidden from other employment opportunities.

See "Risk Factors – Management's Outside Interests and Conflicts of Interest."

DESCRIPTION OF SECURITIES

The Company is offering \$50 million in Notes. The minimum denomination is \$50,000, and the maximum denomination is \$5 million. Denominations increase from the minimum to the maximum in increments of \$1.00. 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 2 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 Offering 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."

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The Notes are general obligations of the Company. The Notes will bear interest at the rates stated for the term selected. The investor may elect to have interest paid monthly or accrue and be paid at maturity. If the investor elects to have interest paid at maturity, 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 Phoenix, 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.

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 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.

The Company may, in its discretion, modify the interest rate paid on Notes or the term of such Notes upon 30 days' written notice. 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:

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

- (1) Note amounts are issued in varied denominations from \$50,000 to \$5 million, in increments of \$1.00.
- (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, 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 1 business 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 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.

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 more than 1 year also may be purchased with qualified monies (such as IRA, SEP 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 investor. The principal amount of the Note will be equal to the amount paid by the investor, and interest would be calculated on that amount, subject to monthly compounding if applicable.

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

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

- (1) The transaction may not include any public offering. The offer to sell Notes must be directly communicated to the investor by an officer of the Company and at no time may the Company advertise or solicit by means of any leaflet, public promotional meeting, newspaper or magazine article, radio or television advertisement or any other form of general advertising or general promotion.

- (2) The Notes may be purchased only for the investor's own account, for investment purposes only and not with a view to distribution, assignment, hypothecation, resale or to fractionalization in whole or in part.
- (3) An investor must meet certain suitability requirements, which are set forth under "Investor Suitability."
- (4) The Company must have furnished and made available for inspection all documents and information that the investor has reasonably requested relating to an investment in the Company, including its Articles of Incorporation, stock records and financial account records.

DETERMINATION OF OFFERING PRICE

The rate of return for the Notes offered hereby will be set from time to time by management of the Company to approximate a rate of return competitive with similar securities of other companies engaged in the finance industry. The Company is a new entity, which has only been in operation since April 2007. There is no market for the Company's securities and none is expected to develop. Accordingly, the rate of return on any Note bears no relation to the results of the Company, to any market price for the Company's securities, to the level of risk involved, or to any recognized measure of valuation or return on investment.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of certain U.S. federal tax considerations and consequences that may be relevant to a decision to acquire, own and dispose of Notes by an initial holder thereof. This summary only applies to Notes held as capital assets (generally, property held for investment) within the *Confidential and Proprietary Material*

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 the Code, as amended, existing and proposed U.S. Treasury Regulations, 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 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, partnership or other entity 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 other than a U.S. Holder.

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 $1/4^{\text{th}}$ of 1 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 1 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. This adjusted tax basis will be increased by any 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 1 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 be considered (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 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 28% 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 28% (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 51% or more 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

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 the Noteholder with respect to the Notes held during each calendar year, and the Noteholder is required to report such amount as income on its federal income tax return for that year. A U.S. backup withholding tax will apply to such payments if a U.S. Holder fails to provide a taxpayer identification number or certification of other tax-exempt status or fails to report in full dividend and interest income.

The Code generally requires reporting and inclusion of interest income to the taxpayer and may, in certain circumstances, require backup withholding at the rate of 28% with respect to any interest paid not only by the Company on the Notes unless the Noteholder (1) is an entity that is exempt from backup withholding and, when required, demonstrates this fact; or (2) (i) provides the Company with a correct taxpayer identification number, (ii) certifies that the taxpayer identification number is correct and that the

taxpayer has not been notified by the IRS that the taxpayer is subject to backup withholding due to underreporting interest or dividends, and (iii) the taxpayer otherwise complies with applicable requirements of the backup withholding rules. 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.

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, currently 28% (for years 2007 through 2010), 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 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.

Confidential and Proprietary Material

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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 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; any insurance company as defined in Section 2(a)(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 U.S. 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 (including the person's 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 computing net worth for the purpose of (5) above, the principal residence of the investor must be valued at cost, including cost of improvements, or at recently appraised value by an institutional

Confidential and Proprietary Material 50

lender making a secured loan net of encumbrances. 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 or KEOGH retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

Scott Gould

EXHIBIT	967
S. GOULD	
6-20-19	
A.Satterlee CR50179	

return
1/6/11

9:07 AM

12/31/07

Cash Basis

DenSco Investment Corporation

Profit & Loss

January through December 2007

Jan - Dec 07

Ordinary Income/Expense

Income

Dividend - BofA

5,817.15

Interest Income

2,161,490.72

Total Income

2,167,307.87

Expense

Automobile Expense

1,543.30

Bank Service Charges

6,191.45

Consulting

36,000.00

Dues and Subscriptions

404.99

FUTA

112.00

Gift

959.95

Insurance

Health Insurance

2,713.48

Total Insurance

2,713.48

Interest Expense

Brinkman, Rob

24,133.70

Burkhardt, Kennen

3,786.60

Burkhardt, Kennen - IRA

7,985.94

Bush, Warren

18,134.24

Carr, Beverly

7,163.37

Chittick, Arden

9,698.32

Chittick, Denny

147,675.07

Chittick, Denny - 401k

4,709.99

Chittick, Denny - DB Plan

21,288.40

Chittick, Eldon

96,565.00

Davis, Glen

33,713.21

Davis, Glen - IRA

10,898.68

Davis, Jack

10,810.81

Detota, Scott

786.22

Dirk Wright Memorial

665.28

Farfante, Dino

103,312.92

Four Futures Corp

79,511.99

Gould, Scott

540.50

Gould, Scott - IRA

40,989.00

Griswold, Russ

3,446.85

Griswold, Russ - IRA

2,690.66

Gumbert, Michael

72,000.00

Hafiz, Nihad

83,250.00

Hahn Limited Family Trust

23,408.27

Hickman, Dale

17,669.65

Hickman, Kathy

3,030.12

Howze, Doris

9,600.00

Hughes, Bill - IRA

42,882.06

Hughes, Judy - IRA

2,359.39

Jones, Leslie

12,666.72

Kelly, Mike

59,408.45

Kent, Joseph - IRA

13,197.47

Kent, Mary

1,333.30

Kent, Paul

54,209.52

Koehler, Robert - IRA

9,489.68

Lent, Lillian - IRA

2,458.68

Lent, Manuel

3,646.43

Lent, Manuel - IRA

5,844.89

Locke, Bill

13,222.83

McCoy, James & Lesley Trust

35,733.24

McDowell Revocable Trust, Caro

12,120.40

Moss Family Trust

31,613.18

Muscat, Vince

60,000.00

Non Lethal, Inc

12,000.00

Odenthal, Brian

16,180.60

Patel, Greg

3,412.22

Petranek, Doriann

6,631.72

Phalen Family Trust

59,000.00

261 Net
55 Plus Salary
4,608 Plus Payroll
Taxes

36K Plus
Consulting

356,600
<231,250> #Fland

125,350
25%

31,350
36060 PAID

4,650

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

9:07 AM
12/31/07
Cash Basis

DenSco Investment Corporation
Profit & Loss
January through December 2007

	Jan - Dec 07
Preston Revocable Family Trust	8,070.20
Princavill Investment	3,116.79
Sattire, LLC	18,180.60
Sherriff, Stewart	18,180.60
Siegford, Gary	62,193.66
Siegford, GE	60,602.15
Smith Trust, Branson & Sandra	44,083.27
Swirtz, William	13,730.08
Tuttle, Steve	8,661.30
Underwood, Wade	7,137.03
Wellman Family Trust	5,021.44
Wellman, Carol	3,030.12
Wenig, Mark	34,398.19
Will, John - IRA	6,046.82
Interest Expense - Other	18,295.78
Total Interest Expense	1,607,621.60
Internet	718.80
Loss on Repo	53,095.69
Miscellaneous	-17.37
Office Supply	1,223.86
Payroll Expenses	4,590.00
Postage and Delivery	461.66
Printing and Reproduction	634.67
Professional Fees	
Accounting	525.00
Legal Fees	20,972.05
Professional Fees - Other	2,025.00
Total Professional Fees	23,522.05
Recording Fees	1,150.00
Rent	3,600.00
Repairs	
Computer Repairs	290.34
Total Repairs	290.34
State Filing Fee	295.00
State Unemployment Tax	72.10
Telephone	
Cellular	1,265.00
Fax	236.50
Total Telephone	1,501.50
Travel & Ent	
Entertainment	800.94
Meals	2,125.76
Travel	750.59
Total Travel & Ent	3,677.29
VOID	0.00
Wages	55,000.00
Web Site	620.00
Total Expense	1,905,982.36
Net Ordinary Income	261,325.51
Net Income	261,325.51

5-3-10
L 185,690.82

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

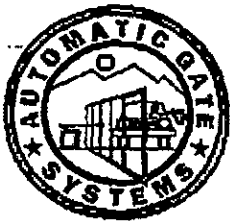
Date: June 28, 2006

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated June 1, 2005. The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Prospective Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

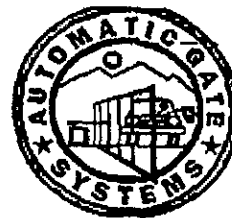
- ☐ Accrual Note in the amount of \$ 85,000.00 for 60 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with \$10,000 increments above the minimum amount).
- ☐ Quarterly Payment Note in the amount of \$ _____ for _____ months that will bear interest at the rate of _____ % per year (_____ % monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with \$10,000 increments above the minimum amount).
- ☐ Monthly Payment Note in the amount of \$ _____ for _____ months that will bear interest at the rate of _____ % per year (_____ % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with \$10,000 increments above the minimum amount).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:



AUTOMATIC GATE SYSTEMS
237 SOUTH 23RD STREET
PHOENIX, ARIZONA 85034
602-267-7778-FAX 602-267-7779



FACSIMILE TRANSMITTAL SHEET

TO: <i>Gary</i>	FROM: AUTOMATIC GATE SYSTEMS
COMPANY: <i>Monita</i>	DATE: <i>6/27/06</i>
PHONE NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER: <i>(2)</i>
FAX NUMBER: <i>480 792 1001</i>	REGARDING: <i>Programming</i>

☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

455

RECEIVED

JUN 27 2006

The Reedy Group

a. Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment;

b. The undersigned has been given the opportunity to ask questions about the Company and has been granted access to all information, financial and otherwise, with respect to the Company which has been requested, has examined such information, and is satisfied with respect to the same;

c. The undersigned, in determining to purchase a Note, has relied solely upon (i) the advice of its legal counsel and accountants or other financial advisers with respect to the tax, economic and other consequences involved in purchasing a Note and (ii) the undersigned's own, independent evaluation of the business, operations and prospects of the Company and the merits and risks of the purchase of a Note;

d. The undersigned has been advised and understands that this investment is, by its nature, very speculative;

e. The undersigned has sufficient income and net worth such that the undersigned does not contemplate being required to dispose of any portion of the investment in a Note to satisfy any existing or expected undertaking or indebtedness. The undersigned is able to bear the economic risks of an investment in a Note from the Company, including, without limiting the generality of the foregoing, the risk of losing all or any part of the investment and probable inability to sell or transfer the investment for an indefinite period of time;

f. The Note when purchased will be acquired for the account of the undersigned;

g. The undersigned acknowledges that the offering and sale of securities are being made by the Company in reliance upon an exemption from registration under the Securities Act of 1933, as amended (the "1933 Act"). The undersigned understands that the Notes have not been registered under the 1933 Act or any state securities laws, are "restricted securities" in the hands of the undersigned within the meaning of the 1933 Act and any future sale or transfer of a Note is prohibited without the prior written consent of the Company;

h. The undersigned understands that the Company is not presently subject to the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, and that the undersigned may not be permitted to rely on the provisions of Rule 144, promulgated by the Securities and Exchange Commission, for authority to sell or otherwise dispose of a Note after a fixed period of time;



AUTOMATIC GATE SYSTEMS, INC.
237 SOUTH 23RD STREET
PHOENIX, ARIZONA 85034
602-267-7778 FAX 602-267-7779



RECEIVED

JUN 27 2006

The Reedy Group

PROGRAMMING AGREEMENT

This agreement serves as confirmation of contract regarding programming services to be performed by Automatic Gate Systems, Inc. (Vendor) for TRONICA (Client).

To ensure timeliness and accuracy of each programming application, each request must be submitted on the attached template ONLY. Programming requests will be completed within 24 business hours. Vendor not responsible for lost data.

By selecting the below programming option, Client agrees to pay as noted for programming services performed by Vendor as follows:

- ☐ Option #1 Client agrees to pay \$20 per programming request. _____ Initials
- ☐ Option #2 Client agrees to pay a flat fee of \$85 per month for unlimited programming requests.
_____ Initials
- ☐ Option #3 Client agrees to pay for a one hour training session of \$95.
- ☐ Option #4 Client agrees to pay \$120 for an operating system CD-ROM.
- ☐ Option #5 Client chooses option 3 & 4 for \$160.

Authorized Signature _____

Date _____

Please designate representatives authorized to submit requests below:

*** Authorizations will need to be updated annually***

D151007
#8604

i. The undersigned will not sell or otherwise transfer or dispose of a Note (i) except in strict compliance with (A) the provisions of this Subscription Agreement and (B) the restrictions on transfer described herein and (ii) unless such securities are (X) registered under the 1933 Act, and any applicable state securities laws or (Y) the undersigned represents that such securities may be sold in reliance on an exemption from such registration requirements;

j. The undersigned is an accredited investor, as defined in Rule 501(a) of Regulation D promulgated pursuant to the Securities Act, by virtue of the facts set forth in the attached Purchaser Questionnaire;

k. The investment in the Company has been privately proposed to the undersigned without the use of general solicitation or advertising;

l. No federal or state agency, including the Securities and Exchange Commission or the securities regulatory agency of any state, has approved or disapproved the Notes, passed upon or endorsed the merits of such investment, or made any finding or determination as to the fairness of a Note for private investment; and

m. The investment is being made in reliance on specific exemptions from the registration requirements of federal and state securities laws, and the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings set forth herein in order to establish such exemptions.

3. **Non-Transferability of Note.** The undersigned agrees to the non-transferability of the Note, except with the prior written consent of the Company, which may be withheld in its sole discretion for several reasons, including compliance with the exemptions under the Investment Company Act of 1940.

4. **Indemnification.** The undersigned acknowledges and understands the meaning and legal consequences of the representations and warranties contained herein and agrees to indemnify and hold harmless the Company, its directors, officers, agents, employees and attorneys from and against any and all claims, loss, damage liability, cost or expense including attorneys' fees and courts costs due to or arising out of or connected directly or indirectly to any breach of any such representation or warranty made by the undersigned.

5. **Successors and Assigns.** This Subscription Agreement shall be binding upon and shall inure to the benefit of the parties hereto and to the successors and assigns of the Company and to the legal representatives, successors and permitted assignees of the undersigned.

6. **Governing Law.** This Subscription Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without regard to principles of conflicts of law.

7. **Counterparts.** This Subscription Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

What Price Knight Ridder?

The sale may tell us **what newspapers are worth** in the Digital Age.

IN NOVEMBER a group of powerful Knight Ridder shareholders made a dramatic announcement. Unhappy with the performance of the company's stock, they demanded that the publisher of the Pulitzer Prize-winning *Philadelphia Inquirer* and *Miami Herald* put itself up for sale.

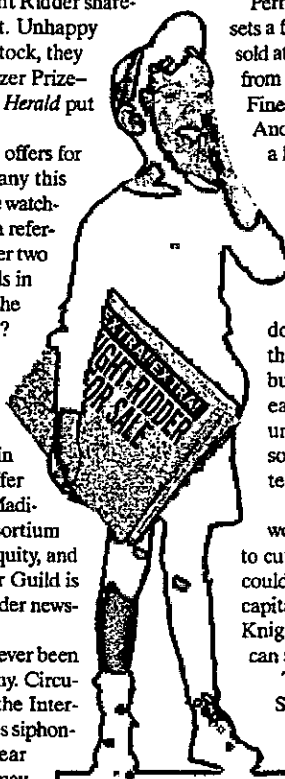
Prospective bidders are expected to submit offers for the nation's fourth-largest newspaper company this month, and everybody in the media world will be watching. The sale promises to be nothing less than a referendum on the newspaper industry. It may answer two questions that have confounded the best minds in the business and their stockholders: What is the value of a newspaper company in the Digital Age? And does it make sense for Knight Ridder or any of its competitors to remain public?

The list of potential bidders includes publishers like Gannett and McClatchy. MediaNews Group, the privately held newspaper chain based in Denver, is said to be preparing an offer with several private-equity groups, including Madison Dearborn Partners. A private-equity consortium made up of Blackstone Group, Providence Equity, and KKR has expressed interest. The Newspaper Guild is also considering a bid for the nine Knight Ridder newspapers where it represents employees.

Don't expect a bidding war, though. It has never been harder to put a value on a newspaper company. Circulation continues to erode as readers turn to the Internet to keep up with current events. Craigslist is siphoning away help-wanted classifieds. Analysts fear that classified real estate and automobile ads may follow. Yes, newspaper companies have made inroads online, but Wall Street is fixated on these woes, and newspaper-company stock prices have been in a free fall for the past two years.

The exception is Knight Ridder. After it announced that it would explore "strategic alternatives to enhance shareholder value," the company's share price rose from \$52 to \$63 in mid-November. Analysts cautiously speculate that the company might sell for as much as \$70 a share, or \$6.8 billion.

That might sound like good news for the industry. But it isn't really. Such a sale would value Knight Ridder at ten times Ebitda. But as recently as January 2005, Lee Enterprises paid a multiple of 13 times Ebitda for Pulitzer Inc., publisher of the *St. Louis Post-Dispatch*. So Knight Ridder's sale might show that newspaper publishers are worth less than they were little more than a year ago.



**What if the price is low?
"All stocks go down."**

Perhaps the most the industry can hope for is that the sale sets a floor on values across the industry. "If Knight Ridder is sold at \$70 a share, that's really a sign of modest indifference" from the financial markets, says Merrill Lynch's Lauren Rich Fine, dean of Wall Street's newspaper-company analysts. And what happens to the industry if Knight Ridder sells at a lower price? "All stocks go down," she answers.

That sounds likely. Any publicly traded newspaper company pursuing Knight Ridder would meet stiff shareholder resistance. The day after Knight Ridder revealed that it was putting itself into play, Lehman Brothers downgraded Gannett. "If Gannett buys Knight Ridder, then Gannett's stock goes down and fundamentals worsen and risk increases," the firm wrote in a report, "whereas if Gannett does not buy Knight Ridder and no other buyers materialize, earnings multiples for the newspaper sector should come under pressure, including Gannett's multiples." (Even so, rumors persist that Gannett will join the MediaNews team in hope of divvying up Knight Ridder's papers.)

The private-equity firms that have shown interest would face their own obstacles. They wouldn't be able to cut costs by consolidating operations. Analysts say they couldn't sell off the company's papers without paying big capital-gains taxes. So they would be gambling on selling Knight Ridder in three to five years for a profit. But who can say for sure that the market will be any better then?

This suggests that MediaNews CEO William Dean Singleton is Knight Ridder's most likely buyer. He has private-equity support. He is famous (some would say infamous) for squeezing profits from his papers, which include the *Los Angeles Daily News* and the *Denver Post*. Surely he could do the same with Knight Ridder, whose profit margins are lackluster by industry standards. Most important, Singleton runs a private company. So he can take a long-range view of the business. "He told me, 'We think we can hold on to the print business for some time, but we are hoping that by 2012 we will get 50% of our Ebitda on the Internet,'" says

Clark Gilbert, an assistant professor at Harvard Business School who has studied the newspaper industry.

It sounds as though Singleton may be able to pick up Knight Ridder at a fire-sale price. If so, he may want to keep shopping around. Even if there is a floor on newspaper-company valuations, it's going to be a creaky one. ■

DEVIN LEONARD, a senior writer at FORTUNE, can be reached at dleonard@fortune.com

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement.

DATED: June 28, 2006

By: _____
Signature of Investor

First Trust Company of Onaga C/F Scott A.
Gould
Print Name of Investor

Address: PO Box 97235
Phoenix, AZ 85060

SSN (or EIN): _____

By: _____
Signature of Co-Investor (if any)

Print Name of Co-Investor (if any)

Address: _____

SSN (or EIN): _____

Agreed to and accepted by DenSco Investment
Corporation as of the June 28, 2006.

By:  _____

Name: Denny J. Chittick

Title: President

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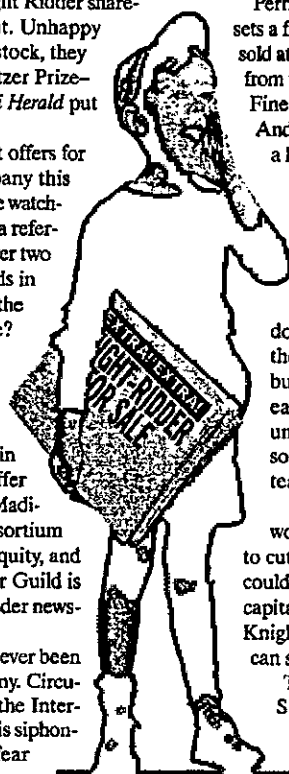
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DEVIN LEONARD, a senior writer at FORTUNE, can be reached at dleonard@fortunemail.com



PURCHASE AUTHORIZATION

Forward to: 301 Leonard Street, Suite 200
PO Box 420
Onaga, KS 66521-0420

Account Name Scott A. Gould IRA		Forward to 301 Leonard Street, Suite 200 PO Box 420 Onaga, KS 66521-0420	
Gross Cost \$5000	Asset Description	Broker (if applicable)	
Unit Price 1.00	Units/Quantity \$5000	Trade Date (if applicable) ASAP	Cash Number (if available)
<p>SPECIAL INSTRUCTIONS: Beyond transferring the cash as specified above and maintaining custody of the above-described assets and the documents listed below, First Trust Company of Onaga, is under no obligation to take any further action with respect to the completion or documentation of this transaction. The only instruments or documents that First Trust Company of Onaga, is to obtain and hold (or to record if as indicated below) in connection with this transaction and the assets being acquired are as follows:</p>		<p>Settlement Instructions:</p> <p><input type="checkbox"/> Check To: _____</p> <p><input checked="" type="checkbox"/> Wire (\$20 Processing Fee) To: (Bank) <u>1st attached</u> ABA/Routing No: _____ Account Number _____ Account Name and Address _____ for the Account Receiving Funds _____</p>	
Direction of Investment			
<p>I acknowledge that it is the sole responsibility of the accountholder acting directly or through the Authorized Representative, to direct the investment of the accountholder's assets, and that the First Trust Company of Onaga, ("Trust Company"), acting as custodian of accountholder's Account, will not have responsibility, discretion, or involvement in evaluating or selecting any assets or investment, and shall have no liability for any loss, damage, loss (including a prohibited transaction tax or plan disqualification tax) that may result from or be associated with the transaction requested herein. I acknowledge the investment review performed by "Trust Company" was solely to determine that the investment is administratively feasible to hold by "Trust Company" for my account. I further acknowledge that this was not a due diligence review, and that "Trust Company" has not rendered any investment advice, nor has "Trust Company" expressed any opinion as to the prudence or suitability of the investment. I agree to hold "Trust Company" harmless from any liability for any loss, damage, injury or expense which may occur as a result of the execution of this purchase authorization.</p> <p>Furthermore, I agree to indemnify and hold "Trust Company" harmless from and against any and all claims, liabilities, causes of action, losses and expenses (including, without limitation to, any court costs, attorney's fees and other expenses) asserted against or incurred by "Trust Company" as a result of, or in any way relating, to action requested or directed by the Authorized Representative (whether in this Purchase Authorization, or otherwise) that is not authorized by the accountholder.</p> <p>Other than maintaining custody of the above documents, "Trust Company" shall have no obligation to take any action with respect to the assets acquired for this Account pursuant to this Purchase Authorization. "Trust Company" may condition any action or any further action if they agree to undertake, upon its receipt from the accountholder, in form satisfactory to it, of written instruction to undertake such action, together with such further agreement or undertaking of indemnification from the accountholder as "Trust Company" may reasonably request. The purchase of assets described above or any action requested or directed by the undersigned (whether in this Purchase Authorization or otherwise) is subject to all terms and conditions of the Standard Personal Custody Agreement as amended from time to time.</p>			
Non-Deposit Investment Product Notice			
<p>I recognize that the assets purchased and/or held in this Account are:</p> <p>not insured by the FDIC</p> <p>not a deposit or other obligation of, or guaranteed by, First Trust Company of Onaga</p> <p>subject to investment risks, including possible loss of principal amount invested</p>			
Suitability and Prohibited Transaction Statement			
<p>I hereby certify that the undersigned and/or the accountholder have reviewed all pertinent information relating to the above transaction (i.e., prospectus, offering circular, limited partnership agreement, etc.) and that the accountholder meets the suitability requirements of the offering. I understand that certain transactions are prohibited for tax-exempt retirement arrangements under Internal Revenue Code Section 4975. I further understand that the determination of whether the transaction described hereby is a prohibited transaction depends on the facts and circumstances surrounding this purchase.</p> <p>I warrant and represent that I have consulted with such advisors as I deem necessary and appropriate, and have determined among other things, that this investment does not constitute a prohibited transaction as defined in Internal Revenue Code Section 4975, and that the offering entity or any affiliate thereof, is neither a "disqualified person" (as defined in Section 4975 (e)(2) of the Internal Revenue Code) nor a party in interest" (as defined in Section 3(14) of ERISA). I understand that should my account engage in a prohibited transaction, a taxable distribution equal to the fair market value of my account will result and certain penalties may be imposed. I further understand that if such a deemed distribution takes place prior to my attaining age 59 1/2, an additional 10% premature distribution penalty may be imposed by the Internal Revenue Service.</p>			
Signature			
<p>The undersigned directs the purchase of the above referenced assets.</p> <p><u>Scott A. Gould</u></p>		<p><u>6-28-06</u></p>	
Signature of Accountholder or Authorized Account Representative		Date	

Revised 8/2002

Broad Form 2 (Safeco Insurance Company of America)

Policy#: OY6452090

Name of Applicant: Bob Colabianchi

ADDITIONAL INTERESTS

Name: DenSco Investment Corporation
6132 W Victoria Pl
Chandler, AZ 85226

Type: Mortgage Servicing Agency for 1st Mortgagee
Loan #: 750

Name: DenSco Investment Corporation
6132 W Victoria Pl
Chandler, AZ 85226

Type: Co-Signer / Contract of Sale / Co-Title Holder
Loan #: 750

Page 12 of 14

PAGE 3

FAX:

JUN-20-2006 TUE 02:10 PM FROM:

D151013
#8604

DenSco Investment Corporation

June 28, 2006

First Trust Company of Onaga
Marlene Holthaus
301 Leonard Street, Ste#200
Onaga, KS 66521

Marlene:

Scott A. Gould is a long time client of Onaga's. His account number is #4100685000. He would like to have his money transferred to DenSco.

Included are the Subscription Agreement and General Obligation Note, I know you are familiar with these documents.

Please Wire the money to my account:

Bank of America
44th and Camelback
DenSco Investment Corp
Acct # 4672028555
ABA# 0260-0959-3

If you have any questions please give me a call.

Sincerely,



Denny J. Chittick

6132 W. Victoria Place Chandler, AZ 85226
Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-632-7737
denscoinvestment.com dcmoney@yahoo.com

D151014
#8604

DENSCO INVESTMENT CORPORATION

GENERAL OBLIGATION NOTE

This certificate evidences the Company's unconditional promise to pay to the registered holder the principal amount at maturity together with interest at the rate and terms described herein and further described in the subscription agreement which by this reference is made a part hereof.

REGISTERED HOLDER

Name: First Trust Company of Onaga Address: 301 Leland Street, Ste #200

FBO, Scott A. Gould Onaga, KS 66521

PRINCIPAL


Principal Amount: \$ 85,000.00
Date of Issue: 6/28/2006
Maturity Date: 6/28/2011

INTEREST

Annual Rate: 12%
Payable: ☐ Monthly ☐ Quarterly ☒ At Maturity
First Interest Payment Date: 6/28/2011

NOTICE TO HOLDER

The investment in the Company's General Obligation Note(s) represented by this Certificate have not been registered under the Securities Act of 1933, and is a restricted security within the meaning of the regulations promulgated pursuant to such Act. Such Note(s) may not be sold, assigned, pledged or transferred in any manner in the absence of an effective registration of such Note(s) under the Securities Act of 1933 unless the transaction is such that registration under such Act is not required. No request for transfer or re-issue shall be honored unless the holder produces evidence and opinion of counsel satisfactory to the Company that such transaction does not violate the registration requirements of both such Act and any applicable state securities law.


Denny J. Chittick - President

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Date: June 7, 2006

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated June 1, 2005. The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Prospective Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSoo Investment Corporation (the "Company"):

- ☒ Accrual Note in the amount of \$ 65,000.00 for 60 months that will bear interest at the rate of 12% per year (1% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with \$10,000 increments above the minimum amount).
- ☐ Quarterly Payment Note in the amount of \$ _____ for _____ months that will bear interest at the rate of _____% per year (____% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with \$10,000 increments above the minimum amount).
- ☐ Monthly Payment Note in the amount of \$ _____ for _____ months that will bear interest at the rate of _____% per year (____% monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with \$10,000 increments above the minimum amount).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

Q:\MP\02250708.4001311546347.1

a. Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment;

b. The undersigned has been given the opportunity to ask questions about the Company and has been granted access to all information, financial and otherwise, with respect to the Company which has been requested, has examined such information, and is satisfied with respect to the same;

c. The undersigned, in determining to purchase a Note, has relied solely upon (i) the advice of its legal counsel and accountants or other financial advisers with respect to the tax, economic and other consequences involved in purchasing a Note and (ii) the undersigned's own, independent evaluation of the business, operations and prospects of the Company and the merits and risks of the purchase of a Note;

d. The undersigned has been advised and understands that this investment is, by its nature, very speculative;

e. The undersigned has sufficient income and net worth such that the undersigned does not contemplate being required to dispose of any portion of the investment in a Note to satisfy any existing or expected undertaking or indebtedness. The undersigned is able to bear the economic risks of an investment in a Note from the Company, including, without limiting the generality of the foregoing, the risk of losing all or any part of the investment and probable inability to sell or transfer the investment for an indefinite period of time;

f. The Note when purchased will be acquired for the account of the undersigned;

g. The undersigned acknowledges that the offering and sale of securities are being made by the Company in reliance upon an exemption from registration under the Securities Act of 1933, as amended (the "1933 Act"). The undersigned understands that the Notes have not been registered under the 1933 Act or any state securities laws, are "restricted securities" in the hands of the undersigned within the meaning of the 1933 Act and any future sale or transfer of a Note is prohibited without the prior written consent of the Company;

h. The undersigned understands that the Company is not presently subject to the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, and that the undersigned may not be permitted to rely on the provisions of Rule 144, promulgated by the Securities and Exchange Commission, for authority to sell or otherwise dispose of a Note after a fixed period of time;

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i. The undersigned will not sell or otherwise transfer or dispose of a Note (i) except in strict compliance with (A) the provisions of this Subscription Agreement and (B) the restrictions on transfer described herein and (ii) unless such securities are (X) registered under the 1933 Act, and any applicable state securities laws or (Y) the undersigned represents that such securities may be sold in reliance on an exemption from such registration requirements;

j. The undersigned is an accredited investor, as defined in Rule 501(a) of Regulation D promulgated pursuant to the Securities Act, by virtue of the facts set forth in the attached Purchaser Questionnaire;

k. The investment in the Company has been privately proposed to the undersigned without the use of general solicitation or advertising;

l. No federal or state agency, including the Securities and Exchange Commission or the securities regulatory agency of any state, has approved or disapproved the Notes, passed upon or endorsed the merits of such investment, or made any finding or determination as to the fairness of a Note for private investment; and

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3. **Non-Transferability of Note.** The undersigned agrees to the non-transferability of the Note, except with the prior written consent of the Company, which may be withheld in its sole discretion for several reasons, including compliance with the exemptions under the Investment Company Act of 1940.

4. **Indemnification.** The undersigned acknowledges and understands the meaning and legal consequences of the representations and warranties contained herein and agrees to indemnify and hold harmless the Company, its directors, officers, agents, employees and attorneys from and against any and all claims, loss, damage liability, cost or expense including attorneys' fees and courts costs due to or arising out of or connected directly or indirectly to any breach of any such representation or warranty made by the undersigned.

5. **Successors and Assigns.** This Subscription Agreement shall be binding upon and shall inure to the benefit of the parties hereto and to the successors and assigns of the Company and to the legal representatives, successors and permitted assignees of the undersigned.

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CDP101220708.4001311546347.1

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement.

DATED: June 7, 2006

By:  
Signature of Investor

Scott A. Gould
Print Name of Investor

Address: PO Box 97235
Phoenix, AZ 85060

SSN (or EIN): 472-70-1265

Register as:
First Trust Company of Onaga % Scott Gould
301 Leonard St., Suite 200
PO Box 420
Onaga, KS 66521-0420
4100685000

By: _____
Signature of Co-Investor (if any)


Print Name of Co-Investor (if any)

Address: _____

SSN (or EIN): _____

TIN: 05-0527466

Agreed to and accepted by DenSco Investment
Corporation as of the June 7, 2006

By: 
Name: Denny J. Chittick
Title: President

QBPH00280708.4001311546347.1

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Ladies and Gentlemen:

Date: June 28, 2006

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated June 1, 2005. The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Prospective Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

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b. The undersigned has been given the opportunity to ask questions about the Company and has been granted access to all information, financial and otherwise, with respect to the Company which has been requested, has examined such information, and is satisfied with respect to the same;

c. The undersigned, in determining to purchase a Note, has relied solely upon (i) the advice of its legal counsel and accountants or other financial advisers with respect to the tax, economic and other consequences involved in purchasing a Note and (ii) the undersigned's own, independent evaluation of the business, operations and prospects of the Company and the merits and risks of the purchase of a Note;

d. The undersigned has been advised and understands that this investment is, by its nature, very speculative;

e. The undersigned has sufficient income and net worth such that the undersigned does not contemplate being required to dispose of any portion of the investment in a Note to satisfy any existing or expected undertaking or indebtedness. The undersigned is able to bear the economic risks of an investment in a Note from the Company, including, without limiting the generality of the foregoing, the risk of losing all or any part of the investment and probable inability to sell or transfer the investment for an indefinite period of time;

f. The Note when purchased will be acquired for the account of the undersigned;

g. The undersigned acknowledges that the offering and sale of securities are being made by the Company in reliance upon an exemption from registration under the Securities Act of 1933, as amended (the "1933 Act"). The undersigned understands that the Notes have not been registered under the 1933 Act or any state securities laws, are "restricted securities" in the hands of the undersigned within the meaning of the 1933 Act and any future sale or transfer of a Note is prohibited without the prior written consent of the Company;

h. The undersigned understands that the Company is not presently subject to the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, and that the undersigned may not be permitted to rely on the provisions of Rule 144, promulgated by the Securities and Exchange Commission, for authority to sell or otherwise dispose of a Note after a fixed period of time;

i. The undersigned will not sell or otherwise transfer or dispose of a Note (i) except in strict compliance with (A) the provisions of this Subscription Agreement and (B) the restrictions on transfer described herein and (ii) unless such securities are (X) registered under the 1933 Act, and any applicable state securities laws or (Y) the undersigned represents that such securities may be sold in reliance on an exemption from such registration requirements;

j. The undersigned is an accredited investor, as defined in Rule 501(a) of Regulation D promulgated pursuant to the Securities Act, by virtue of the facts set forth in the attached Purchaser Questionnaire;

k. The investment in the Company has been privately proposed to the undersigned without the use of general solicitation or advertising;

l. No federal or state agency, including the Securities and Exchange Commission or the securities regulatory agency of any state, has approved or disapproved the Notes, passed upon or endorsed the merits of such investment, or made any finding or determination as to the fairness of a Note for private investment; and

m. The investment is being made in reliance on specific exemptions from the registration requirements of federal and state securities laws, and the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings set forth herein in order to establish such exemptions.

3. **Non-Transferability of Note.** The undersigned agrees to the non-transferability of the Note, except with the prior written consent of the Company, which may be withheld in its sole discretion for several reasons, including compliance with the exemptions under the Investment Company Act of 1940.

4. **Indemnification.** The undersigned acknowledges and understands the meaning and legal consequences of the representations and warranties contained herein and agrees to indemnify and hold harmless the Company, its directors, officers, agents, employees and attorneys from and against any and all claims, loss, damage liability, cost or expense including attorneys' fees and courts costs due to or arising out of or connected directly or indirectly to any breach of any such representation or warranty made by the undersigned.

5. **Successors and Assigns.** This Subscription Agreement shall be binding upon and shall inure to the benefit of the parties hereto and to the successors and assigns of the Company and to the legal representatives, successors and permitted assignees of the undersigned.

6. **Governing Law.** This Subscription Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without regard to principles of conflicts of law.

7. **Counterparts.** This Subscription Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement.

DATED: June 28, 2006

301 Leonard St. Suite 200
PO Box 420
Onaga, KS 66521-0420

By: First Trust Company of Onaga
Gould
Signature of Investor

First Trust Company of Onaga C/F Scott A.
Gould 4100685000
Print Name of Investor

Address: PO Box 97235
Phoenix, AZ 85060

SSN (or EIN): _____

By: _____
Signature of Co-Investor (if any)

Print Name of Co-Investor (if any)

Address: _____

SSN (or EIN): 05-0527466

Agreed to and accepted by DenSco Investment
Corporation as of the June 28, 2006

By: Denny J. Chittick

Name: Denny J. Chittick

Title: President

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Date: July 3, 2006

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated June 1, 2005. The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Prospective Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- ☐ Accrual Note in the amount of \$ 85,000.00 for 60 months that will bear interest at the rate of 12 % per year (1 % monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with \$10,000 increments above the minimum amount).
- ☐ Quarterly Payment Note in the amount of \$ _____ for _____ months that will bear interest at the rate of _____ % per year (_____ % monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with \$10,000 increments above the minimum amount).
- ☐ Monthly Payment Note in the amount of \$ _____ for _____ months that will bear interest at the rate of _____ % per year (_____ % monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with \$10,000 increments above the minimum amount).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

a. Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment;

b. The undersigned has been given the opportunity to ask questions about the Company and has been granted access to all information, financial and otherwise, with respect to the Company which has been requested, has examined such information, and is satisfied with respect to the same;

c. The undersigned, in determining to purchase a Note, has relied solely upon (i) the advice of its legal counsel and accountants or other financial advisers with respect to the tax, economic and other consequences involved in purchasing a Note and (ii) the undersigned's own, independent evaluation of the business, operations and prospects of the Company and the merits and risks of the purchase of a Note;

d. The undersigned has been advised and understands that this investment is, by its nature, very speculative;

e. The undersigned has sufficient income and net worth such that the undersigned does not contemplate being required to dispose of any portion of the investment in a Note to satisfy any existing or expected undertaking or indebtedness. The undersigned is able to bear the economic risks of an investment in a Note from the Company, including, without limiting the generality of the foregoing, the risk of losing all or any part of the investment and probable inability to sell or transfer the investment for an indefinite period of time;

f. The Note when purchased will be acquired for the account of the undersigned;

g. The undersigned acknowledges that the offering and sale of securities are being made by the Company in reliance upon an exemption from registration under the Securities Act of 1933, as amended (the "1933 Act"). The undersigned understands that the Notes have not been registered under the 1933 Act or any state securities laws, are "restricted securities" in the hands of the undersigned within the meaning of the 1933 Act and any future sale or transfer of a Note is prohibited without the prior written consent of the Company;

h. The undersigned understands that the Company is not presently subject to the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, and that the undersigned may not be permitted to rely on the provisions of Rule 144, promulgated by the Securities and Exchange Commission, for authority to sell or otherwise dispose of a Note after a fixed period of time;

i. The undersigned will not sell or otherwise transfer or dispose of a Note (i) except in strict compliance with (A) the provisions of this Subscription Agreement and (B) the restrictions on transfer described herein and (ii) unless such securities are (X) registered under the 1933 Act, and any applicable state securities laws or (Y) the undersigned represents that such securities may be sold in reliance on an exemption from such registration requirements;

j. The undersigned is an accredited investor, as defined in Rule 501(a) of Regulation D promulgated pursuant to the Securities Act, by virtue of the facts set forth in the attached Purchaser Questionnaire;

k. The investment in the Company has been privately proposed to the undersigned without the use of general solicitation or advertising;

l. No federal or state agency, including the Securities and Exchange Commission or the securities regulatory agency of any state, has approved or disapproved the Notes, passed upon or endorsed the merits of such investment, or made any finding or determination as to the fairness of a Note for private investment; and

m. The investment is being made in reliance on specific exemptions from the registration requirements of federal and state securities laws, and the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings set forth herein in order to establish such exemptions.

3. **Non-Transferability of Note.** The undersigned agrees to the non-transferability of the Note, except with the prior written consent of the Company, which may be withheld in its sole discretion for several reasons, including compliance with the exemptions under the Investment Company Act of 1940.

4. **Indemnification.** The undersigned acknowledges and understands the meaning and legal consequences of the representations and warranties contained herein and agrees to indemnify and hold harmless the Company, its directors, officers, agents, employees and attorneys from and against any and all claims, loss, damage liability, cost or expense including attorneys' fees and courts costs due to or arising out of or connected directly or indirectly to any breach of any such representation or warranty made by the undersigned.

5. **Successors and Assigns.** This Subscription Agreement shall be binding upon and shall inure to the benefit of the parties hereto and to the successors and assigns of the Company and to the legal representatives, successors and permitted assignees of the undersigned.

6. **Governing Law.** This Subscription Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without regard to principles of conflicts of law.

7. **Counterparts.** This Subscription Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement.

DATED: July 3, 2006

By: 
Signature of Investor

Scott A. Gould
Print Name of Investor

Address: PO Box 97235
Phoenix, AZ 85060

SSN (or EIN): _____


By: _____
Signature of Co-Investor (if any)

Print Name of Co-Investor (if any)

Address: _____

SSN (or EIN): _____

Agreed to and accepted by DenSco Investment
Corporation as of the July 3, 2006.

By: 
Name: Denny J. Chittick
Title: President

DENSCO INVESTMENT CORPORATION GENERAL OBLIGATION NOTE

This certificate evidences the Company's unconditional promise to pay to the registered holder the principal amount at maturity together with interest at the rate and terms described herein and further described in the subscription agreement which by this reference is made a part hereof.

REGISTERED HOLDER

Name: First Trust Company of Onaga Address: 301 Leonard Street, Ste #200

FBO, Scott A. Gould Onaga, KS 66521

PRINCIPAL

Principal Amount: \$ 65,000.00

Date of Issue: 6/7/2006

Maturity Date: 6/7/2011

INTEREST


Annual Rate: 12%


Payable: ☐ Monthly ☐ Quarterly ☒ At Maturity

First Interest Payment Date: 6/7/2011

NOTICE TO HOLDER

The investment in the Company's General Obligation Note(s) represented by this Certificate have not been registered under the Securities Act of 1933, and is a restricted security within the meaning of the regulations promulgated pursuant to such Act. Such Note(s) may not be sold, assigned, pledged or transferred in any manner in the absence of an effective registration of such Note(s) under the Securities Act of 1933 unless the transaction is such that registration under such Act is not required. No request for transfer or re-issue shall be honored unless the holder produces evidence and opinion of counsel satisfactory to the Company that such transaction does not violate the registration requirements of both such Act and any applicable state securities law.


Denny J. Chittick - President

 <p>PREMIER TITLE GROUP <small>A Division of Title Security Agency of Arizona</small></p>	<p>3200 N. Central Ave., Suite 1270 Phoenix, AZ 85012 Phone: (602) 792-7350 Fax: (602) 748-2765</p>
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June 2, 2006

Densco Investment Corporation
6132 West Victoria Place
Chandler, AZ 85226

Escrow No.: 01002554-781-COP

Re: 1330 E. 9th Ave.
Mesa, AZ 85204

In connection with the above escrow which closed on May 31, 2006, we enclose the following papers indicated with a ☒.

- x Settlement Statement and/or HUD
- x Fire Insurance
- x Note original
- x Deed of Trust Copy

Any recorded documents which should be sent to you will be mailed to you directly from the County Recorder's Office. Thank you for the opportunity to serve you in this transaction. If we can be of any further assistance to you, please contact us.

Sincerely
Premier Title Group - Maricopa

Cindy Peterson
Branch Manager

transit01

D151029
#8604

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Date: January 9, 2006

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated June 1, 2005. The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Prospective Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- ☒ Accrual Note in the amount of \$145,500.00 for 60 months that will bear interest at the rate of 12% per year (1% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with \$10,000 increments above the minimum amount).
- ☐ Quarterly Note in the amount of \$_____ for _____ months that will bear interest at the rate of _____% per year (____% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with \$10,000 increments above the minimum amount).
- ☐ Monthly payment Note in the amount of \$_____ for _____ months that will bear interest at the rate of _____% per year (____% monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with \$10,000 increments above the minimum amount).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

a. Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment;

b. The undersigned has been given the opportunity to ask questions about the Company and has been granted access to all information, financial and otherwise, with respect to the Company which has been requested, has examined such information, and is satisfied with respect to the same;

c. The undersigned, in determining to purchase a Note, has relied solely upon (i) the advice of its legal counsel and accountants or other financial advisers with respect to the tax, economic and other consequences involved in purchasing a Note and (ii) the undersigned's own, independent evaluation of the business, operations and prospects of the Company and the merits and risks of the purchase of a Note;

d. The undersigned has been advised and understands that this investment is, by its nature, very speculative;

e. The undersigned has sufficient income and net worth such that the undersigned does not contemplate being required to dispose of any portion of the investment in a Note to satisfy any existing or expected undertaking or indebtedness. The undersigned is able to bear the economic risks of an investment in a Note from the Company, including, without limiting the generality of the foregoing, the risk of losing all or any part of the investment and probable inability to sell or transfer the investment for an indefinite period of time;

f. The Note when purchased will be acquired for the account of the undersigned;

g. The undersigned acknowledges that the offering and sale of securities are being made by the Company in reliance upon an exemption from registration under the Securities Act of 1933, as amended (the "1933 Act"). The undersigned understands that the Notes have not been registered under the 1933 Act or any state securities laws, are "restricted securities" in the hands of the undersigned within the meaning of the 1933 Act and any future sale or transfer of a Note is prohibited without the prior written consent of the Company;

h. The undersigned understands that the Company is not presently subject to the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, and that the undersigned may not be permitted to rely on the provisions of Rule 144, promulgated by the Securities and Exchange Commission, for authority to sell or otherwise dispose of a Note after a fixed period of time;

i. The undersigned will not sell or otherwise transfer or dispose of a Note (i) except in strict compliance with (A) the provisions of this Subscription Agreement and (B) the restrictions on transfer described herein and (ii) unless such securities are (X) registered under the 1933 Act, and any applicable state securities laws or (Y) the undersigned represents that such securities may be sold in reliance on an exemption from such registration requirements;

j. The undersigned is an accredited investor, as defined in Rule 501(a) of Regulation D promulgated pursuant to the Securities Act, by virtue of the facts set forth in the attached Purchaser Questionnaire;

k. The investment in the Company has been privately proposed to the undersigned without the use of general solicitation or advertising;

l. No federal or state agency, including the Securities and Exchange Commission or the securities regulatory agency of any state, has approved or disapproved the Notes, passed upon or endorsed the merits of such investment, or made any finding or determination as to the fairness of a Note for private investment; and

m. The investment is being made in reliance on specific exemptions from the registration requirements of federal and state securities laws, and the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings set forth herein in order to establish such exemptions.

3. **Non-Transferability of Note.** The undersigned agrees to the non-transferability of the Note, except with the prior written consent of the Company, which may be withheld in its sole discretion for several reasons, including compliance with the exemptions under the Investment Company Act of 1940.

4. **Indemnification.** The undersigned acknowledges and understands the meaning and legal consequences of the representations and warranties contained herein and agrees to indemnify and hold harmless the Company, its directors, officers, agents, employees and attorneys from and against any and all claims, loss, damage liability, cost or expense including attorneys' fees and courts costs due to or arising out of or connected directly or indirectly to any breach of any such representation or warranty made by the undersigned.


5. **Successors and Assigns.** This Subscription Agreement shall be binding upon and shall inure to the benefit of the parties hereto and to the successors and assigns of the Company and to the legal representatives, successors and permitted assignees of the undersigned.

6. **Governing Law.** This Subscription Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without regard to principles of conflicts of law.

7. **Counterparts.** This Subscription Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

DATED: January 4, 2006

SSN (or EIN): _____

By: 
Name: Denny J. Chittick
Title: President

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement.

DATED: January 4, 2006

By: Scott A. Gould First Trust Company of Onaga
Signature of Investor

Scott A. Gould
Print Name of Investor

Address: 5433 E Osborn Rd.
Phoenix, AZ 85018

PO Box 97235
85060

Register as:
First Trust Company of Onaga 1/k Scott Gould
301 Leonard St., Suite 200 # 41001685000 SSN (or EIN):
PO Box 420
Onaga, KS 66521-0420

TIN: **05-0527466**

By: _____
Signature of Co-Investor (if any)

Print Name of Co-Investor (if any)

Address: _____

SSN (or EIN): _____

Agreed to and accepted by DenSeco Investment
Corporation as of the January 4, 2006.

By: Denny K. Chittick
Name: Denny K. Chittick
Title: President

SUBSCRIPTION AGREEMENT

Ladies and Gentlemen:

Date: June 14, 2006

1. **Subscription.** The undersigned investor has received and reviewed the Confidential Private Offering Memorandum dated June 1, 2005. The undersigned certifies that the undersigned meets the applicable suitability standards as evidenced on the attached Prospective Purchaser Questionnaire and the undersigned hereby subscribes for and agrees to purchase the following Note from DenSco Investment Corporation (the "Company"):

- ☐ Accrual Note in the amount of \$ 65,000.00 for 60 months that will bear interest at the rate of 12% per year (1% monthly). The interest will be compounded monthly. The principal and accrued interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with \$10,000 increments above the minimum amount).
- ☐ Quarterly Payment Note in the amount of \$ _____ for _____ months that will bear interest at the rate of _____% per year (____% monthly). The interest will be compounded monthly. The principal and any accrued and unpaid interest will be paid back to the undersigned investor at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with \$10,000 increments above the minimum amount).
- ☐ Monthly Payment Note in the amount of \$ _____ for _____ months that will bear interest at the rate of _____% per year (____% monthly). The interest will be paid to the undersigned investor on a monthly basis, and the principal will be paid to the undersigned at the end of the term of the Note. (The minimum amount of a Note is \$50,000 with \$10,000 increments above the minimum amount).

As a condition of the offer, the undersigned agrees to deliver this executed Subscription Agreement to the Company. Such Note will be issuable only upon acceptance of this Subscription Agreement by the Company and receipt of the consideration set forth in this Subscription Agreement.

2. **Representations and Warranties.** By executing this Subscription Agreement, the undersigned represents, warrants and acknowledges to the Company that:

a. Based on personal knowledge and experience in financial and business matters in general, the undersigned understands the nature of this investment, is fully aware of and familiar with the proposed business operations of the Company, is able to evaluate the merits and risks of an investment in a Note and is capable of protecting the undersigned's interests in investing in the investment;

b. The undersigned has been given the opportunity to ask questions about the Company and has been granted access to all information, financial and otherwise, with respect to the Company which has been requested, has examined such information, and is satisfied with respect to the same;

c. The undersigned, in determining to purchase a Note, has relied solely upon (i) the advice of its legal counsel and accountants or other financial advisers with respect to the tax, economic and other consequences involved in purchasing a Note and (ii) the undersigned's own, independent evaluation of the business, operations and prospects of the Company and the merits and risks of the purchase of a Note;

d. The undersigned has been advised and understands that this investment is, by its nature, very speculative;

e. The undersigned has sufficient income and net worth such that the undersigned does not contemplate being required to dispose of any portion of the investment in a Note to satisfy any existing or expected undertaking or indebtedness. The undersigned is able to bear the economic risks of an investment in a Note from the Company, including, without limiting the generality of the foregoing, the risk of losing all or any part of the investment and probable inability to sell or transfer the investment for an indefinite period of time;

f. The Note when purchased will be acquired for the account of the undersigned;

g. The undersigned acknowledges that the offering and sale of securities are being made by the Company in reliance upon an exemption from registration under the Securities Act of 1933, as amended (the "1933 Act"). The undersigned understands that the Notes have not been registered under the 1933 Act or any state securities laws, are "restricted securities" in the hands of the undersigned within the meaning of the 1933 Act and any future sale or transfer of a Note is prohibited without the prior written consent of the Company;

h. The undersigned understands that the Company is not presently subject to the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, and that the undersigned may not be permitted to rely on the provisions of Rule 144, promulgated by the Securities and Exchange Commission, for authority to sell or otherwise dispose of a Note after a fixed period of time;

i. The undersigned will not sell or otherwise transfer or dispose of a Note (i) except in strict compliance with (A) the provisions of this Subscription Agreement and (B) the restrictions on transfer described herein and (ii) unless such securities are (X) registered under the 1933 Act, and any applicable state securities laws or (Y) the undersigned represents that such securities may be sold in reliance on an exemption from such registration requirements;

j. The undersigned is an accredited investor, as defined in Rule 501(a) of Regulation D promulgated pursuant to the Securities Act, by virtue of the facts set forth in the attached Purchaser Questionnaire;

k. The investment in the Company has been privately proposed to the undersigned without the use of general solicitation or advertising;

l. No federal or state agency, including the Securities and Exchange Commission or the securities regulatory agency of any state, has approved or disapproved the Notes, passed upon or endorsed the merits of such investment, or made any finding or determination as to the fairness of a Note for private investment; and

m. The investment is being made in reliance on specific exemptions from the registration requirements of federal and state securities laws, and the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings set forth herein in order to establish such exemptions.

3. **Non-Transferability of Note.** The undersigned agrees to the non-transferability of the Note, except with the prior written consent of the Company, which may be withheld in its sole discretion for several reasons, including compliance with the exemptions under the Investment Company Act of 1940.

4. **Indemnification.** The undersigned acknowledges and understands the meaning and legal consequences of the representations and warranties contained herein and agrees to indemnify and hold harmless the Company, its directors, officers, agents, employees and attorneys from and against any and all claims, loss, damage liability, cost or expense including attorneys' fees and courts costs due to or arising out of or connected directly or indirectly to any breach of any such representation or warranty made by the undersigned.

5. **Successors and Assigns.** This Subscription Agreement shall be binding upon and shall inure to the benefit of the parties hereto and to the successors and assigns of the Company and to the legal representatives, successors and permitted assignees of the undersigned.

6. **Governing Law.** This Subscription Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without regard to principles of conflicts of law.

7. **Counterparts.** This Subscription Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement.

DATED: June 14, 2006

By: 
Signature of Investor

Scott A. Gould
Print Name of Investor

Address: PO Box 97235
Phoenix, AZ 85060

SSN (or EIN): _____


By: _____
Signature of Co-Investor (if any)

Print Name of Co-Investor (if any)

Address: _____

SSN (or EIN): _____

Agreed to and accepted by DenSco Investment
Corporation as of the June 14, 2006

By: 
Name: Denny J. Chittick
Title: President

QBPHD0250708.4001311546347.1

D151038
#8604

DENSCO INVESTMENT CORPORATION GENERAL OBLIGATION NOTE

This certificate evidences the Company's unconditional promise to pay to the registered holder the principal amount at maturity together with interest at the rate and terms described herein and further described in the subscription agreement which by this reference is made a part hereof.

REGISTERED HOLDER

Name: Scott A. Gould

Address: 5433 E. Osborn Rd.

Phoenix, AZ 85018

PRINCIPAL

Principal Amount: \$ 145,500.00

Date of Issue: 1/5/2006

Maturity Date: 1/5/2011

INTEREST

Annual Rate: 12%

Payable: ☐ Monthly ☐ Quarterly ☒ At Maturity

First Interest Payment Date: 1/5/2011

NOTICE TO HOLDER

The investment in the Company's General Obligation Note(s) represented by this Certificate have not been registered under the Securities Act of 1933, and is a restricted security within the meaning of the regulations promulgated pursuant to such Act. Such Note(s) may not be sold, assigned, pledged or transferred in any manner in the absence of an effective registration of such Note(s) under the Securities Act of 1933 unless the transaction is such that registration under such Act is not required. No request for transfer or re-issue shall be honored unless the holder produces evidence and opinion of counsel satisfactory to the Company that such transaction does not violate the registration requirements of both such Act and any applicable state securities laws.


Denny J. Chittick, President

DenSco Investment Corporation

January 4, 2006

First Trust Company of Onaga
Marlene Holthaus
301 Leonard Street Ste #200
Onaga, KS 66521


Marlene:

Scott Gould is already client of Onaga's. His account number is #4100685000. He would like to have his money transferred to DenSco.

In the next pages, I believe you will have everything that you need. Please wire the money to my account.

If you have any questions, please call at 602-469-3001.

Sincerely,



Denny J. Chittick

6132 W. Victoria Place Chandler, AZ 85226
Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737
denscoinvestment.com dcmoney@yahoo.com

D151041
#8604



PURCHASE AUTHORIZATION

Forward to: 301 Leonard Street, Suite 200
PO Box 420
Onaga, KS 66521-0420

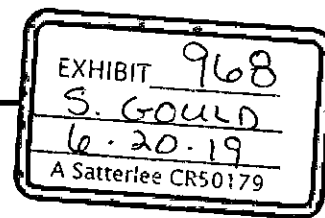
Account Name Scott A. Gould IRA		Account Number	Date 1-5-06
Gross Cost 145500	Asset Description Danisco Investment Corp G.O. WDE		Broker (if applicable)
Unit Price 1	Units/Quantity 145500	Trade Date (if applicable)	Cusip Number (if available)
<p>SPECIAL INSTRUCTIONS: Beyond transferring the cash as specified above and maintaining custody of the above-described assets and the documents listed below, First Trust Company of Onaga, is under no obligation to take any further action with respect to the completion or documentation of this transaction. The only instruments or documents that First Trust Company of Onaga, is to obtain and hold (or to record if so indicated below) in connection with this transaction and the assets being acquired are as follows:</p>		<p>Settlement Instructions:</p> <p><input type="checkbox"/> Check To: _____</p> <p><input checked="" type="checkbox"/> Wire (\$20 Processing Fee)</p> <p>To: [Bank] Bank of America</p> <p>ABA Routing No: 0260-0959-3</p> <p>Account Number 467-202-8555</p> <p>Account Name and Address Danisco Investment Corp for the Account Receiving Funds 6132 W. V. Jones Plaza Channahon, IL 61526</p>	
Direction of Investment			
<p>I acknowledge that it is the sole responsibility of the accountholder acting directly or through the Authorized Representative, to direct the investment of the accountholder's assets, and that the First Trust Company of Onaga, ("Trust Company"), acting as custodian of accountholder's Account, will not have responsibility, discretion, or involvement in evaluating or selecting any assets or investment, and shall have no liability for any loss, damage, tax (including a prohibited transaction tax or plan disqualification tax) that may result from or be associated with the transaction requested herein. I acknowledge the investment review performed by "Trust Company" was solely to determine that the investment is administratively feasible to hold by "Trust Company" for my account. I further acknowledge that this was not a due diligence review, and that "Trust Company" has not rendered any investment advice, nor has "Trust Company" expressed any opinion as to the prudence or suitability of the investment. I agree to hold "Trust Company" harmless from any liability for any loss, damage, injury or expense which may occur as a result of the execution of this purchase authorization.</p> <p>Furthermore, I agree to indemnify and hold "Trust Company" harmless from and against any and all claims, liabilities, causes of action, losses and expenses (including, without limitation to, any court costs, attorney's fees and other expenses) asserted against or incurred by "Trust Company" as a result of, or in any way relating, to action requested or directed by the Authorized Representative (whether in this Purchase Authorization, or otherwise) that is not authorized by the accountholder.</p> <p>Other than maintaining custody of the above documents, "Trust Company" shall have no obligation to take any action with respect to the assets acquired for this Account pursuant to this Purchase Authorization. "Trust Company" may condition any action or any further action it may agree to undertake, upon its receipt from the accountholder, in form satisfactory to it, of written instruction to undertake such action, together with such further agreement or undertaking of indemnification from the accountholder as "Trust Company" may reasonably request. The purchase of assets described above or any action requested or directed by the undersigned (whether in this Purchase Authorization or otherwise) is subject to all terms and conditions of the Simplified/Personal Custody Agreement as amended from time to time.</p>			
Non-Deposit Investment Product Notice			
<p>I recognize that the assets purchased and/or held in this Account are:</p> <p>not insured by the FDIC</p> <p>not a deposit or other obligation of, or guaranteed by, First Trust Company of Onaga</p> <p>subject to investment risks, including possible loss of principal amount invested</p>			
Suitability and Prohibited Transaction Statement			
<p>I hereby certify that the undersigned and/or the accountholder have reviewed all pertinent information relating to the above transaction (i.e., prospectus, offering circular, limited partnership agreement, etc.) and that the accountholder meets the suitability requirements of the offering. I understand that certain transactions are prohibited for tax-exempt retirement arrangements under Internal Revenue Code Section 4975. I further understand that the determination of whether the transaction directed hereby is a prohibited transaction depends on the facts and circumstances surrounding this purchase.</p> <p>I warrant and represent that I have consulted with such advisors as I deem necessary and appropriate, and have determined among other things, that this investment does not constitute a prohibited transaction as defined in Internal Revenue Code Section 4975, and that the offering entity or any affiliate thereof, is neither a "disqualified person" (as defined in Section 4975 (e)(2) of the Internal Revenue Code) nor a party in interest (as defined in Section 3(14) of ERISA). I understand that should my account engage in a prohibited transaction, a taxable distribution equal to the fair market value of my account will result and certain penalties may be incurred. I further understand that if such a deemed distribution takes place prior to my attaining age 59 1/2, an additional 10% premature distribution penalty may be imposed by the Internal Revenue Service.</p>			
Signature			
The undersigned directs the purchase of the above referenced assets.		1-5-06	
Signature of Accountholder or Authorized Account Representative		Date	

Revised 9/2002

D151042
#8604

Message

From: Denny Chittick [dcmoney@yahoo.com]
Sent: 5/3/2010 11:40:28 AM
To: scottgould@cox.net
Subject: Re: Scott Gould



the investment \$145,500 1/9/06 interest \$98,039.81
the investment \$65,000 6/14/06 interest \$38,312.01
the investment \$85,000 7/3/06 interest \$49,339.00
total \$185,690.82

dc

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602-469-3001
602-532-7737 f

From: "scottgould@cox.net" <scottgould@cox.net>
To: Denny Chittick <dcmoney@yahoo.com>
Sent: Mon, May 3, 2010 11:32:44 AM
Subject: Re: Scott Gould

Onaga just contacted me asking to break down the 3 different note amts. Can you help me or I will guess. SG

Sent via BlackBerry by AT&T

From: Denny Chittick <dcmoney@yahoo.com>
Date: Mon, 3 May 2010 09:39:44 -0700 (PDT)
To: <snolte@ftconaga.com>
Cc: Scott Gould <scottgould@cox.net>
Subject: Scott Gould

Samantha
i just wired \$185,690.82 for Scot Gould Acct#4100685000

he'll be in touch with you.
thx
dc

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602-469-3001
602-532-7737 f

DenSco Investment Corporation

6132 W. Victoria Place Chandler, AZ 85226
 Cell: 602-469-3001 Home: 480-636-1180 Fax: 602-532-7737
 DenScoInvestment.com dcmoney@yahoo.com

EXHIBIT 969
 S. GOULD
 6-20-19
 A Satterlee CR50179

STATEMENT December 2010

INVESTOR

Name Scott A. Gould - IRA
 Address P.O. Box 97235
 Phoenix, AZ 85060
 Phone 602-840-0333

INVESTMENT ACCOUNTS

Accrual Account \$316,816.00
 Interest \$3,168.16
 Sub Total \$319,984.16

Quarterly Account
 Interest
 Interest Paid

Sub Total
 Monthly Account

Interest
 Interest Paid
 Sub Total

Total Balance \$319,984.16

CURRENT INVESTMENT BALANCE

\$319,984.16

INVESTMENT HISTORY

Investment	Date	Maturity
\$145,500.00	01/09/06	01/09/11
\$65,000.00	06/14/06	06/14/11
\$85,000.00	07/03/06	07/03/11

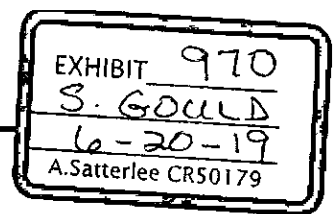
Total Investment \$295,500.00

INTEREST EARNED

Year	Earnings
2006	\$27,693.33
2007	\$40,989.00
2008	\$46,187.43
2009	\$52,045.16
2010	\$43,260.06

Total Earnings \$210,174.98

Thank you for Investing with DenSco!



Message

From: Denny Chittick [dcmoney@yahoo.com]
Sent: 8/16/2011 8:51:32 AM
To: Wanda Silva [Wanda.Silva@ftconaga.com]
Subject: Re: Statements
Attachments: Statement_15.pdf; Statement_82.pdf; Statement_72.pdf; Statement_18.pdf; Statement_37.pdf; Statement_39.pdf; Statement_44.pdf; Statement_63.pdf; Statement_31.pdf; Statement_61.pdf

ok here they are in order that you requested. i no longer hold scott gould's ira, i returned it 1/6/11

this month you'll get the right ones.
thx
dc

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602-532-7737 f

From: Wanda Silva <Wanda.Silva@ftconaga.com>
To: Denny Chittick <dcmoney@yahoo.com>
Sent: Tuesday, August 16, 2011 8:34 AM
Subject: RE: Statements

Missing:
Glen Davis
Carol Wellman
Branson Smith
Russ Griswold
Robert Koehler
Roy Kopel
Lillian Lent
Scott Gould (2)
Stanley Schloz—Trad
Less Jones
Mary Schloz

So I can be confident that I received some that were not mine?

Wanda Silva
Income Associate
First Trust Company of Onaga
214 W 9th Street
Onaga KS 66521
1-800-521-9897
Fax 785-889-7169

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From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Tuesday, August 16, 2011 10:09 AM
To: Wanda Silva
Subject: Re: Statements

I won't go in a long detail on why this happens. however, make it easy on me and tell me which people you are missing.
dc

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602-469-3001
602-532-7737 f

From: Wanda Silva <Wanda.Silva@ftconaga.com>
To: "dcmoney@yahoo.com" <dcmoney@yahoo.com>
Sent: Tuesday, August 16, 2011 6:43 AM
Subject: Statements

Still working on those July Statements, they have me stumped. I believe I have some that are not mine and others I am missing, let me know if you would like me to send the names I do not have and the names that I do not believe are mine, so I can try and get them posted. Thank you.

Wanda Silva
Income Associate
First Trust Company of Onaga
214 W 9th Street
Onaga KS 66521
1-800-521-9897
Fax 785-889-7169

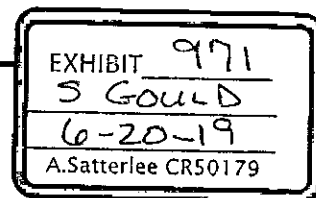
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Message

From: Denny Chittick [dcmoney@yahoo.com]
Sent: 10/24/2011 1:22:05 PM
To: Banovac, Linda [LBanovac@ltic.com]
Subject: Re: 2332 W. Bramble Berry



Andrew was the guy that was the winning bid. i guess the guy that won, walked so they are trying to move it, you are buying it fro 5k less than he paid.

RLS is made up of a few guys, one of them is Scott Gould, who originally 10 yrs ago yes, was the Sco in DenSco, however, it didn't work out, but i liked the name, so i kept.
dc

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602-532-7737 f

From: "Banovac, Linda" <LBanovac@ltic.com>
To: 'Denny Chittick' <dcmoney@yahoo.com>
Sent: Monday, October 24, 2011 1:09 PM
Subject: RE: 2332 W. Bramble Berry

Who is Andrew ? I called Rod at RLS but they charge a upfront fee, sucks.. he said that the SC part of Densco is Rod's partner ?? mmmmmm

Lawyers Title of Arizona, Inc
Linda Banovac
Vice President/Branch Manager
17100 N.67th Ave. #2-200
Glendale, AZ 85308
623-979-6060
623-979-0428 Fax
E-Mail: lbanovac@ltic.com

NOTE: OUR NEW ADDRESS, EFFECTIVE FEB. 7, 2011:
17100 N. 67TH AVE. BLDG. 2, #200, GLENDALE, AZ 85308

We're here to make it easy! Superior Service...Guaranteed!

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Monday, October 24, 2011 1:09 PM
To: Banovac, Linda
Subject: Re: 2332 W. Bramble Berry

i just talked to andrew, he said he had someone for you to use. if not, i can suggest a few, but i'm sure you know them all too.
thx
dc

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602-469-3001
602-532-7737 f

From: "Banovac, Linda" <LBanovac@ltic.com>
To: 'Denny Chittick' <dcmoney@yahoo.com>
Sent: Monday, October 24, 2011 12:54 PM
Subject: RE: 2332 W. Bramble Berry

What, you don't have funds.. what the heck..

Lawyers Title of Arizona, Inc
Linda Banovac
Vice President/Branch Manager
17100 N.67th Ave. #2-200
Glendale , AZ 85308
623-979-6060
623-979-0428 Fax
E-Mail: lbanovac@ltic.com

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From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Monday, October 24, 2011 12:52 PM
To: Banovac, Linda
Subject: Re: 2332 W. Bramble Berry

zero chance, i don't have any funds today
dc

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602-469-3001
602-532-7737 f

From: "Banovac, Linda" <LBanovac@ltic.com>
To: 'Denny Chittick' <dcmoney@yahoo.com>
Sent: Monday, October 24, 2011 12:40 PM
Subject: RE: 2332 W. Bramble Berry

Purchase price \$290,000.00 trustee sale I need money tomorrow..

Lawyers Title of Arizona, Inc
Linda Banovac
Vice President/Branch Manager
17100 N.67th Ave. #2-200
Glendale , AZ 85308
623-979-6060
623-979-0428 Fax
E-Mail: lbanovac@ltic.com

NOTE: OUR NEW ADDRESS, EFFECTIVE FEB. 7, 2011:

17100 N. 67TH AVE. BLDG. 2, #200, GLENDALE , AZ 85308

We're here to make it easy! Superior Service...Guaranteed!

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Monday, October 24, 2011 12:40 PM
To: Banovac, Linda
Subject: Re: 2332 W. Bramble Berry

give me the purchase price and date to close plz
dc

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From: "Banovac, Linda" <LBanovac@ltic.com>
To: 'Denny Chittick' <dcmoney@yahoo.com>
Sent: Monday, October 24, 2011 12:28 PM
Subject: 2332 W. Bramble Berry

Denny will you loan me \$190,000.00 on this property ?

Lawyers Title of Arizona, Inc
Linda Banovac
Vice President/Branch Manager
17100 N.67th Ave. #2-200
Glendale, AZ 85308
623-979-6060
623-979-0428 Fax
E-Mail: lbanovac@ltic.com

NOTE: OUR NEW ADDRESS, EFFECTIVE FEB. 7, 2011:
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Message

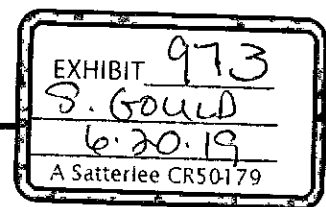
From: Denny Chittick [dcmoney@yahoo.com]
Sent: 11/18/2010 10:53:09 PM
To: Scott Gould [scottgould@cox.net]; Robert Koehler [rzkoebler@yahoo.com]; mike@clearaz.com; kevin@postedproperties.com; rob oakum [roboakum@gmail.com]; mswerlyk@lmtwo.com; Gregg S Reichman [greichman@activefinancegroup.com]; Yomtov Scott Menaged [smena98754@aol.com]
Subject: Jeffrey E Gross 602-647-6905

Add him to your list of folks you should avoid. He doesn't borrow himself, his "clients" he misrepresents. I'll leave it at that.

dc

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Message

From: Denny Chittick [dcmoney@yahoo.com]
Sent: 6/14/2010 12:42:42 PM
To: Beauchamp, David G. [David.Beauchamp@bryancave.com]
Subject: Re: status?

ok. just something new that came up today. As of tomorrow. now one can bid for someone else at the auctions unless you are licensed realtor. they handed out cease and desist letters today at the auctions. this doesn't affect me at all. but the bidding co's mostly use "bidders" just guys that go down there and do the bidding, they aren't licensed or anything. it was a surprise to everyone down there i guess. not sure where or why that happened.
thx
dc

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602-469-3001
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From: "Beauchamp, David G." <David.Beauchamp@bryancave.com>
To: Denny Chittick <dcmoney@yahoo.com>
Cc: "Dvoren, Michael" <Michael.Dvoren@bryancave.com>
Sent: Mon, June 14, 2010 12:26:50 PM
Subject: RE: status?

Denny:

Mike Dvoren in our office talked to someone at the Department of Financial Institutions today in an attempt to clarify the issue and get more specifics. I will talk to Mike later today for a better briefing.

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: Monday, June 14, 2010 12:15 PM
To: Beauchamp, David G.
Subject: status?

anything yet?

I talked to Scott Gould, they've hired a consultant that has some kind of connections to figure out what needs to be done for them. i'm different because i work differently than they do.

I want to make sure that i stay on the right side of the law and i don't want to go past the dead line with out a game plan.

thx

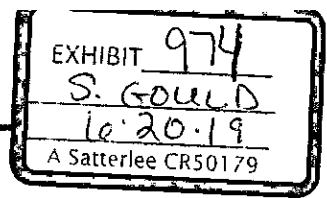
dc

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bcllp2010

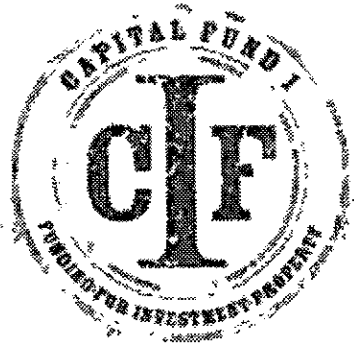


Message

From: Noah Brocious [noah@capitalfund1.com]
Sent: 9/22/2011 8:43:04 PM
To: Kevin McKiernan [kevin@postedproperties.com]; SMena98754@aol.com; dcmoney@yahoo.com; scottgould@cox.net; rzkoehler@yahoo.com; mike@clearaz.com; roboakum@gmail.com; msverlyk@lmtwo.com; greichman@activefinancegroup.com; msteinbeck@merchantsfundingllc.com; vanpelt75@gmail.com; tom@halefunding.com; bmortensen@cox.net; aaronzeese@hotmail.com; steve@turnerluxuryproperties.com; diethelm@mindspring.com; lynnhoebing@cox.net
Subject: RE: Investment Property Information per Your Request

That makes sense. They just don't provide a sale receipt like every other trustee showing vesting info.

Noah Brocious
Mortgage Loan Originator
NMLS# 367074
Noah@CapitalFund1.com
Capital Fund I, LLC
BK-0917799
Company NMLS# 396288
www.CapitalFund1.com
7890 East McCain Drive | Suite 5 | Scottsdale AZ 85260
o 480.889.6100 | c 502.689.1282



From: Kevin McKiernan [mailto:kevin@postedproperties.com]
Sent: Thursday, September 22, 2011 1:37 PM
To: SMena98754@aol.com; dcmoney@yahoo.com; Noah Brocious; scottgould@cox.net; rzkoehler@yahoo.com; mike@clearaz.com; roboakum@gmail.com; msverlyk@lmtwo.com; greichman@activefinancegroup.com; msteinbeck@merchantsfundingllc.com; vanpelt75@gmail.com; tom@halefunding.com; bmortensen@cox.net; aaronzeese@hotmail.com; steve@turnerluxuryproperties.com; diethelm@mindspring.com; lynnhoebing@cox.net
Subject: RE: Investment Property Information per Your Request

I heard Tiffany & Bosco were under investigation for their old process. I believe the Feds are trying to make sure there is no easy wholesaling before they actually purchase the property. Tiffany and bosco is the last trustee to require vesting at the time of sale.

Kevin "Laser" McKiernan

P: 480-363-4893

F: 480-718-7584

kevin@postedproperties.com

POSTED PROPERTIES.COM

From: SMena98754@aol.com [mailto:SMena98754@aol.com]

Sent: Thursday, September 22, 2011 1:23 PM

To: dcmoney@yahoo.com; noah@capitalfund1.com; scottgould@cox.net; rzkoehler@yahoo.com; mike@clearaz.com; kevin@postedproperties.com; roboakum@gmail.com; mswerlyk@lmtwo.com; greichman@activefinancegroup.com; msteinbeck@merchantsfundingllc.com; vanpelt75@gmail.com; tom@halefunding.com; bmortensen@cox.net; aaronzeese@hotmail.com; steve@turnerluxuryproperties.com; diethelm@mindspring.com; lynnhoebing@cox.net

Subject: Re: Investment Property Information per Your Request

That is Correct....But they do not give you a receipt to prove who you vested it in unlike downtown

In a message dated 9/22/2011 1:21:00 P.M. Pacific Daylight Time, dcmoney@yahoo.com writes:

From my understanding they are just forcing what happens down town, you have to vest the property when you win the bid, not the next day when you pay for it.
dc

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

From: Noah Brocious <noah@capitalfund1.com>

To: Denny Chittick <dcmoney@yahoo.com>; Scott Gould <scottgould@cox.net>; Robert Koehler <rzkoehler@yahoo.com>; "mike@clearaz.com" <mike@clearaz.com>; "kevin@postedproperties.com" <kevin@postedproperties.com>; rob oakum <roboakum@gmail.com>; "mswerlyk@lmtwo.com" <mswerlyk@lmtwo.com>; Gregg S Reichman <greichman@activefinancegroup.com>; "smena98754@aol.com" <smena98754@aol.com>; "msteinbeck@merchantsfundingllc.com" <msteinbeck@merchantsfundingllc.com>; "vanpelt75@gmail.com" <vanpelt75@gmail.com>; "tom@halefunding.com" <tom@halefunding.com>; "bmortensen@cox.net" <bmortensen@cox.net>; "aaronzeese@hotmail.com" <aaronzeese@hotmail.com>; "steve@turnerluxuryproperties.com" <steve@turnerluxuryproperties.com>; "diethelm@mindspring.com" <diethelm@mindspring.com>; "lynnhoebing@cox.net" <lynnhoebing@cox.net>

Sent: Thursday, September 22, 2011 10:37 AM

Subject: RE: Investment Property Information per Your Request

Anyone founds a way around Bosco's new bullshit sale receipt policy? For those who haven't encountered it yet they now only give the bidder a receipt that shows the sale ID#. The bidder fills out the vesting info at Bosco's office and they don't get a copy. We called Bosco and they said they WILL NOT verify the vesting and that "you need to trust your bidder." I found that pretty entertaining – trust a bidder?

So, they won't tell you who is vested on the property until you pay for it – Jose Montes is going to have a hay day.

Let me know if anyone has heard anything different. Thanks

Noah Brocious
Mortgage Loan Originator
NMLS# 367074
Noah@CapitalFund1.com
Capital Fund I, LLC
BK-0917799
Company NMLS# 396288
www.CapitalFund1.com
7890 East McClain Drive | Suite 5 | Scottsdale AZ 85260
o 480.889.6100 | c 602.689.1282



From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Monday, August 15, 2011 7:31 PM
To: Scott Gould; Robert Koehler; mike@clearaz.com; kevin@postedproperties.com; rob oakum; mswerlyk@lmtwo.com; Gregg S Reichman; smena98754@aol.com; msteinbeck@merchantsfundingllc.com; vanpelt75@gmail.com; tom@halefunding.com; bmortensen@cox.net; aaronzeese@hotmail.com; Noah Brocious; steve@turnerluxuryproperties.com; diethelm@mindspring.com; lynnhoebing@cox.net
Subject: Fw: Investment Property Information per Your Request

Avoid this guy and anything to do with him like an ugly girl with herpes!
dc

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602-469-3001
602-532-7737 f

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

From: Aaron Morris <aaron@gprea.com>
To: aaron@gprea.com, Aaron Morris <ajmorris122502@msn.com>
Sent: Monday, August 15, 2011 6:07 PM
Subject: Investment Property Information per Your Request

Please see the below flyer. Your email address has been added to our campaign in an effort keep you up-to-date on real estate investment opportunities as they become available. If you would prefer not to receive emails from Greater Phoenix Real Estate Alliance (GPREA), please respond with "unsubscribe" and you will be removed from our list. There is no action required if you would like to receive the emails. The emails will come from GPREA.

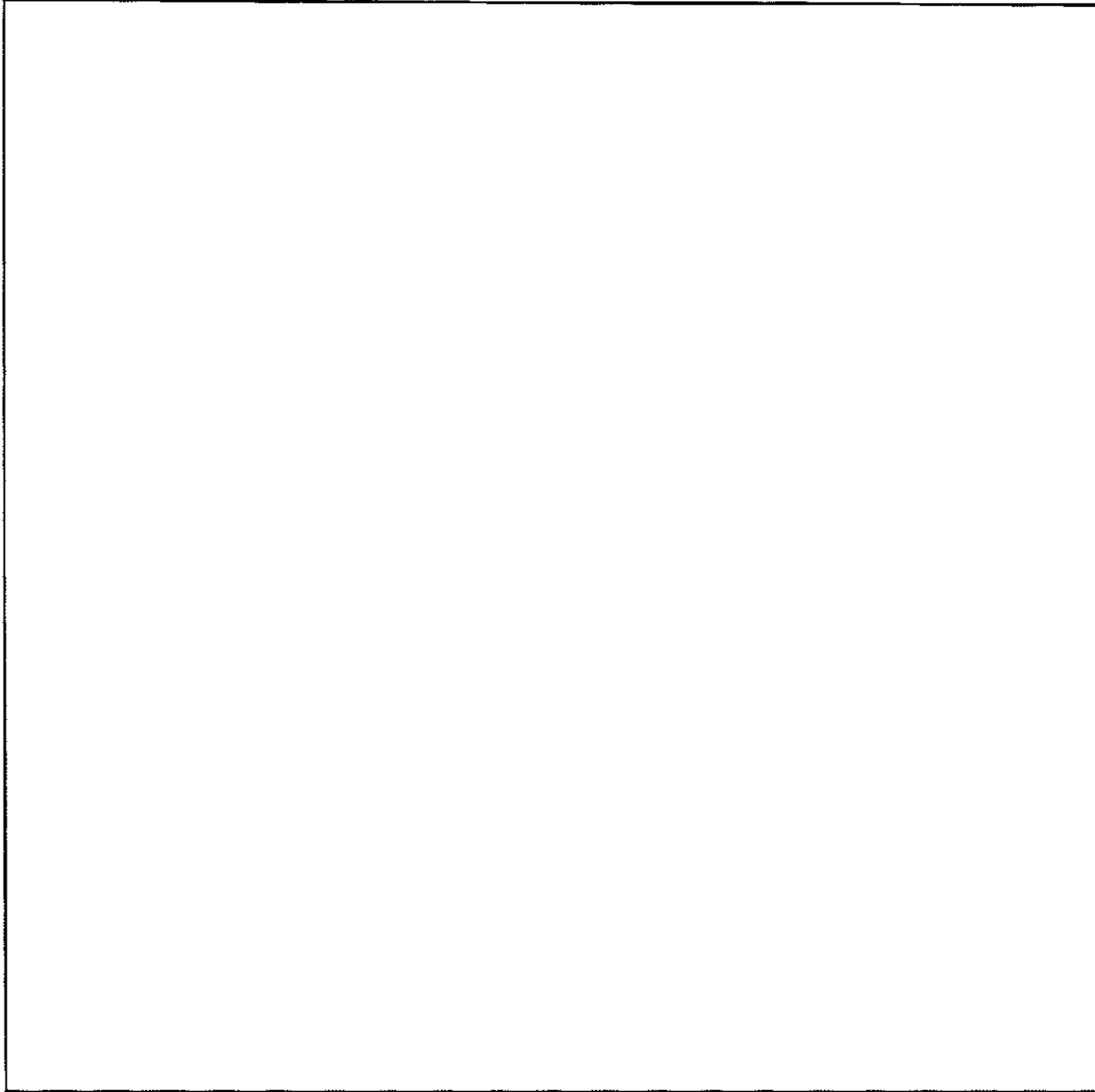
With Great Appreciation,

Aaron J. Morris
GREATER PHOENIX REAL ESTATE ALLIANCE
402 W Roosevelt Suite C | Phoenix AZ 85003
Office: 602-368-6099
Direct: 602-692-5165
Fax: 602-368-6093
aaron@gprea.com
www.gprea.com

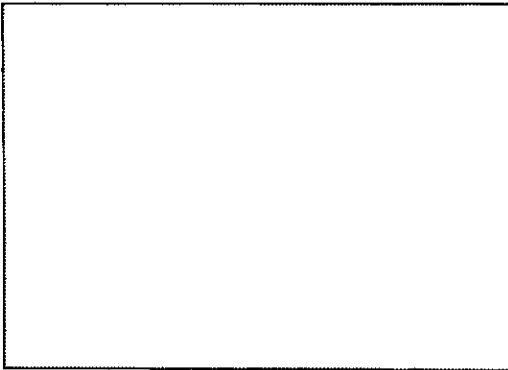
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**Take advantage of our
latest investment opportunity!**



8411 W. PIERSON ST.

Phoenix, AZ 85037

\$59K

Bed: 3 Bath: 2

Sq. Ft.: 1,210

Yr Built: 1997

[VIEW MORE PHOTOS](#)

[MAP LOCATION](#)

(near 83rd Ave & Camelback)

[DESCRIPTION:](#)

Cozy single level home for sale (as is). Tile throughout all main areas, carpet in bedrooms, ceiling fans, white kitchen appliances, eat in kitchen area, family room, and covered patio.

For more information, call (602) 368-6099 or send us an [email](#) .

[VIEW CURRENT INVENTORY](#)

[VIEW RECENTLY SOLD PROPERTIES](#)

***For ALL Your Real Estate Needs,
Trust GPREA To Do It Right!***



Ask about our referral program!

Greater Phoenix Real Estate Alliance

402 W. Roosevelt St., Suite C

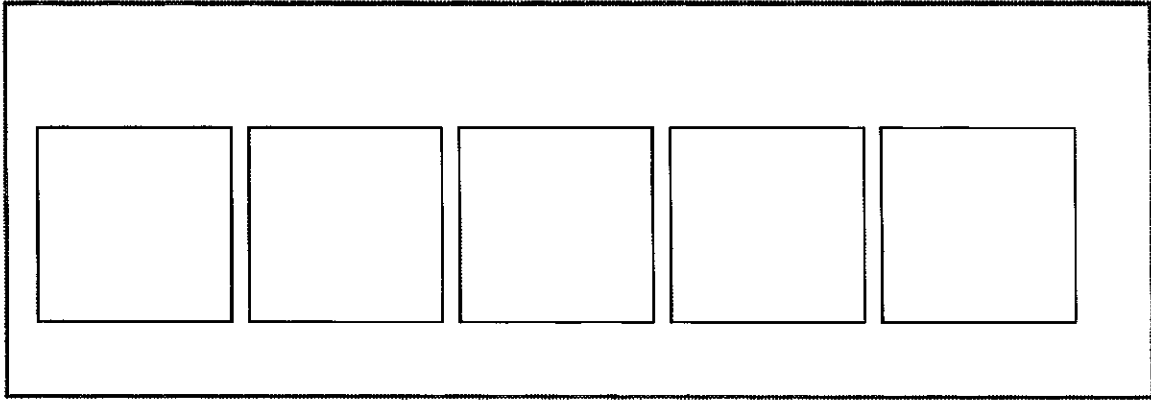
Phoenix, AZ 85003

(602) 368-6099

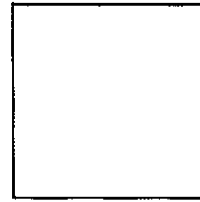
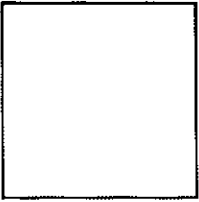
www.GPREA.com

[Email Us](#)





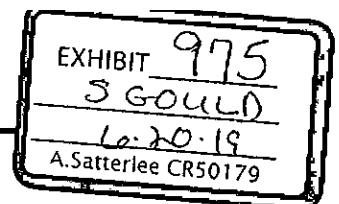
Forward email



This email was sent to aaron@gprea.com by aaron@gprea.com ;
[Update Profile/Email Address](#) ; Instant removal with [SafeUnsubscribe™](#) [Privacy Policy](#) .
GPREA 402 W. Roosevelt ; Suite C | Phoenix AZ | 85003

Message

From: Noah Brocious [noah@capitalfund1.com]
Sent: 12/22/2011 6:46:36 PM
To: Denny Chittick [dcmoney@yahoo.com]; Scott Gould [scottgould@cox.net]; Robert Koehler [rzkoebler@yahoo.com]; mike@clearaz.com; kevin@postedproperties.com; rob oakum [roboakum@gmail.com]; msverlyk@lmtwo.com; Gregg S Reichman [greichman@activefinancegroup.com]; smena98754@aol.com; msteinbeck@merchantsfundingllc.com; vanpelt75@gmail.com; tom@halefunding.com; bmortensen@cox.net; aaronzeese@hotmail.com; steve@turnerluxuryproperties.com; diethelm@mindspring.com; lynnhoebing@cox.net
Subject: RE: Fwd: Cashier's Check scam

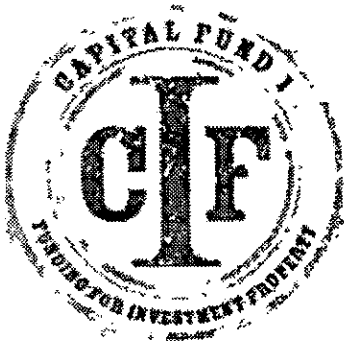


Thanks. We've lent to him in the past and haven't had any cashier's checks issues.

I'm just trying to figure out what the exposure is to the Lender? Any thoughts? Does the sale get rescinded once the trustee realizes that the Borrower's check is fraudulent?

Noah Brocious
Mortgage Loan Originator
NMLS# 367074
Noah@CapitalFund1.com
Capital Fund I, LLC
BK-0917799
Company NMLS# 396288
www.CapitalFund1.com
7890 East McClain Drive | Suite 5 | Scottsdale AZ 85260
o 480.889.6100 | c 602.689.1282
SE HABLA ESPANOL

Our office will be closed on the following dates for the holiday – Dec 26th, Dec 30th & Jan 2nd



From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Thursday, December 22, 2011 11:17 AM
To: Scott Gould; Robert Koehler; mike@clearaz.com; kevin@postedproperties.com; rob oakum; msverlyk@lmtwo.com; Gregg S Reichman; smena98754@aol.com; msteinbeck@merchantsfundingllc.com; vanpelt75@gmail.com; tom@halefunding.com; bmortensen@cox.net; aaronzeese@hotmail.com; Noah Brocious; steve@turnerluxuryproperties.com; diethelm@mindspring.com; lynnhoebing@cox.net
Subject: Fw: Fwd: Cashier's Check scam

Beware READ BELOW!
dc

----- Forwarded message -----

From: **Jeff Bottorff** <jeffbottorff@hotmail.com>
Date: Thu, Dec 22, 2011 at 11:03 AM
Subject: Cashier's Check scam
To: Eric weinenbrenner <ezhomesinc@gmail.com>

Pass this on the Denny and Clear,
Apparently a group is buying at the auction with fraudulent cashier's checks and getting hard money on the properties as well.

The main guy's name is Xavier and they buy under Panama Red, GD Group and X2.

Thank You,

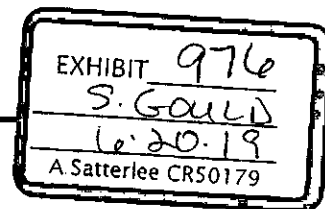
Jeff Bottorff
PAJ Enterprises, LLC
jeffbottorff@hotmail.com
602.432.0511

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Eric Weinbrenner
BuyAZForeclosures, CEO
ezhomesinc@gmail.com
Cell: (602) 757-4272
Office: (602) 710-2289
Fax: (602) 889-7090

Message

From: Gregg Reichman [greichman@activefundinggroup.com]
Sent: 7/10/2013 7:57:48 PM
To: Scott Menaged [smena98754@aol.com]
CC: lboucher@activefundinggroup.com
Subject: RE: Review of assets



Ok thank you,

GR



Gregg S. Reichman

Managing Director

602-443-6141 direct

602-692-3812 mobile

greichman@activefundinggroup.com

From: Scott Menaged [mailto:smena98754@aol.com]
Sent: Wednesday, July 10, 2013 12:57 PM
To: greichman@activefundinggroup.com
Subject: Re: Review of assets

Gregg,

Both Checks Can go in On 7/12

I will Let you know about the Other check you are Requesting.

I am awaiting HUDS From Veronica

Thanks

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

From: Gregg Reichman <greichman@activefundinggroup.com>
To: Scott Menaged <smena98754@aol.com>
Sent: Wed, Jul 10, 2013 8:59 am
Subject: Re: Review of assets

I don't like him either. The email really dosent have a lot of information and he dosent know who Scott is. Also he would not have any idea what the a actual agreement is just a few components and he has no idea what drove the need for the agreement in the first place.

I do apologize. Technology is great when it work correctly. Not great when it dosent. I erased all of his contact information in my system so won't happen again.

Gregg S. Reichman
Active Funding Group,LLC
602-443-6148 direct
602-692-3812 mobile
greichman@activefundinggroup.com

On Jul 10, 2013, at 8:41 AM, Scott Menaged <smena98754@aol.com> wrote:

Damn,

We'll he now has our agreement .

I don't like him

Sent from my iPhone

On Jul 10, 2013, at 8:34 AM, Gregg Reichman <greichman@activefundinggroup.com> wrote:

Sent in error. Scott and Scott. He erased it be says

Gregg S. Reichman
Active Funding Group,LLC
602-443-6148 direct
602-692-3812 mobile
greichman@activefundinggroup.com

On Jul 10, 2013, at 8:27 AM, Scott Menaged <smena98754@aol.com> wrote:

Why is Scott Gould included in this?

Sent from my iPhone

On Jul 10, 2013, at 7:57 AM, Gregg Reichman <greichman@activefundinggroup.com> wrote:

<image001.gif>

Scott:

As a follow up to our telephone discussion from yesterday, here is a summary as you requested. There are 3 "asset categories" as detailed in our prior agreement.

- Properties listed on "Exhibit A": AFG is to receive 100% of the distributable cash available after any secured lender receives its required payoff.
- Properties listed on "Exhibit B": AFG is to receive 50% of the distributable cash available after any secured Lender receives its required payoff
- Properties listed on "Exhibit C": These properties were free and clear at the time of the agreement. AFG is to receive 80% of the distributable cash available after payment of Escrow/Title fees but in no event less than the original principal amounts reflected in the recorded deeds of trust for these assets.

Thus far, 5 assets covered under the agreement have sold. Here is a chart listing the assets and the amount of funds due AFG in accordance with the terms of the agreement:

<image004.png>

Total due \$103,142.26.

In our conversation yesterday you correctly pointed out that it would be ideal for us to be including these charges as a part of your payoff through Escrow and we will certainly do that into the future as requested.

Please let us know when this can be cleaned up and we appreciate your attention to this matter.

Best regards,

GR

<image005.jpg>

Gregg S. Reichman

Managing Director

602-443-6141 direct

602-692-3812 mobile

greichman@activefundinggroup.com