


FINANCIAL RESOURCES NATIONAL, INC.

15 Northview Dr. • P.O. Box 1158 • Meredith, NH 03253

(603) 279-1133 • Fax (603) 279-5912

www.frnational.com

July 28, 2008

Pete Martino


Dear Pete,

I enjoyed talking with you the other day. I am enclosing some literature about Financial Resources, some of the programs we offer and some deals currently available. As promised, we have put you on our notification alert list, so that you will be informed as future potential lending opportunities become available.

We do approximately \$50,000,000 a year in private loan brokerage. We are extremely selective in our underwriting process with approximately only 1 out of 8 properties and/or projects qualifying for distribution out to potential lenders.

The underwriting process consists of a committee review of appraisals, credit reports, title searches, tax returns, loan applications and project details, etc. If the project passes this stage, we produce a 3 -5 page summary which is sent to all Private Lenders on our notification alert list.

Although many potential lenders are primarily interested in projects in their own area, I always enclose a copy of what's presently available regardless of location, on the chance that the potential investor may see something that might be of interest, if not to himself, to someone he may know in that area.

Upon your review of the summary, if you want additional information, I will email or overnight our full due diligence package to you for your review. You then additionally do your own due diligence on that property or project. Once you are satisfied the loan then closes in your name. We get paid from the borrower from origination fees. We do not charge you anything. You receive the full monthly interest payment from day of closing until the day the borrower pays off the loan. Most loans are structured as interest only monthly payments with the principal paid back to lender upon final payoff.

Historically, we have had an extremely high performance rate, due to our strict

underwriting. In the last two years we have had only one foreclosure, with a third party buyer bidding higher than the Private Lender's investment. The servicing company that is used by the majority of our private lenders, as less than 5% that are even 30 days late.

Good news: Retirement accounts, including IRAs, can now be structured, through a self-directed IRA custodian, to include the ownership of mortgages, allowing for tax-deferred accumulations on substantial rates of return.

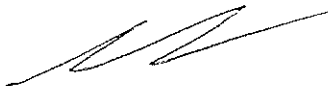
By the way, lenders are welcome to make a partial loan offer if you are not interested in lending on the whole project.

Keep in mind that we are always happy to discuss (in person or by phone) any further details and/or concerns on any matter. Also, you are always welcome to visit the property and/or perform any other due diligence research that you would like on any project.

Of course, you are always welcome to come in for a visit with us here at Financial Resources in Meredith New Hampshire, the true heart of the Lakes Region.

I look forward to working with you, or anyone that you might recommend, in the future.

Sincerely,

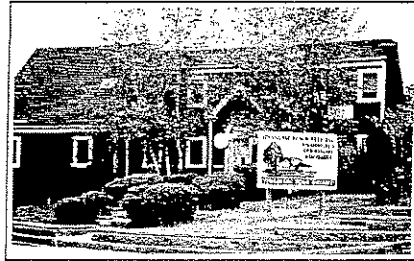
A handwritten signature in black ink, appearing to read 'Scott Farah', written in a cursive style.

Scott Farah, President

Enclosures

FINANCIAL RESOURCES NATIONAL, INC.

15 Northview Drive • P.O. Box 1158 • Meredith, NH 03253
Phone (603) 279-1133 • Fax (603) 279-5912
E-mail – sfarah@frnational.com



Welcome to Financial Resources National, Inc.

Whether you are looking for a mortgage to *buy or refinance* your home or you're looking for a commercial loan for a *business purchase or to finance an expansion*, or you are *interested in owning a mortgage* (mortgages payable to you),

FINANCIAL RESOURCES NATIONAL, INC. will provide you with appropriate information and product to meet your financial needs.

FINANCIAL RESOURCES NATIONAL, INC. was incorporated in 1989, and has emerged as one of the leading and fastest growing full-service mortgage companies, with branches located throughout the United States.

OUR MISSION is to provide creative problem-solving, professional processing, and prompt funding and servicing for our clients.

OUR STAFF combines many years of experience in the fields of banking, residential and commercial real estate, credit and financial planning.

FINANCIAL RESOURCES NATIONAL, INC. offers *multifaceted funding* of both commercial and residential loans, as well as *excellent mortgage ownership opportunities*. Also, as you may or may not be aware, *Retirement Accounts*, including IRAs, *can now include the ownership of mortgages* (for tax deferral).

Give us a call at 1-800-950-6913 about *any* of your needs or items of interest to you.

Scott Farah, President



Commonly Asked Questions

by Private Lenders Re: Commercial (including Construction) Lending

What is the selection or review process before loans are submitted to private lenders for consideration?

Financial Resources receives hundreds of applications per month for mortgages secured by commercial real estate. After credit checks and initial review, 15% to 20% may be what we consider Viable.

The underwriting process consists of a committee review of all information available including appraisals, credit reports, title searches, tax returns, loan applications and project details, etc.

If the project passes this stage, we produce a 3 -5 page summary which is sent to all Private Lenders on our notification alert list, followed by full packages to those who express continued interest.

Lender Tentative Commitment: Once the potential lender makes a tentative commitment, subject to his specific terms being accepted by the borrower and the project passing final muster - including acceptable up to date appraisals, environmental studies, regulatory approvals and various construction and infrastructure estimates, etc. - the lender commits the funds to be disbursed and a closing is executed.

Closing: The closing consists of all appropriate documentation being prepared by competent closing attorneys. This includes but is not limited to Title Search(s), Securing Documents, as well as the receipt of lender funds for disbursement.

How are Construction Loan funds disbursed?

In the interest of control and lender protection, construction loan funds are disbursed in smaller amounts (than traditional industry standards) as a result of frequent oversight inspections.

Also all disbursements are made as direct payments to the contractors and/or subcontractors, in other words direct to the provider of materials and/or services, thereby reducing the potential for mechanics liens and/or padding the invoices.

Explain oversight inspections:

For each project a respected local builder is contracted to do frequent inspections in order to insure the quality of the loan security, as well as the timely distribution of funds for the project to stay on track.

Note: The inspector chosen for each job is of a caliber capable of taking over the project, should the borrower or his builders fail to meet the standards and/or terms of the loan agreement.

How do you maintain Loan To Value (LTV) with a construction loan?

The LTV issue is of primary importance throughout the construction project. It is a priority consideration of every inspection report review prior to each disbursement. The following is an illustration of the LTV goals during a \$130,000 loan - 6- disbursement, \$200,000 construction project:

- 1st. Starting Project value \$40,000 - \$20,000 disbursement- Tot.Ln-\$20,000 = 50% LTV.
- 2nd. Project increased value \$69,000- \$20,000 disbursement- Tot.Ln-\$40,000 = 57% LTV.
- 3d. Project increased value \$98,000- \$20,000 disbursement- Tot.Ln-\$60,000 = 61% LTV.
- 4th. Project increased value \$127,000- \$20,000 disbursement- Tot.Ln-\$80,000 = 63% LTV.
- 5th. Project increased value \$156,000- \$20,000 disbursement- Tot.Ln-\$100,000 = 64% LTV.
- 6th. Project increased value \$200,000- \$30,000 disbursement- Tot.Ln-\$130,000 = 65% LTV.

How and when do I get paid ?

Most loans are "Interest Only" paid monthly to the lender.

Loan interest is paid to Lenders on the full amount of loaned funds. Interest is paid from the day of closing to the day of pay off to the lender.

What about construction loans? The borrower pays monthly interest payments based on the full loan amount regardless of when the construction funds are actually distributed to the borrower.

When and how is the Lender Paid-Off in the case of a construction loan?

Once the construction phase has been successfully completed, the property is sold or conventionally refinanced. Financial Resources has hundreds of conventional lender takeout programs available and often provides a "pre-approval" to the borrowers from inception of the project.

Because the conventional lenders generally offer a considerably lower interest rate, there is a substantial incentive for borrowers to maintain a good credit rating by being fully compliant with all construction loan requirements throughout the project. This incentive adds additional security and assurance of a timely pay off to the construction loan lender.

Are partial loans welcome?

Yes lenders are welcome to make a partial loan offer. Lenders who have most of their funds tied up or who wish to only commit a small amount as a trial run, may wish to lend only a portion (i.e. \$50,000) of a commercial project (i.e. \$320,000).

How does it work with Multiple Lenders on a single project?

Often there are multiple lenders who are involved in a single construction loan. Most multiple lender loans have each lender receiving a direct assignment (which is recorded at the registry of deeds) of a portion of the mortgage equal to their contributions percentage interest to the total loan.

Example: If the Total Loan is \$320,000 and there are 4 Lenders as follows:

1st lender	\$125,000.00	(39.0625 %),
2nd lender	\$ 80,000.00	(25.0000 %),
3d lender	\$ 65,000.00	(20.3125 %),
4th lender	\$ 50,000.00	(15.6250 %).

Assuming a monthly, interest only(13% APR), borrower's payment of \$3467.00 /mo, the Lenders monthly portion of each borrower payment would be as follows:

1st lender	(39.0625 %)	\$ 1354.30 /mo	(\$ 16,251.60 /yr)
2nd lender	(25.0000 %)	\$ 866.75 /mo	(\$ 10,401.00 /yr)
3d lender	(20.3125 %)	\$ 704.23 /mo	(\$ 8,050.76 /yr)
4th lender	(15.6250 %)	\$ 541.72 /mo	(\$ 6,500.64 /yr)

The Lenders are paid off, at the end of the Loan Term (usually 12 to 24 months) or early borrower pay off, whichever occurs first, an amount equal to their respective percentage of loan rate which will include their respective principal and any unpaid interest or late fees to date.

Who pays for the Loan Servicing and what services are provided?

The "Borrower" pays for the loan servicing at closing.

The primary function of Loan Servicing is to provide for the disbursement of funds to each project, tracking payments received and splitting the borrower payments out to the lenders.

Loan Servicing also monitors and pursues late borrower payments, produce relevant reports summarizing the loan activities and documenting the status of each loan to both the borrower and the lender.

Of primary importance, for lender safety in construction loans, is the qualifying of the disbursements to a project. The following is a summary of the steps and oversight of this important function:

1. Borrower turns in to Loan Servicing a signed disbursement request form plus all of the subcontractor and/or suppliers invoices pertaining to this particular disbursement request.
2. The processor pulls the borrower file, reviews the disbursement request and checks to see how much has been disbursed since the last inspection.

If the disbursements to date and this new request combined, exceed a target amount for a particular project, the processor immediately orders an inspection by our project Building Inspector.

3. Within 24 to 48 hours the inspection is completed and the report is submitted to Loan Servicing management for final approval.

4. Approved disbursement request is sent to bookkeeping where the file is reviewed to verify the borrower's payment status. If it is after the 15th of the month and the borrower's payment has not been made, the borrower is notified that no further disbursements may be made until borrower payments are up to date.
5. The Office Administration Manager also reviews the disbursement requests to see that we have all Tax ID numbers on all subcontractors and vendors in order for us to be able to complete the required year-end reports to lenders and borrowers.
6. Loan Servicing then process the payment request and issues the checks to the various vendors and borrowers.
7. After checks are cut, up to date journals are prepared for each loan and sent to both lenders and borrowers.

Can IRA Retirement Savings be used to fund a private mortgage?

Yes , Retirement accounts, including IRAs, can now be structured, through a self-directed IRA custodian, to include the ownership of many higher-yielding assets including "Fully Secured Commercial Mortgages".

Many of the larger loan opportunities allow for lenders, with smaller amounts of IRA funds available, to purchase only a portion (usually a \$50,000 minimum) of a commercial mortgage.

The process of setting up an account with a Self-Directed IRA Custodian can be accomplished in a few weeks, after which you can take your time selecting a commercial mortgage or mortgages that you find attractive.

Tax-deferred accumulations on attractive rates of return can greatly improve one's retirement.

Please note that Financial Resources is a loan broker and does not directly provide all of the above services, but rather contracts or works with various professionals in various fields including legal, appraisal, inspections, and loan service administration, in order to bring together the necessary components to produce a quality and reliable service to commercial borrowers and private lenders.

Sincerely,

Scott Farah, President

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“Memo”

Re: New Secure Website

To: All Private Lenders

You can now view the FULL PACKAGE on any deal (relevant to the 2 or 3 page summary mailing) on our **secure website**.

All you have to do is CALL ME (1-800-950-6913) and I will provide you with **your own personal password**.

I look forward to hearing from you.

Sincerely,
Scott Farah, President

Note: A full package generally includes the following:
Full-Color Appraisal, P&S (if a purchase), all applicable permits, Deeds,
Borrowers loan application, credit reports, 2 years business & personal tax
returns, prequalification for takeout financing (if applicable), etc.

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Financial Resources National, Inc.

At your SERVICE

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FINANCIAL RESOURCES NATIONAL, INC. offers multifaceted funding of both commercial and residential loans.

Financial Resources National, Inc.



Provides

Fast Decisions

*We can generally give you a
Pre-Approval within 48 hours.*

Competitive Rates and Fees

Every day, we review local market conditions to ensure we offer you the most competitive interest rates possible.

Pre-Approval for:

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Subject to credit history

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- *Construction

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(no income verification)

- *Debt Consolidation
- *No Job
- *No Income
- *Problem Credit

Commercial Mortgages

- *SBA Loans
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- *Bridge Loans
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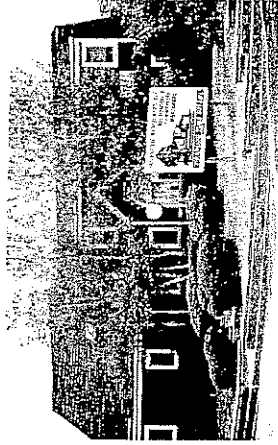
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