

RFC 2008 BOND FUNDING PROGRAM PROCEDURES

Client needs a **minimum** of 5 Million UDS(or market price of 15 year US Treasury Strip), to start the process.

We accomplish financing through a number of different methods. We use any combination of 1.)Leveraged liquidity funding, 2.)Collateral financing, using instruments/securities provided by client or by third party investors, on behalf of, or for the benefit of Client, or 3.)Private Investment transactions. We NEVER ask for any upfront money or fees.

This **specific** program is structured as a **purchase** of your discounted bonds at an **LTV** of **90.0%** of **face value**, thereby creating client's funding. Ultimately, buying securities and receiving your funding in this manner will allow you to reach your goal. Client has option to reinvest funded proceeds from 1st bond into next transaction and can stop when required funded amount is obtained.

- 1) Client completes all necessary **NCND** Agreements.
- 2) Client opens a **securities account @ AIG**, in their own name(or company name). We will provide link to these documents.
- 3) Client wires their money into their **securities account**.
- 4) Client submits necessary paperwork(**see list below**).
- 5) Project documents will be reviewed and a plan to obtain funding will then be issued.

When you are at the point of buying securities.....

- 6) Client instructs **securities broker** to purchase approximately 10 Million or more in **US Treasury Strips, 15 year, (0) coupon bonds**.
- 7) As soon as these notes are purchased, they stay within your **securities account**.
- 8) A validation is performed by the funder to validate that these notes are owned by the client.
- 9) Once validated, purchase documents as well as any other necessary agreements are drawn, signed and notarized by all parties.
- 10) Notes are transferred into funder's **Master Broker** account at either B of A, Citibank or Key Bank.
- 11) The funding of this instrument would usually be at an **LTV** of **90.0%** of **face value**. The fundings take place in 30-45 days. When the 90% of face value has been funded, the completion of the **purchase**(funding) is achieved.
- 12) There are **NO FEES, NO INTEREST PAYMENTS** and **NO REPAYMENT OF PROCEEDS**. **This is what the LEVERAGE is!**

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Benefits

- 1) The notes purchased are an **investment** and owned by the client until we purchase.
- 2) These are also “marketable securities”.
- 3) The notes are first purchased by client, directly from the **securities broker**..... no middleman.
- 4) Client builds up to the amount needed in steps.(**see attached worksheet**)
- 5) The starting point for the bond purchases can be any amount over 5M depending on market.
- 6) Client has option to reinvest funded proceeds from 1st bond into next transaction and can stop when required funded amount is obtained.

Required Documents List

- CIS
- Loan Request
- Executive Summary
- Scanned, Color Passport or Drivers License Copy
- Corporate Resolution
- Corporate Registration Documents (if available)

-Additional documents may be required if our cash leverage program is required.

Please call us with your questions.

Explanation

The idea is to receive the project funding needed. We must use whatever startup capital (minimum 5 Million) you have in conjunction with what is available on the bond market, bond pricing and what the various funders that we have are willing to use as collateral. This all is subject to change with the market. Since we are dealing with marketable securities and not some type of bogus leased or 3rd party instruments that have no value, this must always be considered. Leased instruments must be renewed every year at additional renewal cost to client. This is not necessary when the client purchases their own instruments. The bonds we propose are real and capable of being pledged as collateral for funding.

Our funding program will collateralize a 15 year (0) coupon US Treasuries. **Right now and for this specific program, the 15 year is acceptable.** Their appetite may change when and if, the bond market fluctuates drastically. Funders may not wish to accept the 15 year. The funders may elect that the 10 year or 1 year are the only issues that they'll collateralize. If this becomes the case, the startup requirements rise. The estimate cost, of a 15 year, as of the time of this draft, is around 5 Million**.

Regardless of whatever methods are used, once the first bond is purchased, a sample worksheet outlining a schedule of funding, totaling 250 Million Dollars USD can be found on the proceeding page. The client can stop at any time when the goal is reached. The client can totally customize the way and size of bond purchases and funding occurrences. This will be reviewed and a plan formulated with every client.

****Note: Bonds/Notes are marketable securities. Markets rise and fall. As the equity market, trade stocks, commodities, etc., so are bonds traded throughout the day. Prices change daily and throughout the day, as such, the TRADE(buy) price of these WILL VARY as well. Pricing doesn't change drastically, but the pricing will affect the ACTUAL costs to "buy in".**

Please call us with your questions.

Transactions 1st LTV>>

90.00%

1st Cost>>

49.00%

Interest Rate

0.00%

<u>Transaction</u>	<u>Required</u>	<u>Bond</u>	<u>Factor</u>	<u>Instr/Note</u>	<u>LTV</u>	<u>Funded Amount</u>	<u>Fees</u>	<u>Amount Funded</u>	<u>Amount For Next T</u>	<u>Balance Remaining</u>
1	4,900,000	15	49.00%	10,000,000	90.00%	9,000,000	5.00%	8,500,000	8,000,000	500,000
2	8,000,000	15	49.00%	16,326,531	90.00%	14,693,878	5.00%	13,877,551	13,000,000	877,551
3	13,000,000	15	49.00%	26,530,612	90.00%	23,877,551	5.00%	22,551,020	20,000,000	2,551,020
4	20,000,000	15	49.00%	40,816,327	90.00%	36,734,694	5.00%	34,693,878	32,000,000	2,693,878
5	32,000,000	15	49.00%	65,306,122	90.00%	58,775,510	5.00%	55,510,204	53,000,000	2,510,204
6	53,000,000	15	49.00%	108,163,265	90.00%	97,346,939	5.00%	91,938,776	90,000,000	1,938,776
7	90,000,000	15	49.00%	183,673,469	90.00%	165,306,122	5.00%	157,040,816	150,000,000	7,040,816
8	150,000,000	15	49.00%	306,122,449	90.00%	275,510,204	5.00%	261,734,694		261,734,694
Total Funds										279,846,939