

CAP ASSET HARD EQUITY LENDING PROGRAM

Statement of Purpose

The purpose of the CAP Asset Hard Equity Lending Program is to provide an above average annual income stream through direct private lending.

The purpose of this document is to communicate, in writing, the investment objectives and guidelines established by the Investment Advisory Board of CAP Asset Management, LLC, and to provide a clear and accurate understanding of all investment objectives, investment guidelines, and criteria by which investment performance will be evaluated.

The investment policies set forth in this document were established after a thorough review of the unique needs and circumstances of clients of CAP Asset Management, LLC and careful evaluation of the risk and potential returns expected from the underlying real estate transactions.

Investment Objective

The investment objective of the CAP Asset Hard Equity Lending Program is to preserve the purchasing power of the clients' assets, earn a minimum annual income stream of 13%, with the potential for higher income, while minimizing to the extent reasonable, short term volatility. Real estate investments contain numerous risks and there is no assurance that the Program's objective will be achieved.

To achieve these objectives, the Investment Advisory Board of CAP Asset Management, LLC seeks to lend funds to qualified investors, developers, and homeowners to improve, develop, or refinance residential, commercial, and mixed use properties within the United States.

All funding for developments will be on a full recourse basis for non-commercial properties such as single family residential properties up to 4 units. Commercial properties, such as large parcels of land for development, strip centers, and multi-family units greater than 4, will be on a case by case basis and may be non-recourse. The maximum loan to value on any real estate transaction will be 70% of the current appraised value or the after repair/developed value (in the case of renovation loans and development loans) as determined by our internal network of appraisers.

Investment Parameters

Investment Time Frame - The Program will only lend funds to qualified investors, developers, and homeowners to improve, develop, or refinance

residential, commercial, and mixed use properties within the United States. As such, the minimum timeframe for invested funds will be 18 months.

The Program intends to perform all of the due diligence including applicant qualification, property research, and verification of construction/renovation costs and appraisals to ensure that the proposed mortgage duration is less than 18 months, but has set an investment timeframe of 18 months to account for possible delays because of foreclosure proceedings.

Investment Returns - The Program will seek lending opportunities that provide an annual income stream in excess of 13%.

Reporting of Investment Returns - The Fund will report investment returns on a quarterly basis.

It is the intention of the Fund to distribute net income to clients on a semiannual basis to ensure that all operating expenses are paid out of the annual proceeds. In the event that a client wishes the income to be distributed on a more frequent basis, CAP Asset Management, LLC must be notified 30 days prior to the desired first interest payment.

Return of Capital/Withdrawals – The Fund is designed to invest all capital in individual loans at initiation and does not have accounts with reserve capital.

Should a client need its funds prior to the maturity date of the mortgage, the Program will make every attempt to return the capital in a timely manner. All requests for withdrawal of capital should be made in writing to CAP Asset Management, LLC at least 90 days prior to the expected funds receipt date. The Program can give no assurance that funds can be returned prior to the mortgage maturity date.

Clients that withdraw their funds prior to the completion of the development will forfeit any remaining profit, capital appreciation, and/or interest resulting from the mortgage. If other CAP Asset Management, LLC clients wish to take a position in the mortgage, the withdrawing client will receive its original capital contribution minus any discount offered by the purchasing client. The discounted principal amount will be negotiated between and approved by all parties prior to withdrawal.

Roles and Responsibilities

The Investment Advisory Board of CAP Asset Management, LLC will be responsible for seeking out and evaluating individual mortgage opportunities within the Investment Policy Statement guidelines. The Investment Advisory Board will be made of the following individuals:

Marco Caporale, President and CEO of CAP Asset Management, LLC, will act as Chief Investment Advisor for the Program and make all final decisions regarding its operation and communication with clients.

Paul R. West, President of West Florida Real Estate Services, LLC will act as Senior Real Estate Acquisition Consultant for the Program and will verify the current valuation, prepare/review comparable reports, market analyses, and assemble all due diligence information needed to properly evaluate each mortgage opportunity.

Andrew J Bernstein of Interstar Lending will act as the Senior Loan Officer for the Program and will be responsible in preparing the underwriting requirements for the Program as well as facilitating the mortgage paperwork and closing of each mortgage.

Flischel, Townsend & Murtha, P.A, Certified Public Accountants will act as the accounting manager for the Program and will be responsible for recording and reconciling all transactions pertaining to each individual mortgage. The Accounting Manager also will have the responsibility of creating quarterly reports to the Advisory Board showing the transaction history and current valuation of the account.

Denee T. VanDyke of American Acquisition Title, Inc. will act as Title Agent for the Program and prepare/review all title work for each mortgage opportunity within her jurisdiction.

deBeaubien, Knight, Simmons, Mantzaris & Neal will act as the legal counsel for the Program and will review all contracts pertaining to each mortgage, including purchase contracts, deeds to be recorded, and additional legal contracts. The firm will provide referral services for Title work and legal services, should the legal or Title scope be outside their expertise or outside the State of Florida.

Larry Golden, President of CMSS/Services will act as the Construction Estimating Consultant to the Program and will confirm the estimates and timeframe of construction for large development projects, including site preparation, subcontracting bids, utilities, impact fees, and building construction costs.

Investment Management Fee

CAP Asset Management, LLC will receive a 1% annual asset management fee from each client participating in the Program. The fee will be paid quarterly in advance out of the cash reserves of the client's account, based on the NAV at the end of the previous quarter.