Mortgage Brokerage

Business Plan

Deutsch & Thomas, Inc.

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It is acknowledged by the reader that information furnished in this business plan is in all respects confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by reader, and may cause serious harm or damage to aforementioned parties.

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1.0 Executive Summary

The purpose of this business plan is to raise $250,000 from an investor. The Mortgage Broker Company ("the Company") is a business devoted to providing mortgage and lending services to a diverse market of people.

The Team

The Management team of the Company is an extremely knowledgeable, qualified, and experienced group of people committed to providing outstanding mortgage brokering and lending services that meet the financial needs of our clients. The owners of the firm wish to sell 25% of the business to an investor. The investor will retain a seat on the board of directors.

The Products

The Company provides standard and sophisticated lending services to people of varying credit qualities and incomes. The Company also maintains a base of corporate and institutional clients that seek the expertise of our team to finance the acquisition of mortgages and real estate investments. Regardless of the credit quality or income of a client, the Company seeks to provide residential and commercial mortgage financing to clients. Services the Company provides include, but are not limited to:

General mortgage advice
Management and serving of loan portfolios
Alternative methods of financing real property

The Financing

The Company is seeking $250,000 from an investor with experience in the finance and/or mortgage industry. For this investment, the returns are:

- 25% equity in the Investment Advisory Company
- A seat on the board of directors
- 10 times the original investment by year 5

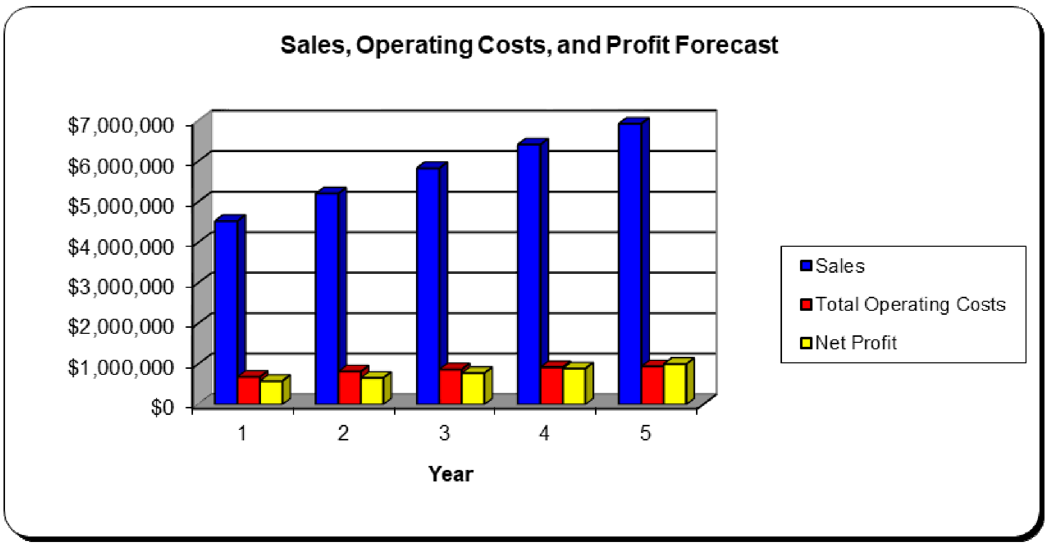
The funds are required in two segments of the Company:

- Expansion of corporate and institutional client base
- Creation and marketing existing products and services

Sales Forecasts

The company anticipates an exception rate of growth upon the commencement of operations. Below is a chart that exemplifies Management's vision for growth during the first three years of operations.

Proforma Profit and Loss (Yearly)					
Year	1	2	3	4	5
Sales	$4,525,000	$5,203,750	$5,828,200	$6,411,020	$6,923,902
Cost of Goods Sold	$2,817,500	$3,240,125	$3,625,700	$3,981,018	$4,295,519
Total Operating Costs	$680,700	$814,555	$867,074	$919,745	$939,334
EBITA	**$1,026,800**	**$1,149,070**	**$1,335,426**	**$1,510,257**	**$1,689,048**



The Future

Management intends on hiring several other licensed mortgage brokers and solicitors to aide in the business expansion effort. The Company's sales incentive program will greatly increase the number of closings completed by the business.

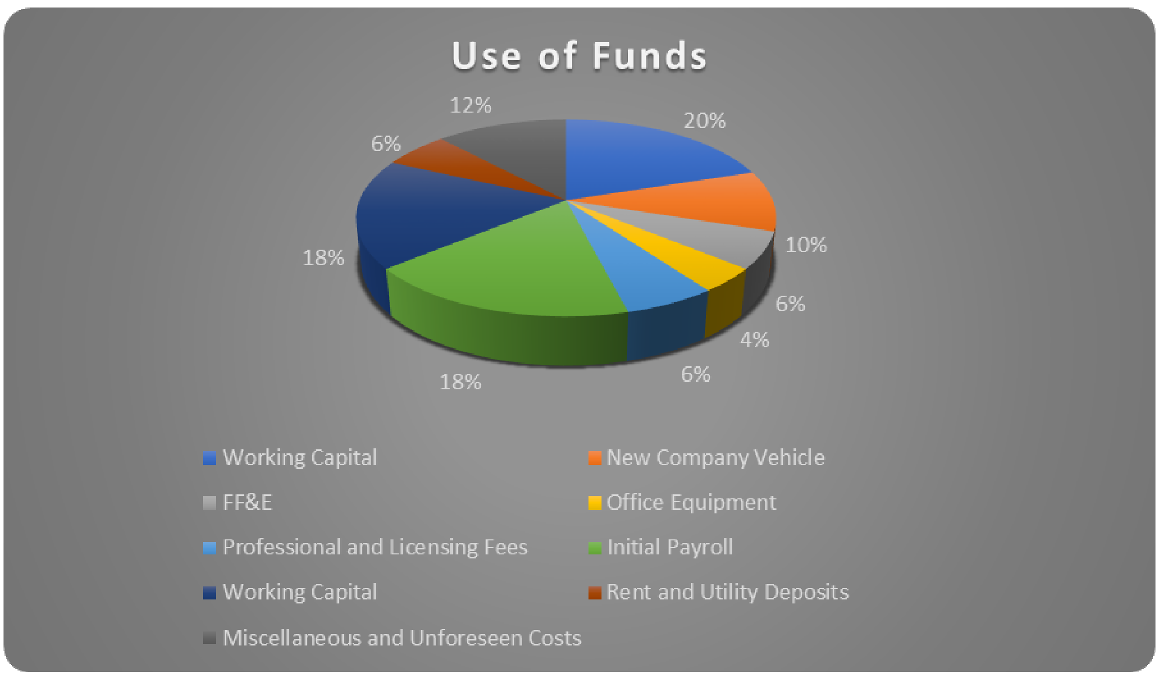
In the future, the Company plans on positioning itself toward becoming a direct lender. We feel that through operating in a mortgage banking capacity, we can effectively hedge the risk of a decrease in sales volumes because of an increase in interest rates. Additionally, the level of deal flow will increase as the Company will receive a greater premium per closed mortgage through the syndication and sale of loan portfolios.

2.0 The Financing

2.1 Funds Required

A total capital investment of $250,000 is sought from an investor that has experience in the investment management and advisory industry. The investment will be used for the following:

Projected Startup Costs	
Working Capital	$50,000
New Company Vehicle	$25,000
FF&E	$15,000
Office Equipment	$10,000
Professional and Licensing Fees	$15,000
Initial Payroll	$45,000
Working Capital	$45,000
Rent and Utility Deposits	$15,000
Miscellaneous and Unforeseen Costs	$30,000
Total Startup Costs	$250,000



2.2 Investor Equity

The investor will receive a 25% ownership interest in the Company. The financial projections forecast an internal rate of return of 58%, providing the investor with a cash return of 1000% at the end of Year 5. Dividends and other capital disbursements may be made during this time at the discretion of the board of directors.

2.3 Management Equity

The current owners of the firm each own one-third of the shares of the Company. Upon the desired equity sale, each owner will retain a 25% interest in the Company.

2.4 Board of Directors Composition

The board of directors will be comprised as follows:

- Investor (1 Seat)
- Current Owners (3 Seats)
- Independent Chairperson (1 Seat)

2.5 Exit Strategies

The Management has discussed and planned for three possible exit strategies. The first strategy would be to sell the Company to a larger entity at a significant premium. Since, the mortgage industry maintains a very low risk profile, the Management feels that the Company could be sold for eight to ten times earnings.

The second exit scenario would entail selling a portion of the Company via an initial public offering (or "IPO"). After a detailed analysis, it was found that comparable companies sell for fifteen to twenty times earnings on the open market. However, taking a company public involves significant legal red tape. The Mortgage Company would be bound by the significant legal framework of the Sarbanes-Oxley Act in addition to the legal requirements set forth in form S1 of the Securities and Exchange Commission. The Company would also have to comply with the Securities Act of 1933 and the Exchange Act of 1934.

The last exit scenario would involve the use of a private placement memorandum to raise capital from private sources. This is also a significantly expensive process that requires the assistance of both an experienced securities law firm and an investment bank. Funds would be raised from private equity and merchant banking sources in exchange for a percentage of the Company's stock.

2.6 Investor Divestiture

The Management will allow the Investor to sell his or her equity interest in the firm after Year 4 either to a third party (subject to Management approval) or back to the Management. The other owners of the firm shall make payable to the Investor a buyout sum equal to six times the amount of profits earned on the Investor's Interest earned in the preceding year.

3.0 Mortgage Services

The Mortgage Broker Company will operate among three different business segments. We feel that by operating as a multifaceted investment firm, we can profit from the financial and insurance markets regardless of the economic or interest rate environment. Each business division has been specifically engineered to offset the risk of the other businesses. Our model is unique because while we will be a smaller firm, we will be able to offer a variety of services to our clients. Each client will have access to all of the services that we offer. The procedural method of offering these services will be detailed in Section Five.

3.1 Mortgage Brokering and Banking

The business of the Company is to assist homebuyers and investors in the acquisition and financing of real estate assets. These services will include direct investment, and investment banking operations that will allow investors access to the capital markets. To some extent, this business will have a more erratic revenue stream as this business is dependent on deal flow and not guaranteed payments by debtors or tenants. The Company will operate a mortgage banking facility that will include a warehouse line of credit for our financing transactions. We expect that each financing deal made by the Company will yield approximately 5.2% of the face value of any transaction. The risks associated with this business are low as we do not plan on holding long term debt instruments unless the credit quality of the mortgagee is excellent. Most loans that are made by the Company will be immediately sold to investors in the secondary market. Revenue from these operations is received from both the debtor and the investor that purchases the loan. In a typical transaction, the debtor will pay 2-3% of the loan amount to the Company. Additionally, a markup of 2-3% is applied to the loan when it is sold to an investor. The holding period of these loans is very short, with most loans packaged a sold to investors within a three to six week period. All mortgage and finance transactions will be properly hedged in order to ensure that a rise in interest rates does not affect the overall portfolio. Currently, the real estate interest rate market is exceptionally low. The Company feels that this low interest rate environment is temporary considering the overall economic growth of the economy.

3.2 Mortgage Advising

The second division of the Company is our advisory and mortgage securities business. The trading and sale of mortgage related securities will provide a cash flow that will alleviate a portion of the risk associated with the deal flow dependent brokering business. Additionally, this division will provide the capital necessary to pay for some of the basic financial obligations of the business. We feel that by operating among these varying mortgages related based businesses that we can alleviate the risks usually associated with each business. In times of economic recession or an unfavorable interest rate environment, our mortgage securities business will act as a cash flow buffer to ensure that the Company can continually meet its financial obligations and continue its business operations.

4.0 Overview of the Organization

4.1 Registered Name

The Mortgage Brokerage Company, Inc. The Company is registered as a for profit corporation in the State of New York.

4.2 Commencement of Operations

The Mortgage Brokerage Company commenced operations in New York in January of 2018.

4.3 History

The Company was founded by the partners with the vision that a client would enjoy the benefits of having a broad array of mortgage and lending services under one roof. The business model ensures that each financial profession can engage in open dialogue to access the exact needs of each client. This model allows our business to provide advisory and management services for each facet of a customer's lending needs.

4.4 Mission Statement

The Mortgage Brokerage Company seeks to create excellence within the investment community. It is our goal to provide sensible, prudent, and expert lending services to each one of our clients. We ensure that we provide only the most appropriate lending products.

4.5 Vision Statement

Through our diverse areas of expertise and knowledge, the owners of the Company hope to build a business that will achieve $5 million dollars of revenue by the fifth year of operations.

4.6 Organizational Objectives

- Create, market, and manage a mortgage banking and brokering that delivers quality earnings regardless of the general direction of the interest rate markets.
- Continue to successfully manage and grow our core mortgage brokering business.
- Create and market value added institutional lending and advisory services to our existing corporate and business clients.

4.7 Organizational Values

- Complete disclosure and transparency regarding all financial transactions.
- Open dialogue among business units to create an efficient synergy within the Company that maximizes the value of each partner and employee.
- To maintain a committed program for developing new strategies and techniques that will allow our clients to properly select the right financing for their real estate needs.

4.8 Founders and Management Team

The management team is comprised of qualified and experienced individuals that excel at providing mortgage, lending, and advisory services to their clients. The team is properly qualified to allow the Company to continue to expand and grow organically while still maintaining a sense of innovation in the types of products and services that they can provide their clients in the future. The team has:

- Proven start-up skills with a focus on profitability.
- Experience and licensure in the field of mortgage brokering and banking
- The ability to work in a group setting to provide each client with expertise for each facet of their borrowing needs.

The Company's ability to provide these services in one setting allows the firm to have a competitive edge against firms that only specialize in a specific niche of the industry.

5.0 Strategic Analysis

5.1 External Environment Analysis and Procedures of Mortgage Brokering

The business of mortgage lending and brokering is an extremely complex business that is tightly controlled by several government imposed regulations. These laws seek to ensure that consumers fully understand the terms and possible consequences of undertaking a large debt obligation. They also serve to protect the consuming public from predatory lenders and fraud. Thus the mortgage and lending industry has essentially developed an efficient method of financing real estate assets while remaining within the letter of law.

An independent mortgage banker or broker is referred to as a loan originator. A borrower will approach these businesses with the desire to acquire a loan. The banker or broker is responsible for managing the entire process of closing a loan. These services include obtaining the necessary credit and title reports to satisfy the quality control and lending procedures of the lending institution.

After all of the necessary credit documentation is in place, the mortgage broker will begin to price the loan among several lenders. The goal of the mortgage broker is to find the best loan for their client. There is a distinct conflict interest among mortgage brokers with respect to their clients. The best loan for the client is not always the most profitable loan for broker. The mortgage broker is required to act in the best interests of the borrower and not the lender. This conflict of interest is very similar to that of a real estate agent that would like their client to purchase a more expensive house because their commission is directly tied to the sales price. The Mortgage Company is committed to working on the behalf of their clients. The stability of our business operations is not wholly dependent on the amount of deal flow that we can achieve, and we feel that it is far more important to retain real estate investor and home buyer clients by always seeking the best financing for them.

After the loan has been arranged, the proper documents are sent to the lender and the loan is closed. From this point, the mortgage broker no longer is an interested party. The closed loan is either held by the issuing institution or sold to another investor.

The difference between a mortgage banker and a mortgage broker is that a banker will close the loan in their name. A small mortgage banker will immediately seek to sell the loan to an investor. These investors have a prearranged agreement with the banker to purchase any loan that meets their specified qualifications. These investors usually securitize these loans into bond packages that offer bond purchasers a share of the interest and principal payments on future loans. Mortgage bankers may retain the rights to service the loan, which is an important source of revenue for medium and larger sized mortgage bankers. Small bankers usually do not retail service retention rights as the business requires extensive back office operations that are too expensive for smaller firms to maintain. The primary investors in real estate backed loans are companies such as Fannie

Mae, Freddie Mac, and several nongovernmental sponsored enterprises that seek to profit from the servicing of these loans. These companies retain the fee, and pass the remaining cash flow onto the bond investors.

Mortgage bankers act as the direct lender when closing the loan. These loans are referred to as ‘table funded loans’ because the mortgage banker uses their own capital to initially finance the transaction. Most mortgage bankers have a warehouse line of credit (or mortgage repurchase facility) that allows them to shortly finance the loan until it can be sold to a prearranged third party. As stated before, smaller mortgage bankers rarely close a loan with the intention of holding the loan in order to retain the servicing rights. The servicing of mortgages requires a large staff of experts to conduct secondary market transactions that seek to mitigate the risks with closing a fixed rate loan.

The regulation and registration of mortgage brokering and banking is usually conducted on the state level. Since mortgage banks are not depository institutions, they are able to operate under a smaller set of guidelines unlike their commercial banking counterparts. The warehouse line of credit granted to mortgage bankers is usually an “affinity line of credit.” This facility is usually granted to the banker by the investors that plan on purchasing loans. It is far easier, regulation wise, to act as a mortgage broker than as a mortgage banker. This is because a broker never directly owns the loan or handles the funds needed to finance a transaction. Bankers are bound by a higher standard, but they are able to control more of the lending process.

The Mortgage Company plans to operate in both a mortgage brokering and banking capacity, although our mortgage banking operations will be conducted in a much smaller capacity. The brokering of mortgages will be managed by the standard operating procedures set forth in the beginning portion of this section. We plan on registering our mortgage brokering business within the State of New York. The mortgage banking portion of our business will focus on extending credit in the form of long term mortgages to credit worthy applicants. If we feel that the investment presented to use by the real estate investor is an exceptional opportunity, then the Mortgage Company may seek to partner with real estate investor in the transaction. For commercial and residential transactions (5+ unites), there are very few regulations that the Company must follow. These transactions, under the law, are typically regarded to as private transactions and are not considered mortgage banking operations.

5.2 Industry and Market Analysis

The market for real estate is one of the largest economic markets in the world. In the United States, the market for mortgages is the largest consumer and commercial finance market. For most people, a purchase of real estate (for both primary residence or investment purposes) is the largest financial transactions that they will ever conduct. Any standing structure has monetary value and can be used as an investment. Offices and homes are a necessity for all people and businesses. The overall market for real estate

will continue to grow as the population continues to grow. Additionally, there has been a shift in taste among Americans such that people now desire to have more than one home. While this concept has been a dream among many people, the ability for a middle income family to purchase a second home has become a reality with the change in how lending works. The following sections are an analysis of the marketability of our services and an analysis of the financial market regarding the value of real estate as a correlation to interest rates.

A study conducted by the Mortgage Bankers Association of America estimated that $2.5 trillion dollars of mortgages will be closed in 2005. This is a decrease from 2004. The decline in mortgage volume is attributed to exhaustion of consumers seeking to refinance higher rate mortgages. The study also determined that the market for the next two to three years will remain stable.

The market for mortgages is an extremely large market, and no single competitor commands a distinct advantage over another competitor. The products offered by each business are relatively similar, and as stated before – there is no real distinction made by borrowers as to which mortgage facility to use to obtain financing. The primary distinction is made by price of closing costs, and the efficiency in which a loan can be closed by a broker or banker.

5.2.1 Market Trends and the Interest Rate Environment

The current interest rate environment has caused real estate prices to increase at a rapid rate. Many economists are beginning to feel that this sudden and marked increase in price may lead to a real estate bubble that will eventually burst. After a lengthy study of market prices as a function of interest rates, we have determined that the current prices for real estate are justified based on the current interest rate and economic climate. However, as interest rates rise, the value of real estate assets will become lower. The owners believe that the Company can position itself to purchase and finance loans that will provide a steady stream of income despite the fact that interest rates will rise. The Company will use several debt instruments to counteract the inevitable increase in interest rates. Our research has shown that many real estate firms that hold promissory notes do not properly hedge themselves against interest rate fluctuations. As a result, many firms have and will suffer losses related to the decrease in value of their income producing assets as time progresses. Our model of holding interest bearing instruments is very different in the sense that we hedge against both interest rate and default risk simultaneously. This lower risk profile does create a lower profitability on each transaction, but it secures our principal. Our mortgage arbitrage operations provide additional cash flow to finance the instruments needed to properly hedge credit and default rate risk.

We also feel that while interest rates will increase, the demand for real estate will decline butt overall will remain stable. As stated earlier, more and more investors are seeking to invest in non traditional assets to ensure income and capital appreciation. Additionally,

the concept of owning a second home has become a more pervasive value among Americans. The purchase and finance of real estate assets has become easier from the standpoint of the investor. As stated before, a potential investor can now quickly obtain a list of available properties and potential lenders over the Internet. We feel that this access to information has been an important factor in the overall increase of home and investment purchases over the Internet.

5.3 Customer Profile

Our lending and advisory services will target small to medium real estate investors and home buyers seeking financing for real estate valued from $250,000 to $3,000,000. Real estate investing has increased significantly with the advent of the Internet. It is now far easier for a potential investor to locate, inspect, and purchase property than every before. Additionally, lending practices have now become more of a science as computer models that determine credit quality and economic feasibility are now more often used to determine whether or not an investor should be granted a loan. Years ago, lending was much more subjective which led many worthy borrowers to be denied credit. As the process has become more streamlined and scientific, borrowers can obtain debt at an interest rate that truly reflects the risk of default.

The nature of banking has changed significantly over the past two decades. Large and small banks are trimming their lending portfolios with respect to real estate assets. Banks now depend on the fee income from lending and other services for their earnings and not the continuous streams of income from debt securities.

The market for investment real estate loans has grown as banks now need an increase in fee income, and lending practices have become more streamlined. Smaller investors that had difficulty in finding financing for their projects, now have lenders competing to close loans for them. This is mainly because the banks and finance companies are only accepting the risk of holding mortgages for a short period of time. Mortgages from financial institutions are now being sold directly to government sponsored enterprises like Freddie Mac and Fannie Mae, or to large investment banks that package these mortgages into pass-through bonds.

With the lackluster performance of the stock market over the last five years, investors have shifted a sizeable amount of their wealth into alternative asset classes such as real estate. Our target client will be an upper middle earning investor that seeks to diversify their overall investment portfolio.

Our home buyer mortgage services will provide reasonable priced credit to people of all credit qualities. Our Company is poised to properly handle higher risk mortgage investments.

5.4 Target Market Analysis

Florida real estate has experience a growth in value at a rate that exceeds any other market in the nation. This is especially true in the areas surrounding the West coast of Florida toward the central region of the State. Over the five year period between 2000 and 2005, the median price of a Florida home was $106,000. In 2005, that figure reached $184,000. This represents a significant 70.9% gain. As such, many economists are beginning to speculate that housing prices will decrease significantly as interest rates increase. In light of these expected results, Management will focus on the acquisition and development of properties that have unusually high capitalization rates. Below is a graph showcasing the strong growth of the Florida real estate market over the last thirty years.

Recently, the number of home sales has increased significantly within the last year. This is one of the primary signals of an overvalued real estate market. Should Management not find real estate transactions that are reasonably priced or undervalued, the Company will seek to make acquisitions outside of the State. In every market climate, there are opportunities that exist for the Company to generate significant profits. Based on the economic analyses performed by Management, Florida real estate is expected to decline approximately 10% during the pricing retraction that is expected to occur over the next two to three years. However, this pricing recession may be lower than expected as interest rates have not increased as steadily as predicted by many economists.

The most popular areas of Florida have always been located around the coasts of Florida. The demand for Atlantic Ocean and Gulf of Mexico front real estate has skyrocketed over the last ten years. Additionally, there is a extremely large senior citizen population in the state, with a majority of these citizens centralized around the southeastern tip of Florida and extending 200 miles up the coast.

The Mortgage Brokerage Company intends to focus its mortgages for property developments, rehabilitations, and other operations within areas that have a population density greater than 1000 people per square mile. The Company will not attempt to develop operations in areas that are under-populated as these regions typically have much lower per capita incomes than their high density counterparts.

The business will focus its development heavily on the areas of Pinellas County, Dade County, and the greater metropolitan area of Orlando. The areas surrounding Disney World and Orland present excellent opportunities for financing development and rehabilitation as investors regularly acquire properties with the intent to resell as time shares and short term rentals. In the future, Management may seek to syndicate time share programs that will allow the business to generate significant profits from the ongoing sale of fractional deeds from real estate. However, this divestiture strategy may fall under the realm of security sales, which have complexities that the Company may not want to engage.

Age is another very important factor for the development of the Company's development strategies during the life of the business. As 23% of the Floridians prepare to enter retirement over the next ten to fifteen years, it is imperative that the Company position itself for the development of one and two bedroom condominiums for this market. This market segment specifically purchases properties that require minimal maintenance. In the future, the Company can use its condominium strategies to generate significant fees from the ongoing management of condominium home owner associations.

In conclusion, Florida presents a strong real estate market that grows faster than most other United States real estate markets. The high per capita incomes (in metropolitan areas) coupled with increasing demand for ocean front real estate will allow the business to continually capitalize on real estate investments within this market.

5.5 Competitive Analysis

There is a tremendous amount of competition among lending companies to acquire, finance, and sell mortgages. However, there are not many investment banking firms that specialize solely on small and medium sized real estate transactions. We feel that we can use our lending, investment, and advisory service for each client so that they receive more than just the financing they need. We will seek to essentially partner with our clients in their real estate endeavors, rather than just provide a one time financing. By allowing our clients services beyond traditional lending, we hope to ensure that we will have repeat business from our clients.

The way that people obtain credit and mortgages has changed significantly over the past decade. It used to be that when a borrower wished to obtain a loan that they would go to their local bank and apply for credit. Today, more and more people are turning to independent mortgage brokers and bankers because they often offer a more competitive credit package than traditional banks. Mortgage brokers have the ability to quickly price a variety of loan products from several lenders. This saves time and money for the real estate investor in that they do not need to approach several lenders in order find reasonably priced financing for their projects.

Mortgage brokering is akin to stock brokering in that people tend to flock toward this profession when economic times are good, and they tend to leave when the economy is bad. We feel that when the interest rates rise, many mortgage brokers will leave the market. There has already been a marked slowdown in the refinancing of homes and business property. In the next portion of the business plan, we will explain how week will seek to mitigate a slowdown in mortgage related activity while maintaining a healthy level of profitability.

The service of mortgage brokering and banking has become a commoditized market. The revenue gained per transaction has decreased as investors and home buyers can now approach several lenders at once. This competition has driven down the market price of closing costs as incurred by the borrower. However, the premium received by the mortgage banker from the loan purchasing investor has remained stable. However, this type of commoditized market is a positive in many ways. Mortgage products are inherently similar among providers. A 6% 30 year mortgage offered by one company is the same exact product offered by another. There is no sense of quality between the two products. This leads to the fact that new providers in the market can attract borrowers without having to develop a premium brand name. However, banks are beginning to offer new features to loans such as the ability to switch between fixed and variable rate mortgages – although this market remains small and will most likely remain that way. Customized financial products are not readily available for sale into a secondary market.

The market for mortgages is an extremely large market, and no single competitor commands a distinct advantage over another competitor. The products offered by each business are relatively similar, and as stated before – there is no real distinction made by borrowers as to which mortgage facility to use to obtain financing. The primary distinction is made by price of closing costs, and the efficiency in which a loan can be closed by a broker or banker.

6.0 Key Strategic Issues

6.1 Sustainable Competitive Advantage

The Company will be able to maintain successful business operations because of the following:

- An offering of services that meet the financial needs of our clients without exposing themselves to any unneeded risk.

- A business unit that specializes in maintain portfolios of mortgage securities that provide a continuous stream of cash flow.

- The ability to create a synergy among the financial products and services offered by the Company so that the customer can easily access all of their needed borrowing facilities under one roof.

6.2 Basis for Growth

The Company will grow through two main avenues:

- The successful marketing and growth of our core mortgage brokering and banking business through increased assets under management.

- The successful management of a portfolio of mortgage investments that have a high level of liquidity and provide a constant stream of cash flow.

7.0 Marketing Plan

7.1 Marketing Objectives

- Establish a strong presence in targeted urban and suburban markets
- Build a large referral network through our existing client base.
- Establish connections with investors and institutional mortgage buyers.

7.2 Sales Forecasts

Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Growth (%)	0.0%	15.0%	12.0%	10.0%	8.0%
Mortgage Closings	$2,400,000	$2,760,000	$3,091,200	$3,400,320	$3,672,346
Sales of Closed Mortgages	$139,000	$159,850	$179,032	$196,935	$212,690
Mortgage Portfolio Management	$1,950,000	$2,242,500	$2,511,600	$2,762,760	$2,983,781
Miscellaneous Income	$36,000	$41,400	$46,368	$51,005	$55,085
Totals	**$4,525,000**	**$5,203,750**	**$5,828,200**	**$6,411,020**	**$6,923,902**

Cost of Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Growth (%)	0.0%	15.0%	11.9%	9.8%	7.9%
Mortgage Closings	$1,600,000	$1,840,000	$2,058,960	$2,260,738	$2,439,336
Sales of Closed Mortgages	$13,900	$15,985	$17,887	$19,640	$21,192
Mortgage Portfolio Management	$1,200,000	$1,380,000	$1,544,220	$1,695,554	$1,829,502
Miscellaneous Income	$3,600	$4,140	$4,633	$5,087	$5,489
Totals	**$2,817,500**	**$3,240,125**	**$3,625,700**	**$3,981,018**	**$4,295,519**

Gross Profit					
Year	1	2	3	4	5
Total	**$1,707,500**	**$1,963,625**	**$2,202,500**	**$2,430,002**	**$2,628,383**

7.3 Sales Assumptions

Year 1

- The Company expects to attain $4,500,000 of gross sales after commissions have been paid to brokering agents.
- We intend to expand our existing mortgage portfolio to include $1,000,000 worth of securities.

Year 2

- Our aggressive marketing and advertising strategies should increase our mortgage closings by 15%

- The Company intends to solicit an additional line of credit to finance more mortgages for our proprietary portfolio.

Years 3-5

- The Company's intends to grow its mortgage brokering operations by 30% to 45% for each successive year of operation.
- The mortgage portfolio will increase by $1,000,000 per year for each year the Company is in operation.

7.4 Marketing Strategies

The Management of the Company intends to continue to build a network of referrals through local accountants and attorneys in the Company's targeted markets. In the mortgage and finance industry, referral business is the best method of organically increasing the amount of revenue that the Company can generate. Print and media advertising has less of an impact on a prospective client because a trusted professional referral is valued much more than an advertising message.

7.5 Product Marketing

The Company's products will be positioned to offer individuals a wide variety of lending and advisory services at a cost effective price. We will always ensure that a financial professional can be reached at anytime so that in the event of an emergency, a client can have access to trusted financial support at anytime. Clients and investors are the Company's highest priority and as such it is imperative to have a trusted group of professionals at the client's disposal.

7.5.1 Price

Mortgage Brokering and Banking

- Closed loans will yield approximately 2% of the borrowed amount.
- Loans closed in the Company's name can be resold for approximately 2% to 3% of the face value of the loan.

Advisory

- Advisory services will be provided to corporate and real estate investors at a rate of $175 per hour.
- The Company will offer servicing and portfolio management services to its corporate and institutional clients.

7.5.2 Distribution

The Company plans on using a network of independent mortgage brokers to originate our lending portfolio. Each broker will be paid a commission for each loan closed.

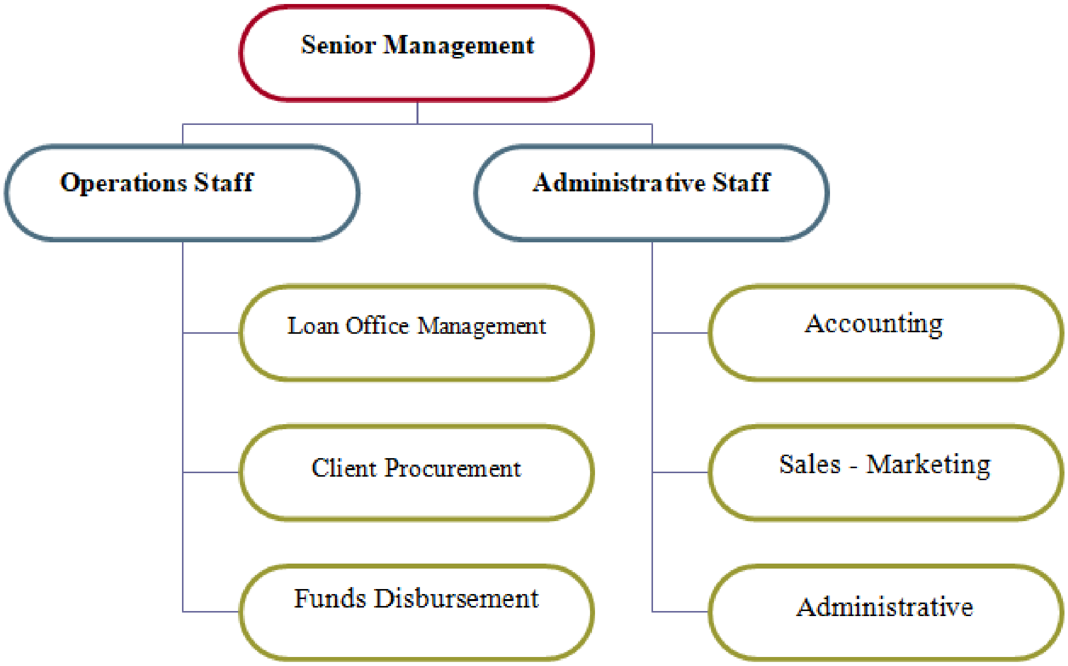
7.5.3 Promotion

The Company will enlist the services of a public relations and marketing firm to manage the advertising and promotional aspects of the business.

8.0 Organizational Plan

8.1 Corporate Organization

The Company will be organized as follows:

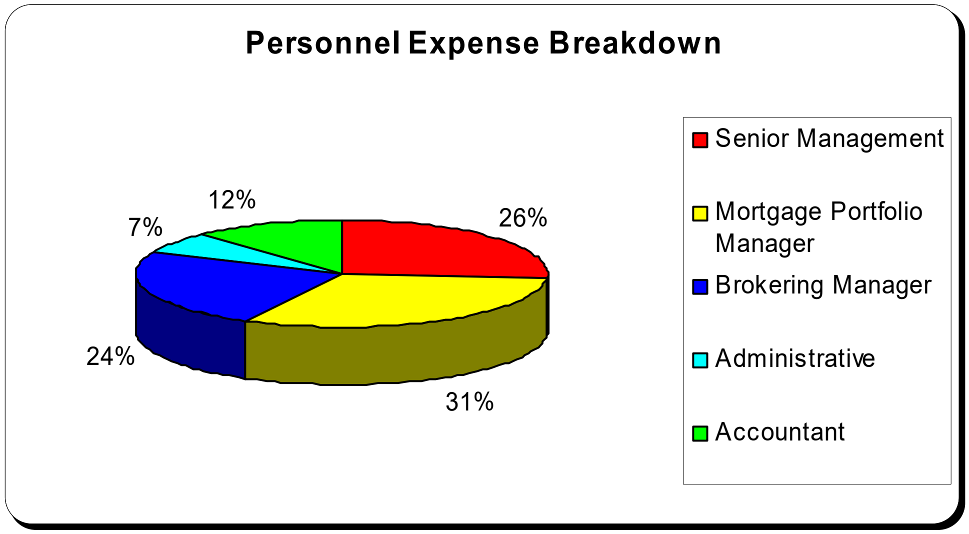


8.2 Organizational Budget

Personnel Plan - Yearly					
Year	1	2	3	4	5
Senior Management	$100,000	$103,000	$106,090	$109,273	$112,551
Mortgage Portfolio Manager	$120,000	$123,600	$127,308	$131,127	$135,061
Brokering Manager	$90,000	$139,050	$143,222	$147,518	$151,944
Administrative	$25,000	$51,500	$53,045	$54,636	$28,138
Accountant	$45,000	$46,350	$47,741	$49,173	$50,648
Total	**$380,000**	**$463,500**	**$477,405**	**$491,727**	**$478,341**

Numbers of Personnel					
Year	1	2	3	4	5
Senior Management	1	1	1	1	1
Mortgage Portfolio Manager	2	2	2	2	2
Brokering Manager	2	3	3	3	3
Administrative	1	2	2	2	1
Accountant	1	1	1	1	1
Totals	**7**	**9**	**9**	**9**	**8**

8.2 Organizational Budget (Cont.)



9.0 Financial Plan

9.1 Underlying Assumptions

The Company has based its proforma financial statements on the following:

- Accounts receivables will not impact the Company's cash flow as all fees are due upon a loan closing.
- The mortgage portfolio returns an average annual return of 4% per annum on assets.
- The Company will continue to build its warehouse line of credit at a rate of $1,000,000 per year.
- The Company shall settle all short term payables at the end of each month.

9.2 Financial Highlights

- Positive cash flow and profitability in each year of operation.
- The ability to create high gross margin cash flows through the Company's mortgage portfolio and lending operations.
- A highly liquid investment business that can be easily sold to a third party for a significant earnings multiple.

9.3 Sensitivity Analysis

The Company's revenues are sensitive to the overall condition of the financial markets. Revenues derived from the mortgage portfolio are directly tied to the prevailing prime credit interest rate. As such, the Company must strive to invest in high credit quality investments that have 'staying power' during times of economic recession or pullback. The portfolio managers of the Company tend to shy away from investments the lending portfolio to have an unusual expose to market volatility and interest risk.

9.4 Source of Funds

Financing	
Equity Financiers	
Initial Owner Capitalization	$50,000.00
Investors	$200,000.00
Total Equity Financing	$250,000.00
Banks and Lenders	
Working Capital LOC	$1,000,000.00
Total Debt Financing	$1,000,000.00
Total Financing	**$1,250,000.00**

9.5 Financial Proformas

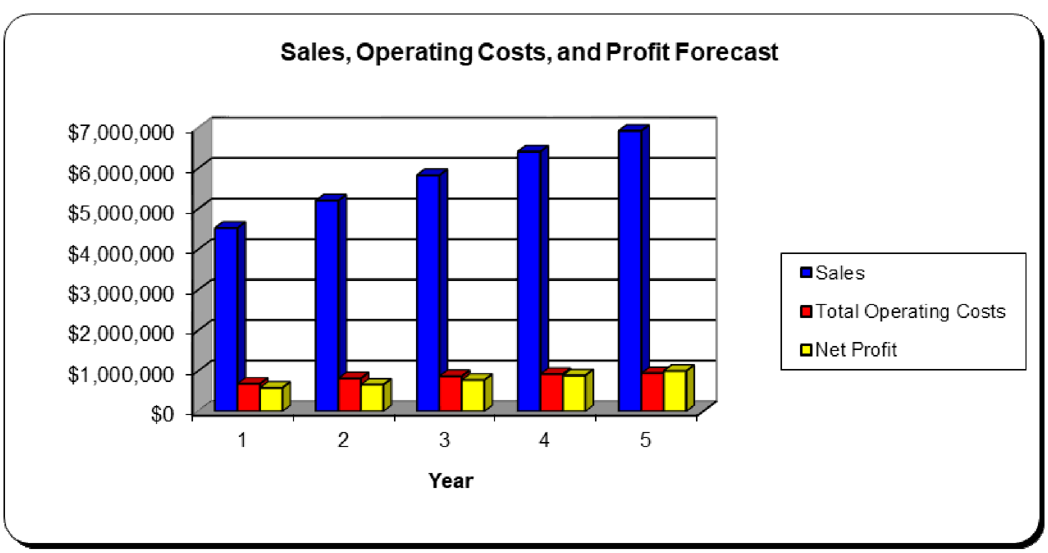
A) Profit and Loss Statements

Proforma Profit and Loss (Yearly)					
Year	1	2	3	4	5
Sales	$4,525,000	$5,203,750	$5,828,200	$6,411,020	$6,923,902
Cost of Goods Sold	$2,817,500	$3,240,125	$3,625,700	$3,981,018	$4,295,519
Gross Margin	37.73%	37.73%	37.79%	37.90%	37.96%
Gross Profit	$1,707,500	$1,963,625	$2,202,500	$2,430,002	$2,628,383

Expenses					
Payroll	$380,000	$463,500	$477,405	$491,727	$478,341
General and Administrative	$45,250	$52,038	$58,282	$64,110	$69,239
Marketing Expenses	$24,888	$28,621	$32,055	$35,261	$38,081
Professional Fees and Licensure	$13,500	$14,850	$16,335	$17,969	$19,765
Insurance Costs	$22,625	$26,019	$29,141	$32,055	$34,620
Repair and Maintenance Costs	$90,500	$104,075	$116,564	$128,220	$138,478
Office Expenses	$13,000	$16,900	$21,970	$28,561	$37,129
Miscellaneous Costs	$33,938	$39,028	$43,712	$48,083	$51,929
Payroll Taxes	$57,000	$69,525	$71,611	$73,759	$71,751
Total Operating Costs	**$680,700**	**$814,555**	**$867,074**	**$919,745**	**$939,334**

EBITA	**$1,026,800**	**$1,149,070**	**$1,335,426**	**$1,510,257**	**$1,689,048**
Federal Income Tax	$307,941	$349,327	$411,965	$470,912	$531,290
State Income Tax	$46,658	$52,928	$62,419	$71,350	$80,499
Interest Expense	$93,645	$90,503	$87,048	$83,251	$79,077

Net Profit	**$578,556**	**$656,312**	**$773,994**	**$884,743**	**$998,182**
Profit Margin	**12.79%**	**12.61%**	**13.28%**	**13.80%**	**14.42%**

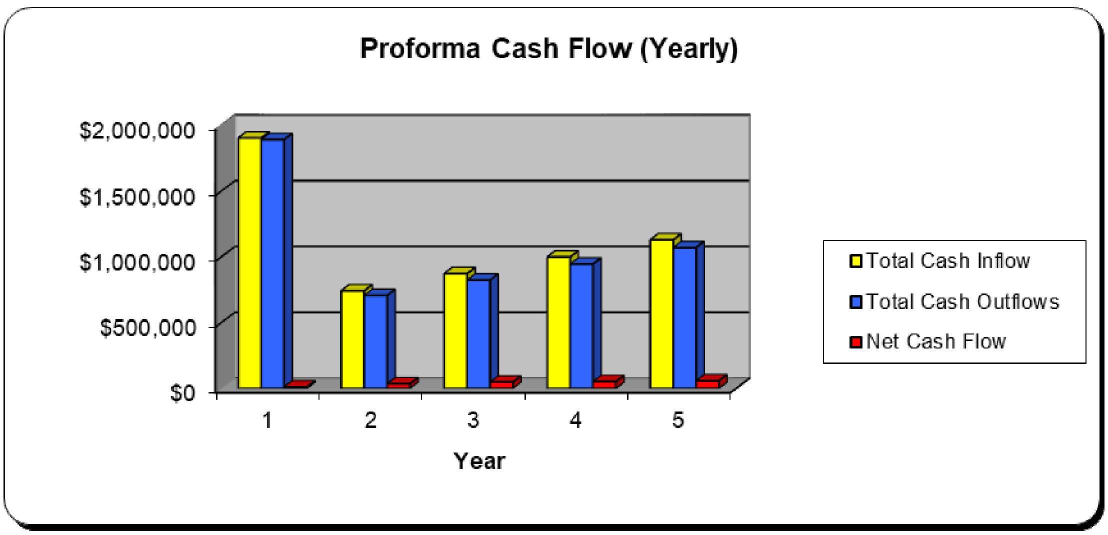


B) Common Size Income Statement

Proforma Profit and Loss (Common Size)					
Year	1	2	3	4	5
Sales	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	62.27%	62.27%	62.21%	62.10%	62.04%
Gross Profit	37.73%	37.73%	37.79%	37.90%	37.96%
Expenses					
Payroll	8.40%	8.91%	8.19%	7.67%	6.91%
General and Administrative	1.00%	1.00%	1.00%	1.00%	1.00%
Marketing Expenses	0.55%	0.55%	0.55%	0.55%	0.55%
Professional Fees and Licensure	0.30%	0.29%	0.28%	0.28%	0.29%
Insurance Costs	0.50%	0.50%	0.50%	0.50%	0.50%
Repair and Maintenance Costs	2.00%	2.00%	2.00%	2.00%	2.00%
Office Expenses	0.29%	0.32%	0.38%	0.45%	0.54%
Miscellaneous Costs	0.75%	0.75%	0.75%	0.75%	0.75%
Payroll Taxes	1.26%	1.34%	1.23%	1.15%	1.04%
Total Operating Costs	15.04%	15.65%	14.88%	14.35%	13.57%
EBITA	22.69%	22.08%	22.91%	23.56%	24.39%
Federal Income Tax	6.81%	6.71%	7.07%	7.35%	7.67%
State Income Tax	1.03%	1.02%	1.07%	1.11%	1.16%
Interest Expense	2.07%	1.74%	1.49%	1.30%	1.14%
Net Profit	12.79%	12.61%	13.28%	13.80%	14.42%

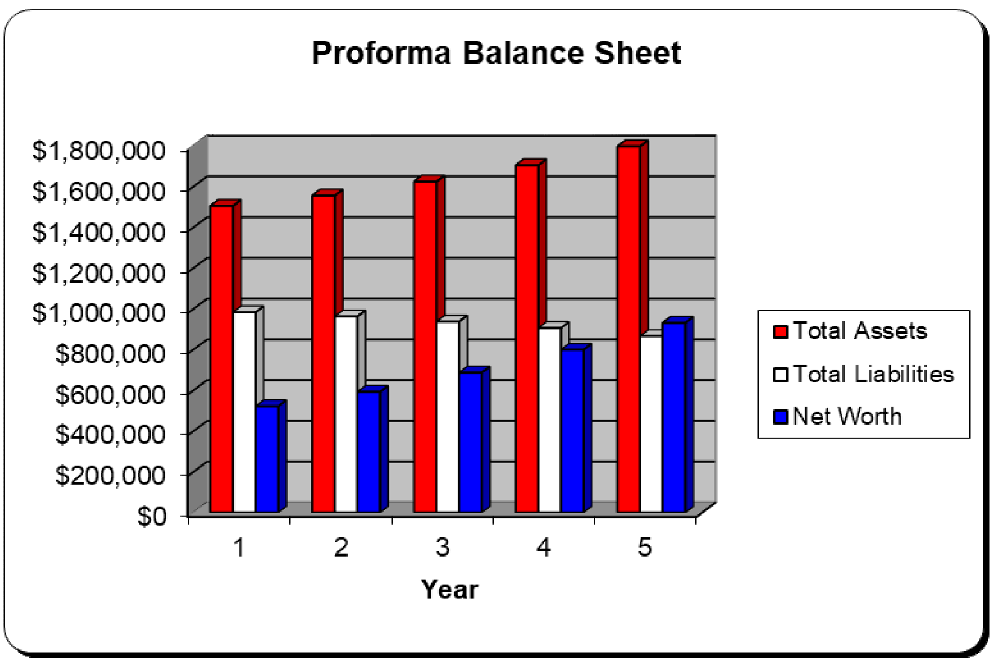
C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	$578,556	$656,312	$773,994	$884,743	$998,182
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$578,556**	**$656,312**	**$773,994**	**$884,743**	**$998,182**
Other Cash Inflows					
Equity Investment	$250,000	$0	$0	$0	$0
Increased Borrowings	$1,000,000	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$75,000	$86,250	$99,188	$114,066	$131,175
Total Other Cash Inflows	**$1,325,000**	**$86,250**	**$99,188**	**$114,066**	**$131,175**
Total Cash Inflow	**$1,903,556**	**$742,562**	**$873,182**	**$998,809**	**$1,129,358**
Cash Outflows					
Repayment of Principal	$31,662	$34,804	$38,259	$42,056	$46,230
A/P Decreases	$60,000	$72,000	$86,400	$103,680	$124,416
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$1,300,000	$0	$0	$0	$0
Dividends	$500,000	$600,000	$700,000	$800,000	$900,000
Total Cash Outflows	**$1,891,662**	**$706,804**	**$824,659**	**$945,736**	**$1,070,646**
Net Cash Flow	**$11,894**	**$35,757**	**$48,523**	**$53,073**	**$58,712**
Cash Balance	**$11,894**	**$47,652**	**$96,174**	**$149,248**	**$207,960**



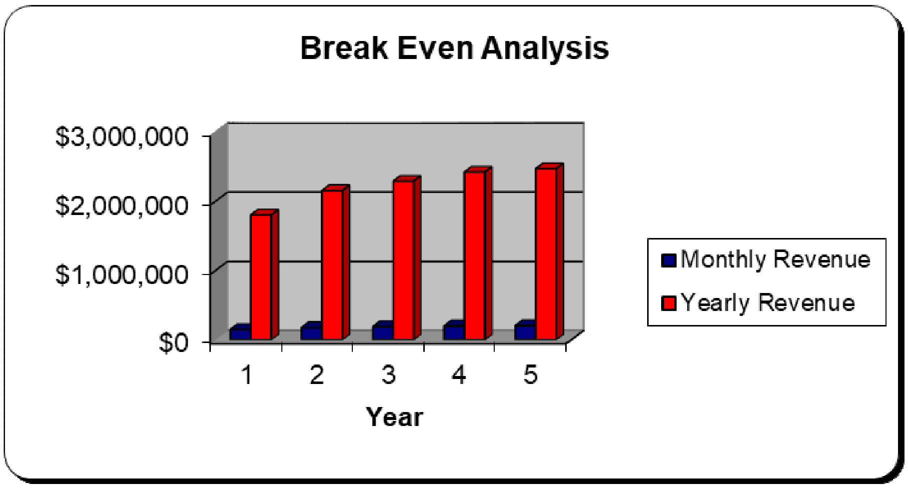
D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$11,894	$47,652	$96,174	$149,248	$207,960
Amortized Startup Costs	$59,000	$59,000	$59,000	$59,000	$59,000
Mortgage Assets	$1,472,900	$1,561,274	$1,654,950	$1,754,247	$1,859,502
FF&E	$15,000	$18,000	$21,600	$25,920	$31,104
Equipment	$25,000	$26,750	$28,623	$30,626	$32,770
Accumulated Depreciation	($78,595)	($157,190)	($235,785)	($314,380)	($392,975)
Total Assets	**$1,505,199**	**$1,555,486**	**$1,624,562**	**$1,704,661**	**$1,797,361**
Liabilities and Equity					
Accounts Payable	$15,000	$29,250	$42,038	$52,423	$59,183
Long Term Liabilities	$968,338	$933,534	$895,275	$853,219	$806,989
Other Liabilities	$0	$0	$0	$0	$0
Total Liabilities	**$983,338**	**$962,784**	**$937,312**	**$905,642**	**$866,172**
Net Worth	**$521,861**	**$592,702**	**$687,250**	**$799,019**	**$931,189**
Total Liabilities and Equity	**$1,505,199**	**$1,555,486**	**$1,624,562**	**$1,704,661**	**$1,797,361**



9.6 Breakeven Analysis

Monthly Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$150,325	$179,886	$191,203	$202,212	$206,206
Yearly Revenue	$1,803,905	$2,158,630	$2,294,430	$2,426,542	$2,474,472



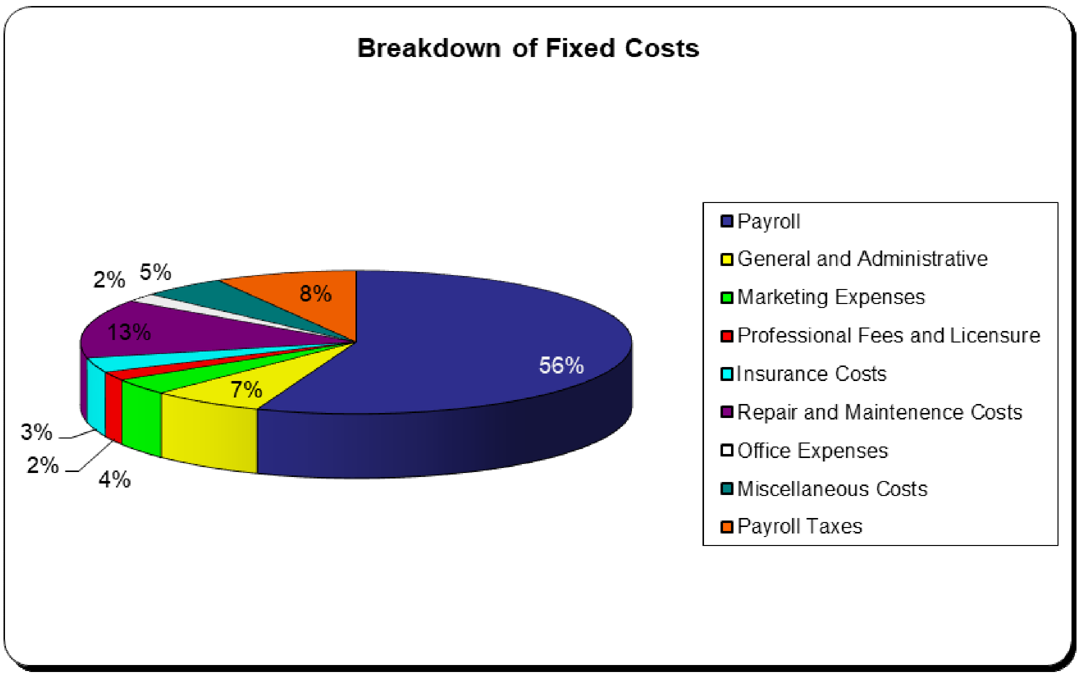
9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Sales					
Sales Growth	0.0%	15.0%	12.0%	10.0%	8.0%
Gross Margin	37.7%	37.7%	37.8%	37.9%	38.0%
Financials					
Profit Margin	12.79%	12.61%	13.28%	13.80%	14.42%
Assets to Liabilities	1.53	1.62	1.73	1.88	2.08
Equity to Liabilities	0.53	0.62	0.73	0.88	1.08
Assets to Equity	2.88	2.62	2.36	2.13	1.93
Liquidity					
Acid Test	0.01	0.05	0.10	0.16	0.24
Cash to Assets	0.01	0.03	0.06	0.09	0.12

9.8 General Assumptions

General Assumptions					
Year	**1**	**2**	**3**	**4**	**5**
Short Term Interest Rate	12.0%	12.0%	12.0%	12.0%	12.0%
Long Term Interest Rate	9.0%	9.0%	9.0%	9.0%	9.0%
Federal Tax Rate	33.0%	33.0%	33.0%	33.0%	33.0%
State Tax Rate	5.0%	5.0%	5.0%	5.0%	5.0%
Personnel Taxes	15.0%	15.0%	15.0%	15.0%	15.0%

9.9 Breakdown of Fixed Costs



Appendix A - SWOT Analysis

Strengths

- Many financial products under one brand name.
- Several well educated and experienced employees.
- A proprietary mortgage that can generate positive results during a market decline.
- A well trained staff and efficient back office support.
- High gross margins.
- Low set up costs for new products.

Weaknesses

- Adverse market conditions can impact revenue.
- Many regulatory and compliance issues.
- Compliance costs.
- Legal and fiduciary liabilities.

Opportunities

- Expansion into several facets of the mortgage portfolio industry.
- Multiple streams of revenue generated from each client.
- Create and market new strategies and financial products.

Threats

- The number of regulatory issues is increasing.
- Errors and omissions can cause serious legal liability for the Company.
- Many other operators in our targeted markets.

Appendix B - Critical Risks and Problems

Development Risk – **Moderate**
The models, strategies, and products that the Company plans on employing through its business units have already been developed.

Financing Risk – **Moderate/High**
The Company will require significant bank financing for its warehouse line of credit. The mortgage portfolio will require a large capital commitment from a lending institution so that the Company can earn a spread on the loans that it closes in relation to the cost of capital.

Marketing Risk – **Moderate**
The Company plans to engage a public relations and marketing firm to promote the Company's products. This strategy is expensive and may not yield the results that are anticipated by the Management. There are several regulatory issues that need to be considered by the marketing department regarding the solicitation of investors for the Company's sponsored hedge funds.

Management Risk – **Low/Moderate**
The Company's owners are experienced, educated, and knowledgeable regarding all aspects of the Company's operations and products. Each owner is fully committed to working towards the success of the Company. Additionally, the Company will maintain a "key employee" life insurance policy for each owner. This will ensure that in the event of death or incapacitation, the Company can successfully continue to run its business operations.

Valuation Risk – **Low**
The risk that an investor pays too much for the venture is offset by:

- Investor funds will be in liquid, marketable securities.

- A stream of income from the mortgage brokering and mortgage portfolio business will be paid to the investor quarterly

Exit Risk - **Low**
There is a great demand for established mortgage brokering and banking businesses and the Management of the Company feels that the full sale of all Company assets could occur within one year of marketing the Company for sale.

Appendix C - Reference Sources

All statistics and market information was obtained through:

1. U.S. Government Bureau of Labor Statistics
2. U.S. Economic Census
3. The Mortgage Bankers Association of America

Appendix D - Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Sales	**$12,000**	**$638,000**	**$638,000**	**$13,000**	**$15,000**	**$640,000**	**$315,000**
Cost of Goods Sold	$1,200	$401,300	$401,300	$1,300	$1,500	$401,500	$201,500
Gross Margin	0.0%	37.1%	37.1%	90.0%	90.0%	37.3%	36.0%
Gross Profit	$10,800	$236,700	$236,700	$11,700	$13,500	$238,500	$113,500
Expenses							
Payroll	$31,667	$31,667	$31,667	$31,667	$31,667	$31,667	$31,667
General and Administrative	$3,771	$3,771	$3,771	$3,771	$3,771	$3,771	$3,771
Marketing Expenses	$2,074	$2,074	$2,074	$2,074	$2,074	$2,074	$2,074
Professional Fees and Licensure	$1,125	$1,125	$1,125	$1,125	$1,125	$1,125	$1,125
Insurance Costs	$1,885	$1,885	$1,885	$1,885	$1,885	$1,885	$1,885
Repair and Maintenance Costs	$7,542	$7,542	$7,542	$7,542	$7,542	$7,542	$7,542
Office Expenses	$1,083	$1,083	$1,083	$1,083	$1,083	$1,083	$1,083
Miscellaneous Costs	$2,828	$2,828	$2,828	$2,828	$2,828	$2,828	$2,828
Payroll Taxes	$4,750	$4,750	$4,750	$4,750	$4,750	$4,750	$4,750
Total Operating Costs	$56,725	$56,725	$56,725	$56,725	$56,725	$56,725	$56,725
EBITA	-$45,925	$179,975	$179,975	-$45,025	-$43,225	$181,775	$56,775
Federal Income Tax	$817	$43,418	$43,418	$885	$1,021	$43,554	$21,437
State Income Tax	$124	$6,578	$6,578	$134	$155	$6,599	$3,248
Interest Expense	$7,917	$7,897	$7,877	$7,856	$7,836	$7,815	$7,794
Net Profit	-$54,782	$122,082	$122,102	-$53,900	-$52,236	$123,807	$24,296

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	1
Sales	**$640,000**	**$16,000**	**$316,000**	**$641,000**	**$641,000**	**$4,525,000**
Cost of Goods Sold	$401,500	$1,600	$201,600	$401,600	$401,600	$2,817,500
Gross Margin	37.3%	90.0%	36.2%	37.3%	37.3%	37.7%
Gross Profit	$238,500	$14,400	$114,400	$239,400	$239,400	$1,707,500
Expenses						
Payroll	$31,667	$31,667	$31,667	$31,667	$31,667	$380,000
General and Administrative	$3,771	$3,771	$3,771	$3,771	$3,771	$45,250
Marketing Expenses	$2,074	$2,074	$2,074	$2,074	$2,074	$24,888
Professional Fees and Licensure	$1,125	$1,125	$1,125	$1,125	$1,125	$13,500
Insurance Costs	$1,885	$1,885	$1,885	$1,885	$1,885	$22,625
Repair and Maintenance Costs	$7,542	$7,542	$7,542	$7,542	$7,542	$90,500
Office Expenses	$1,083	$1,083	$1,083	$1,083	$1,083	$13,000
Miscellaneous Costs	$2,828	$2,828	$2,828	$2,828	$2,828	$33,938
Payroll Taxes	$4,750	$4,750	$4,750	$4,750	$4,750	$57,000
Total Operating Costs	$56,725	$56,725	$56,725	$56,725	$56,725	$680,700
EBITA	$181,775	-$42,325	$57,675	$182,675	$182,675	$1,026,800
Federal Income Tax	$43,554	$1,089	$21,505	$43,622	$43,622	$307,941
State Income Tax	$6,599	$165	$3,258	$6,609	$6,609	$46,658
Interest Expense	$7,773	$7,752	$7,731	$7,709	$7,688	$93,645
Net Profit	$123,848	-$51,331	$25,181	$124,734	$124,756	$578,556

Profit and Loss Statement (Second Year)					
		2			
Quarter	Q1	Q2	Q3	Q4	2
Sales	$1,040,750	$1,300,938	$1,405,013	$1,457,050	$5,203,750
Cost of Goods Sold	$648,025	$810,031	$874,834	$907,235	$3,240,125
Gross Margin	37.7%	37.7%	37.7%	37.7%	37.7%
Gross Profit	**$392,725**	**$490,906**	**$530,179**	**$549,815**	**$1,963,625**
Expenses					
Payroll	$92,700	$115,875	$125,145	$129,780	$463,500
General and Administrative	$10,408	$13,009	$14,050	$14,571	$52,038
Marketing Expenses	$5,724	$7,155	$7,728	$8,014	$28,621
Professional Fees and Licensure	$2,970	$3,713	$4,010	$4,158	$14,850
Insurance Costs	$5,204	$6,505	$7,025	$7,285	$26,019
Repair and Maintenance Costs	$20,815	$26,019	$28,100	$29,141	$104,075
Office Expenses	$3,380	$4,225	$4,563	$4,732	$16,900
Miscellaneous Costs	$7,806	$9,757	$10,538	$10,928	$39,028
Payroll Taxes	$13,905	$17,381	$18,772	$19,467	$69,525
Total Operating Costs	**$162,911**	**$203,639**	**$219,930**	**$228,075**	**$814,555**
EBITA	**$229,814**	**$287,268**	**$310,249**	**$321,740**	**$1,149,070**
Federal Income Tax	$69,865	$87,332	$94,318	$97,812	$349,327
State Income Tax	$10,586	$13,232	$14,291	$14,820	$52,928
Interest Expense	$22,932	$22,731	$22,525	$22,314	$90,503
Net Profit	**$126,431**	**$163,973**	**$179,115**	**$186,794**	**$656,312**

Profit and Loss Statement (Third Year)					
		3			
Quarter	Q1	Q2	Q3	Q4	3
Sales	$1,165,640	$1,457,050	$1,573,614	$1,631,896	$5,828,200
Cost of Goods Sold	$725,140	$906,425	$978,939	$1,015,196	$3,625,700
Gross Margin	37.9%	37.9%	37.9%	37.9%	37.9%
Gross Profit	**$440,500**	**$550,625**	**$594,675**	**$616,700**	**$2,202,500**
Expenses					
Payroll	$95,481	$119,351	$128,899	$133,673	$477,405
General and Administrative	$11,656	$14,571	$15,736	$16,319	$58,282
Marketing Expenses	$6,411	$8,014	$8,655	$8,975	$32,055
Professional Fees and Licensure	$3,267	$4,084	$4,410	$4,574	$16,335
Insurance Costs	$5,828	$7,285	$7,868	$8,159	$29,141
Repair and Maintenance Costs	$23,313	$29,141	$31,472	$32,638	$116,564
Office Expenses	$4,394	$5,493	$5,932	$6,152	$21,970
Miscellaneous Costs	$8,742	$10,928	$11,802	$12,239	$43,712
Payroll Taxes	$14,322	$17,903	$19,335	$20,051	$71,611
Total Operating Costs	**$173,415**	**$216,769**	**$234,110**	**$242,781**	**$867,074**
EBITA	**$267,085**	**$333,856**	**$360,565**	**$373,919**	**$1,335,426**
Federal Income Tax	$82,393	$102,991	$111,230	$115,350	$411,965
State Income Tax	$12,484	$15,605	$16,853	$17,477	$62,419
Interest Expense	$22,099	$21,878	$21,652	$21,420	$87,048
Net Profit	**$150,110**	**$193,383**	**$210,830**	**$219,672**	**$773,994**

Profit and Loss Statement (Fourth Year)					
			4		
Quarter	Q1	Q2	Q3	Q4	4
Sales	$1,282,204	$1,602,755	$1,730,975	$1,795,086	$6,411,020
Cost of Goods Sold	$796,204	$995,255	$1,074,875	$1,114,685	$3,981,018
Gross Margin	37.8%	37.8%	37.8%	37.8%	37.8%
Gross Profit	**$486,000**	**$607,500**	**$656,100**	**$680,400**	**$2,430,002**
Expenses					
Payroll	$98,345	$122,932	$132,766	$137,684	$491,727
General and Administrative	$12,822	$16,028	$17,310	$17,951	$64,110
Marketing Expenses	$7,052	$8,815	$9,520	$9,873	$35,261
Professional Fees and Licensure	$3,594	$4,492	$4,851	$5,031	$17,969
Insurance Costs	$6,411	$8,014	$8,655	$8,975	$32,055
Repair and Maintenance Costs	$25,644	$32,055	$34,620	$35,902	$128,220
Office Expenses	$5,712	$7,140	$7,711	$7,997	$28,561
Miscellaneous Costs	$9,617	$12,021	$12,982	$13,463	$48,083
Payroll Taxes	$14,752	$18,440	$19,915	$20,653	$73,759
Total Operating Costs	**$183,949**	**$229,936**	**$248,331**	**$257,529**	**$919,745**
EBITA	**$302,051**	**$377,564**	**$407,769**	**$422,872**	**$1,510,257**
Federal Income Tax	$94,182	$117,728	$127,146	$131,855	$470,912
State Income Tax	$14,270	$17,838	$19,265	$19,978	$71,350
Interest Expense	$21,183	$20,940	$20,691	$20,437	$83,251
Net Profit	**$172,416**	**$221,059**	**$240,667**	**$250,602**	**$884,743**

Profit and Loss Statement (Fifth Year)					
		5			
Quarter	Q1	Q2	Q3	Q4	5
Sales	$1,384,780	$1,730,975	$1,869,453	$1,938,692	$6,923,902
Cost of Goods Sold	$859,104	$1,073,880	$1,159,790	$1,202,745	$4,295,519
Gross Margin	38.0%	38.0%	38.0%	38.0%	38.0%
Gross Profit	**$525,677**	**$657,096**	**$709,663**	**$735,947**	**$2,628,383**
Expenses					
Payroll	$95,668	$119,585	$129,152	$133,936	$478,341
General and Administrative	$13,848	$17,310	$18,695	$19,387	$69,239
Marketing Expenses	$7,616	$9,520	$10,282	$10,663	$38,081
Professional Fees and Licensure	$3,953	$4,941	$5,337	$5,534	$19,765
Insurance Costs	$6,924	$8,655	$9,347	$9,693	$34,620
Repair and Maintenance Costs	$27,696	$34,620	$37,389	$38,774	$138,478
Office Expenses	$7,426	$9,282	$10,025	$10,396	$37,129
Miscellaneous Costs	$10,386	$12,982	$14,021	$14,540	$51,929
Payroll Taxes	$14,350	$17,938	$19,373	$20,090	$71,751
Total Operating Costs	**$187,867**	**$234,834**	**$253,620**	**$263,014**	**$939,334**
EBITA	**$337,810**	**$422,262**	**$456,043**	**$472,934**	**$1,689,048**
Federal Income Tax	$106,258	$132,823	$143,448	$148,761	$531,290
State Income Tax	$16,100	$20,125	$21,735	$22,540	$80,499
Interest Expense	$20,176	$19,909	$19,636	$19,356	$79,077
Net Profit	**$195,276**	**$249,406**	**$271,224**	**$282,277**	**$998,182**

Appendix E - Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	-$54,782	$122,082	$122,102	-$53,900	-$52,236	$123,807	$24,296	$123,848
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	-$54,782	$122,082	$122,102	-$53,900	-$52,236	$123,807	$24,296	$123,848
Other Cash Inflows								
Equity Investment	$250,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$1,000,000	$0	$0	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0	$0	$0	$0
A/P Increases	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250
Total Other Cash Inflows	**$1,256,250**	**$6,250**	**$6,250**	**$6,250**	**$6,250**	**$6,250**	**$6,250**	**$6,250**
Total Cash Inflow	**$1,201,468**	**$128,332**	**$128,352**	**-$47,650**	**-$45,986**	**$130,057**	**$30,546**	**$130,098**
Cash Outflows								
Repayment of Principal	$2,526	$2,546	$2,566	$2,586	$2,607	$2,627	$2,648	$2,669
A/P Decreases	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$925,000	$0	$200,000	$0	$0	$0	$0	$0
Dividends	$0	$0	$0	$0	$100,000	$0	$0	$200,000
Total Cash Outflows	**$932,526**	**$7,546**	**$207,566**	**$7,586**	**$107,607**	**$7,627**	**$7,648**	**$207,669**
Net Cash Flow	**$268,942**	**$120,786**	**-$79,214**	**-$55,236**	**-$153,593**	**$122,430**	**$22,898**	**-$77,570**
Cash Balance	**$268,942**	**$389,729**	**$310,515**	**$255,279**	**$101,686**	**$224,116**	**$247,014**	**$169,443**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	1
Cash From Operations	-$51,331	$25,181	$124,734	$124,756	$578,556
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**-$51,331**	**$25,181**	**$124,734**	**$124,756**	**$578,556**

Other Cash Inflows

Equity Investment	$0	$0	$0	$0	$250,000
Increased Borrowings	$0	$0	$0	$0	$1,000,000
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$6,250	$6,250	$6,250	$6,250	$75,000
Total Other Cash Inflows	$6,250	$6,250	$6,250	$6,250	$1,325,000

Total Cash Inflow	**-$45,081**	**$31,431**	**$130,984**	**$131,006**	**$1,903,556**

Cash Outflows

Repayment of Principal	$2,690	$2,711	$2,733	$2,754	$31,662
A/P Decreases	$5,000	$5,000	$5,000	$5,000	$60,000
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$175,000	$0	$0	$1,300,000
Dividends	$140,000	$0	$0	$60,000	$500,000
Total Cash Outflows	**$147,690**	**$182,711**	**$7,733**	**$67,754**	**$1,891,662**

Net Cash Flow	**-$192,771**	**-$151,280**	**$123,251**	**$63,251**	**$11,894**
Cash Balance	**-$23,328**	**-$174,608**	**-$51,357**	**$11,894**	**$11,894**

Cash Flow Analysis (Second Year)					
			2		
Quarter	Q1	Q2	Q3	Q4	2
Cash From Operations	$131,262	$164,078	$177,204	$183,767	$656,312
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$131,262**	**$164,078**	**$177,204**	**$183,767**	**$656,312**

Other Cash Inflows

Equity Investment	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$17,250	$21,563	$23,288	$24,150	$86,250
Total Other Cash Inflows	**$17,250**	**$21,563**	**$23,288**	**$24,150**	**$86,250**

Total Cash Inflow	**$148,512**	**$185,640**	**$200,492**	**$207,917**	**$742,562**

Cash Outflows

Repayment of Principal	$8,395	$8,596	$8,802	$9,012	$34,804
A/P Decreases	$14,400	$18,000	$19,440	$20,160	$72,000
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$0
Dividends	$120,000	$150,000	$162,000	$168,000	$600,000
Total Cash Outflows	**$142,795**	**$176,596**	**$190,242**	**$197,172**	**$706,804**

Net Cash Flow	**$5,718**	**$9,045**	**$10,250**	**$10,745**	**$35,757**
Cash Balance	**$17,612**	**$26,656**	**$36,906**	**$47,652**	**$47,652**

Cash Flow Analysis (Third Year)					
			3		
Quarter	Q1	Q2	Q3	Q4	3
Cash From Operations	$154,799	$193,499	$208,978	$216,718	$773,994
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$154,799**	**$193,499**	**$208,978**	**$216,718**	**$773,994**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$19,838	$24,797	$26,781	$27,773	$99,188
Total Other Cash Inflows	**$19,838**	**$24,797**	**$26,781**	**$27,773**	**$99,188**
Total Cash Inflow	**$174,636**	**$218,295**	**$235,759**	**$244,491**	**$873,182**
Cash Outflows					
Repayment of Principal	$9,228	$9,449	$9,675	$9,907	$38,259
A/P Decreases	$17,280	$21,600	$23,328	$24,192	$86,400
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$0
Dividends	$140,000	$175,000	$189,000	$196,000	$700,000
Total Cash Outflows	**$166,508**	**$206,049**	**$222,003**	**$230,099**	**$824,659**
Net Cash Flow	**$8,128**	**$12,246**	**$13,756**	**$14,392**	**$48,523**
Cash Balance	**$55,780**	**$68,026**	**$81,782**	**$96,174**	**$96,174**

Cash Flow Analysis (Fourth Year)					
			4		
Quarter	Q1	Q2	Q3	Q4	4
Cash From Operations	$176,949	$221,186	$238,881	$247,728	$884,743
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$176,949**	**$221,186**	**$238,881**	**$247,728**	**$884,743**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$22,813	$28,516	$30,798	$31,938	$114,066
Total Other Cash Inflows	**$22,813**	**$28,516**	**$30,798**	**$31,938**	**$114,066**
Total Cash Inflow	**$199,762**	**$249,702**	**$269,678**	**$279,667**	**$998,809**
Cash Outflows					
Repayment of Principal	$10,144	$10,387	$10,635	$10,890	$42,056
A/P Decreases	$20,736	$25,920	$27,994	$29,030	$103,680
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$0
Dividends	$160,000	$200,000	$216,000	$224,000	$800,000
Total Cash Outflows	**$190,880**	**$236,307**	**$254,629**	**$263,920**	**$945,736**
Net Cash Flow	**$8,882**	**$13,396**	**$15,050**	**$15,746**	**$53,073**
Cash Balance	**$105,056**	**$118,452**	**$133,502**	**$149,248**	**$149,248**

Cash Flow Analysis (Fifth Year)					
		5			
Quarter	Q1	Q2	Q3	Q4	5
Cash From Operations	$199,636	$249,546	$269,509	$279,491	$998,182
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$199,636**	**$249,546**	**$269,509**	**$279,491**	**$998,182**

Other Cash Inflows

Equity Investment	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$26,235	$32,794	$35,417	$36,729	$131,175
Total Other Cash Inflows	**$26,235**	**$32,794**	**$35,417**	**$36,729**	**$131,175**

Total Cash Inflow	**$225,872**	**$282,339**	**$304,927**	**$316,220**	**$1,129,358**

Cash Outflows

Repayment of Principal	$11,151	$11,418	$11,691	$11,971	$46,230
A/P Decreases	$24,883	$31,104	$33,592	$34,836	$124,416
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$0
Dividends	$180,000	$225,000	$243,000	$252,000	$900,000
Total Cash Outflows	**$216,034**	**$267,522**	**$288,283**	**$298,807**	**$1,070,646**

Net Cash Flow	**$9,838**	**$14,818**	**$16,643**	**$17,413**	**$58,712**
Cash Balance	**$159,085**	**$173,903**	**$190,547**	**$207,960**	**$207,960**

Appendix F - Terms Sheet and Financing Plan

The Mortgage Brokerage Company is a company committed to creating value for its investors. Management has created several different exit strategies and their possible payoffs with respect to how our investors will be compensated for believing in The Mortgage Brokerage Company. All of the owners/managers of this firm are committed to creating a successful and profitable enterprise that will build the wealth of all of our equity participants.

The Management is currently drafting a private placement memorandum that will allow for The Mortgage Brokerage Company to legally raise capital. Form D, issued through the Securities and Exchange Commission, will inform the federal government that the Company is in a capital raising period. The Mortgage Brokerage Company is planning on raising its private investment through the use of Regulation D and safe harbor Rules 504 and 506. The State of California may accept the federal government registration without having to file with the State's securities commission. A securities attorney has been retained to draft and file the proper forms with the correct securities' authority.

Below are the terms of what Management is offering to a potential investor. Each portion of the payout will be analyzed, and possible other benefits will be discussed. These terms are subject to change, and Management fully expects a large negotiating process in order to close this investment deal.

Equity Participation and Division

Management expects that the equity compensation for an investor will range from 25% to 40% of the overall shares of the Company. Additionally, in exchange for less shares of the common equity, the Company may offer an investor a specialized preferred share class that will allow for an investor to receive a greater share of the profits, but have less of a direct equity stake in the Company.

The Mortgage Brokerage Company understands that there are significant risks involved with this investment. The Company will not have a large tangible asset base with the exception of its cash investments. A majority of our asset base will be in technology and marketing collateral. However, The Mortgage Brokerage Company does expect to earn significant streams of revenue from its client base. In addition to our standard and premium mortgage fees, the Company expects to offer specialized placements of profiles within certain areas of the website. Management expects to develop a system that monitors the overall marketing statistics of the website, and then allow users to purchase specific bits of information that will help them attract significant leads.

The Management of The Mortgage Brokerage Company would prefer to have the investment of an Angel Investor rather than a disbursement from a venture capital or private equity firm. As The Mortgage Brokerage Company is a unique business, Management feels that working with an Angel Investor that can have significant interest in the business will allow the Company to maintain its development of innovative products and service.

Dividends and Owner Distributions

Depending on the overall success of the Company, Management may begin to disburse monies to shareholders. These dividends will be made based on a milestone system. The Management sincerely wants to ensure that the investor will receive a portion of the income of the Company on a regular basis.

An Investor would need to be able to expect that their investment will be tied in the Company for a period of five to seven years. These investments funds will allow The Mortgage Brokerage Company to expand both organically and through acquisition.

Royalty Based Financing - Structured Finance Note

The Company may offer to an investor as a portion of their investment package, the ability to receive a direct portion of the Company's revenues. This financing would represent a subordinated portion of the Company's debt structure. A standard percentage of revenue disbursed in these deals is usually 7 to 10 percent of the business's gross revenues. This would allow the Investor to receive large cash payments dependent on the success of the Company's ability to generate revenue. This method of financing would allow the Company to offer a smaller share of direct equity participation. Since this model allows for less risk to the Investor, it is in economically reasonable for an investor to have a reduced equity position.

Structured financial products are investments that allow companies to raise capital for profit generating projects or working capital. These finance vehicles are very similar to convertible bonds in that they carry features that are not found in traditional bonds or other debt instruments. In some instances the structured product that you purchase may carry a convertible feature. Much like convertible bonds, structured finance notes offered by companies typically carry these features as a means to entice investors to invest in their debt structure. The companies that raise money in this fashion typically are higher risk companies that would not normally be able to borrow through traditional lending routes. The added features to these debt instruments are often offered as a means of decreasing the risk associated with holding debt. Management would be willing to entertain a structured finance note in lieu of direct equity participation. In the most ideal situation, this specialized structured note would allow the investor to take a senior debt position within the Company while retaining a position that allows for him or her to then convert a portion of the debt interest into equity of the business. This note essentially is a hybrid between a standard promissory note and a share of common stock.

Stock Options

As The Mortgage Brokerage Company grows to become a successful and valuable business, the Company and its Management may begin to distribute options on the

Company's private stock. This will allow The Mortgage Brokerage Company to expense options at a significantly discounted rate as it is difficult to determine the value of a stock option without having the proper liquidity to support the option's price.
The model used for determining the option value is the Black – Scholes – Merton equation, which is a five point differential equation. The factors that are used to value options are the stock's price, strike price, time until option expiration, implied volatility, and the risk free interest rate. As the quantities are usually unknown among privately held businesses, the Company will need to enlist the help of an options transfer agent to determine a fair market value for the privately held options.

If The Mortgage Brokerage Company goes public, then the options will increase in value significantly. These options will allow an investor to receive additional compensation without having to accept a larger equity position in the Company.

Exit Strategies

As stated in the business plan, there are several strategies that would allow the investor to divest their investment in the business within a five to seven year time horizon. However, Management full intends to make regular distributions of income and profits to investor(s) so that they can enjoy a direct return on their investment. Below is an analysis of the divestiture of the varying instruments that were described in the previous section.

The figures used for the varying divestiture plans are the same financial projections that were described in the formal business plan.

Initial Public Offering

If The Mortgage Brokerage Company is successful in developing and growing its business operations, then the Company may actively engage an investment bank that will take the Company public. This offering will allow the Company's shares to trade on the open market.

There are significant benefits and drawbacks to offering a Company for public sale. In terms of benefits, the owners and investors of the Company will be able to divest significant portions of the wealth derived from the business. In the event that the Company does not have a public sale, it will be very difficult for individual owners to sell their shares. The Board of Directors must approve any transfers of shares that are to third parties not related to the owner or investor.

The drawbacks to an initial public offering are that there are tremendous legal obligations and liabilities that must be overcome in order to have a content investor base. The Mortgage Brokerage Company would be required to invest capital in a investor relations unit that would attend to all questions and concerns of the investment public. These operations require significant amounts of money to operate, and this could impact the Company's overall profitability.

The process of taking a company public involves significant legal red tape. The Mortgage Brokerage Company would be bound by the significant legal framework of the Sarbanes-Oxley Act in addition to the legal requirements set forth in form S1 of the Securities and Exchange Commission. The Company would also have to comply with the Securities Act of 1933 and the Exchange Act of 1934. Both the chief executive officer and chief financial officer would be required to sign the Company's financial statements. This creates significant risks and liabilities to the Company and the Board of Directors. Management intends to purchase both errors and omissions insurance and directors and officers insurance that would help to alleviate the capital risk associated with running a public business. Below is a brief description from the SEC about the requirements and exemptions that are expected through the sale of a business to the public markets:

Once the staff declares your company's Securities Act registration statement effective, the Exchange Act requires you to file reports with the SEC. The obligation to file reports continues at least through the end of the fiscal year in which your registration statement becomes effective. After that, you are required to continue reporting unless you satisfy the following "thresholds," in which case your filing obligations are suspended: your company has fewer than 300 shareholders of the class of securities offered; or your company has fewer than 500 shareholders of the class of securities offered and less than $10 million in total assets for each of its last three fiscal years. If your company is subject to the reporting requirements, it must file information with the SEC about: its operations; its officers, directors, and certain shareholders, including salary, various fringe benefits, and transactions between the company and management; the financial condition of the business, including financial statements audited by an independent certified public accountant; and its competitive position and material terms of contracts or lease agreements. All of this information becomes publicly available when you file your reports with the SEC. As is true with Securities Act filings, small business issuers may choose to use small business alternative forms and Regulation S-B for registration and reporting under the Exchange Act. Obligations because of Exchange Act registration Even if your company has not registered a securities offering, it must file an Exchange Act registration statement if: it has more than $10 million total assets and a class of equity securities, like common stock, with 500 or more shareholders; or it lists its securities on an exchange or on NASDAQ. If a class of your company's securities is registered under the Exchange Act, the company, as well as its shareholders and management, are subject to various reporting requirements, explained below.

Ongoing Exchange Act periodic reporting, If your company registers a class of securities under the Exchange Act, it must file the same annual, periodic, and current reports that are required as a result of Securities Act registration, as explained above. This obligation continues for as long as the company exceeds the reporting thresholds. If your company's securities are traded on an exchange or on NASDAQ, the company must continue filing these reports as long as the securities trade on those markets, even if your company falls below the thresholds.

Limited IPO – Regulation A

The Company can sell its shares in a limited public transaction as long as all of the purchasers of Company shares are located within the State of California. Regulation A of the Securities and Exchange Commission’s code allows businesses to raise an unlimited amount of capital as long as each of the purchasers is a resident of the state in which the Company is domiciled.

This method poses significant risks for both the Company and the Investor. According to California securities laws, the purchasers of shares bought under the Regulation A program must remain residents of the state for nine months after the purchase in order for the Company to maintain its Regulation A status. This type of offering limits the Company’s ability to control the flow of their shares. Below are the terms set forth by the Securities and Exchange Commission:

Regulation A Offering Exemption

Section 3(a)(11) of the Securities Act is generally known as the "intrastate offering exemption." This exemption facilitates the financing of local business operations. To qualify for the intrastate offering exemption, your company must:

- be incorporated in the state where it is offering the securities;
- carry out a significant amount of its business in that state; and
- make offers and sales only to residents of that state.

There is no fixed limit on the size of the offering or the number of purchasers. Your company must determine the residence of each purchaser. If any of the securities are offered or sold to even one out-of-state person, the exemption may be lost. Without the exemption, the company could be in violation of the Securities Act registration requirements. If a purchaser resells any of the securities to a person who resides outside the state within a short period of time after the company's offering is complete (the usual test is nine months), the entire transaction, including the original sales, might violate the Securities Act. Since secondary markets for these securities rarely develop, companies often must sell securities in these offerings at a discount.

It will be difficult for your company to rely on the intrastate exemption unless you know the purchasers and the sale is directly negotiated with them. If your company holds some of its assets outside the state, or derives a substantial portion of its revenues outside the state where it proposes to offer its securities, it will probably have a difficult time qualifying for the exemption.

You may follow Rule 147, a "safe harbor" rule, to ensure that you meet the requirements for this exemption. It is possible, however, that transactions not meeting all requirements of Rule 147 may still qualify for the exemption.

Private Sale

There are several methods for a Company to sell its assets without having to go through the process of an initial public offering. Established Mortgage businesses carry a large sale premium of twenty to forty times earnings. Since these businesses are scalable, private equity firms and competing businesses are always interested in purchasing the stock and assets of these companies.

Management expects that a private sale of the business could occur within one year. Most mergers and acquisitions firms estimate that established profitable businesses should sell within six months time. Mergers and Acquisitions firms charge a significant fee for acting as a selling agent. Many firms charge a standard six to eight percent fee to sell the business. A retainer may also be required.

Merger

The Mortgage Brokerage Company may find that a competing business would make a good acquisition for the Company. In this exit scenario, the Company will most likely have to trade shares of The Mortgage Brokerage Company for share of another business.

In the reverse scenario, the Company would receive shares of the acquiring Company in exchange for shares of The Mortgage Brokerage Company. There may or may not be a cash dividend made payable upon the completion of the deal.

This is the least favorable method of divestiture chosen by the Management. In this scenario, it is very possible for the Management, Investors, and Board of Directors to lose control of their investment. Additionally, if the acquiring Company is a private business the investors and managers of The Mortgage Brokerage Company will not have the ability to sell their shares.

Structured Finance Note Divestiture

The Mortgage Brokerage Company structured finance note would allow the investor to receive a portion of the Company's quarterly revenue. This benefit would be offered in lieu of a direct equity or limited equity participation. Management would allow the Investor to receive a 10% equity ownership of the Company coupled with a quarterly payment of 7% of the Company's gross revenue. This contract would expire after five years. Additionally, the principal loaned to the Company would be paid out in the form of a balloon payment.

The benefit for this instrument is that the Company would allow the investor to sell their note to another investor. If The Mortgage Brokerage Company is successful, the Investor will receive a significant premium on the value of the note. In appendix A, a sample valuation of this structured note can be found.

Appendix G - Proforma Company Valuation

There is a tremendous demand for mortgage based companies. The majority of the value derived from a mortgage business is that the Company does not need to maintain a standard retail or wholesale location in order to drive revenue. Additionally, the revenue generated by mortgage based finance companies is extremely high margin income. The cost of sales relating to purchases of information services is extremely low. On average, Mortgage companies that offer mortgage services enjoy 50% gross margins. This leads to a tremendous amount of Gross Profit that can be used to expand marketing and drive sales further.

The largest asset for an mortgage company is its brand recognition. Many companies can easily offer similar services to that of The Mortgage Brokerage Company. Therefore, the Company must engage a very aggressive marketing campaign. Marketing collateral is the central asset that will drive future sales. Consumers and professionals must both be fully aware The Mortgage Brokerage Company brand and the services offered by the Company.

After an in depth analysis, it was found that mortgage businesses sold to a private entity usually receive a price to earnings ratio of twenty to forty times earnings. These companies valuation vary greatly because future growth is based on the size of the market that the specific Mortgage Company is targeting. Additionally, the overall goodwill and value of the Company's brand name will greatly add a premium to the valuation of the business.

In the same analysis, it was found that Mortgage companies that are taken public usually receive an earnings multiple of forty to sixty times earnings. Similar attributes are used to determine the overall value of the business. However, taking the company public will add significant complexity to the financial operations of the Company. There are several regulatory issues that must be addressed before the Company can have an initial public offering. Additionally, The Mortgage Brokerage Company will be required to comply with Sarbanes-Oxley Act. These additional accounting matters will add significant costs to the company's internal and external operating costs.

One of the greatest assets for the Company is that it will receive recurring revenue from the sale of mortgages This will help the Company's value immensely as The Mortgage Brokerage Company's profits and cash flow will have much more regularity. From an accounting and financial perspective, The Mortgage Brokerage Company will produce a tremendous cash flow that can be used to acquire similar or additional businesses that can be used to further increase the profits of the business.

On the next page, a brief outline will describe The Mortgage Brokerage Company's approximate valuation based on its sale in either a public or private setting.