Loan and REO Asset Investments

CFA
Commercial Financial Acquisitions LLC

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COMPANY PROFILE

THE FINANCIAL MELTDOWN OF 2008 HAS BROUGHT OPPORTUNITIES FOR INSIGHTFUL PARTNERSHIPS TO MAXIMIZE PROFITS.

Commercial Financial Acquisitions, LLC (CFA) was created to capitalize on the opportunities that began during the 2007-2008 financial crisis. CFA believes that, although the banking industry is focusing on the residential sub-prime fiasco, there is a niche of an enormous amount of highly profitable distressed commercial loan and foreclosed real estate (REO) product available. CFA brings the talents of a professional team with many years of hands-on experience and the skilled ability to strategically acquire, then liquidate or restructure the product in profitable ways to maximize investment yields.

Commercial Financial Acquisitions, LLC

CFA was established by Steve D'Agostino, a 30 year veteran in the loan industry, to capitalize on the current financial crisis and the numerous opportunities it affords.

He has had hands-on responsibility and oversight of over 2,000 due diligence projects for loan analysis and acquisitions, formulating the experience to bring a unique perspective when faced with problems that require creative solutions.

One method used as a creative solution is Loan servicing and workouts, handled by CFA's sister firm, Commercial Financial Services, LLC, co-founded by Steve D'Agostino and Dennis Joslin. Mr. Joslin was also the founder of the Dennis Joslin Company, a recognized asset acquisition and loan-servicing firm that had positioned itself as an industry leader since the days of the FDIC and RTC ("Resolution Trust Company") handling of the Savings & Loan meltdown.

Industry Overview

Over the past 20 years, failed banks and poor bank management have grown the debt recovery business into a multi-BILLION dollar industry. During these years, many large and medium sized companies focused on this “Secondary Market” and depended on the acquisition of new loan assets for much of their gross revenues; however, the majority of these have re-focused their business attention into other arenas since the FDIC and RTC concluded their cleanup of the banking fiasco of the 80’s and 90’s.

In the early 21st Century, major corporations and government agencies across the nation and internationally had seen the financial benefits of converting distressed and limited income producing assets into cash. Now, numerous banks and even Fortune 500 companies will have loan sales. Furthermore, the FDIC has numerous banks on the “Watch List” and has begun gearing up and selling loans again, anticipating a large volume of distressed assets for auction.

Additionally, banks are foreclosing on secured property without the skills to manage such properties. This provides a great opportunity to capitalize at a substantial discount on bank-owned commercial real estate (“REO”) or collateral properties pending foreclosure. This is becoming an ever-increasing crisis for the banks as good loans that have historically been performing as agreed, are now facing borrower default when the borrower cannot obtain refinancing as the balance comes due upon maturity of the loan.

Ability to Purchase Loan Assets and Do It at the Right Price

CFA prides itself on its ability to pay a fair price for assets. There have been hundreds of assets available that the company did not attempt to purchase due to Sellers' expectations being too high. These elevated expectations are often based on overstated appraisals, improperly perceived market conditions, risk factors, and inadequate familiarity with this business and, more importantly, the actual front-line recovery process and timeline.

It is important for a Seller to realize that CFA is buying distressed assets which come with a high risk factor, due to which the **Seller has not be able to liquidate them himself and may end up stuck with management of the property for an extended period of time.** On the other hand, it is important for CFA to understand the Seller's loss and to attempt to provide the maximum fair price, so that Seller will continue to offer CFA their future problem assets as their **preferred exit strategy**.

CFA's Acquisition & Due Diligence team has many years of expertise that came from hands-on experience in the distressed loan review and collection arena, and not just from accounting, real estate, or with an analytical spreadsheet. This coupled with a deep understanding of the importance of accurate timing of "Exit Scenario" projections has created the formula for a dependable projection of ultimate recovery and the amount (time and cost) of effort to get there. With this and our proprietary methodologies resulting from years of good (and bad) experiences, CFA has created a continuing source of professional expertise as the solution to Sellers' problem accounts.

Why Do Business with CFA ?

What sets the company apart from competitors or experienced real estate "do-it-yourselfers" is that CFA's senior personnel are hands-on loan recovery experts with many years of extensive experiences in all aspects of the industry.

Our firm has developed unique methods and philosophies for scrutiny and best recovery scenario strategies that could only come from years of observations, investigations, negotiations and evaluation of the ultimate results acquired through actual front-line experiences.

Our company has a highly experienced acquisition and due diligence staff, supported by an Acquisition Committee, utilizing years of industry insight, field investigations and extensive research. They have the source contacts, industry awareness, comprehensive intuition, and negotiating skills to scrutinize potential acquisitions. Acquisition is often executed as privately negotiated transactions rather than through a competitive auction bid scenario as is standard in the industry. CFA is capable of acquiring hundreds of millions of dollars in distressed assets at the right price and maximizing the results.

Investor Relations

CFA prides itself on its ability to locate entrepreneurial investment opportunities and deeply understands the benefits of working closely with niche investors to best utilize the skills of that investor's industry expertise. You can participate in a joint venture for a recommended acquisition or participate only in acquisitions that meet your criteria.

We are not brokers that pass along every announcement that we receive, leaving the investor to determine the merits of the deal and what details are needed to be scrutinized. We at CFA treat every deal with the eye as Principal. We know what details must be reviewed and how to scrutinize them. We also know the necessity for obtaining related research and data that is not provided or obtained by the Seller. We prepare preliminary summaries to confirm interest, then construct comprehensive detailed analytical reports after our scrutiny and research. We prepare and are ready to execute action plans that coincide with lucrative exit scenarios.

The firm utilizes a sophisticated, proprietary software system for management of acquisition opportunities, Investors, and Sellers. This allows CFA to match Investors to specific products that match his skill and industry expertise.

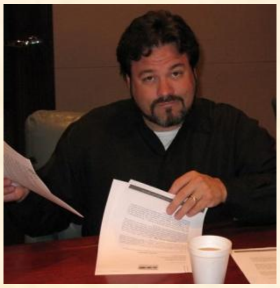
MANAGEMENT

STEVE D'AGOSTINO – Principal/Founder, responsible for acquisitions and due diligence. He has more than 30 years in the debt servicing industry, as principal for several large collection agencies, loan acquisition and debt-servicing firms since the mid-70s. He is a "Professional Debt Collector" trainer as certified by the American Collectors Association and has been a Director of the New York State branch.

He brings many years of intensive experience as Founder and President of Century National Credit Services (a large collection agency in the New York City area specializing in bank debt recovery), and later became CEO of Credit Control Management (a loan acquisition and servicing firm).

He has over 20 years of consulting in debt collection, banking and financial industries, with a deep understanding of the factors that influence today's businesses, having served as Consultant to several banks and as Senior Project Manager/Consultant to the Jamaican Government during its banking crisis. He successfully facilitated negotiations and acquisition by the Dennis Joslin Company (together with Beal Bank) of over $700,000,000 in distressed real estate backed loans and other types of loans from the Jamaican Government.

He was Managing Director of Action Assets Acquisition Corporation, an asset-marketing, acquisition and financial consulting firm, providing Business Plans, Corporate Profiles, Cash Flow Projections, Project Plans and other financial consulting services. The firm's primary business was to negotiate the purchase and sale of performing bank loan portfolios to other banks, including interface and negotiations with bank presidents, senior managers, financial institutions and investment firms. Mr. D'Agostino has had hands-on responsibility for reviewing numerous distressed loan portfolios, including oversight of all due diligence, evaluations, bidding, collection procedures and strategies for recovery of over 100 loan portfolios acquired from the RTC and FDIC.



DALE HENSEL – is a Principal of the firm and serves as the Senior Project Manager. He has nearly 20 years as a real estate investor, and he is the former CEO of a public company that specialized in real estate investments and liquidations. He provides the firm with the ability to offer direct oversight for managing project and accomplishing the exit scenarios proposed to our investors, whether that be renovating a project or improving occupancy to increase exit scenario value. He offers knowledgeable scrutiny of multifamily projects, the most abundant opportunities in today's banking environment, as he is a turnaround specialist having acquired and improved many multifamily projects.

OUR ACQUISITION CRITERIA

First, we want to stress that we are Principals - not brokers, although we do perform the due diligence and acquisition of an asset or group of assets with unique collateral that our investor desires to own and service himself. Our Acquisition Management & Due Diligence Team has over twenty years of frontline experience in the business of buying distressed assets.

Our acquisition criteria are generally outlined as follows:

- We buy Commercial loans or discounted REO property . . . usually not Residential assets; however, we are interested in Residential assets in Texas.

- The loans of primary interest to us are secured by first lien mortgages on Commercial Real Estate properties; however, we would consider buying loans secured by chattel, equipment, business assets or unsecured business loans if they are for the right price.

- We are interested in most types of Commercial Real Estate, but prefer to look at properties with better than 10% current Cap Rate.

- We are not interested in vacant land, but we will consider completed residential lots or incomplete development projects if it is substantially started.

- We have no geographic or collateral type restrictions, except we frown upon certain highly distressed regions such as Michigan.

- Our target take-down price is $3,000,000 to $25,000,000 per acquisition, but we do consider substantially larger or smaller acquisitions.

- The age of delinquency is unimportant, ranging from defaulting balloon at Maturity to several years unpaid. The interest rate and type is unimportant to us, unless we are contemplating a performing loan.

BIDDING & DUE DILIGENCE PROCEDURES

The following outlines our normal valuation, due diligence and bidding procedures, as well as our interaction with our Funding Partner and our Investment Committee.

PHASE 1: Sourcing Portfolios of Interest

> Each day we receive several notifications about available portfolio assets, often with inadequate details or simply brief summaries.

> We must ascertain enough specific minimal details for us to determine if the assets might meet our criteria and interest, as well as enable us to establish a quick (but broad) estimate of value.

> We must determine ***seller's expected price*** and insure it is in line with our quick estimate of the value and if it meets our investment range strategies.

> We then obtain more extensive basic data details about the loan assets and underlying security.

PHASE 2: Preliminary Due Diligence

> We use the data details obtained or determine by our research or opinion to create an extensive ***Initial Asset Write-up.***

> We request and obtain all missing data details (i.e.: date last paid, date next due, appraisal data).

> Solely from the information provided, we construct Recovery Projections and Bid Estimates, based predominantly on collateral liquidation estimates and recent payment details.

> We then share our ***Initial Asset Write-up,*** Recovery Projections and Bid Estimates with our Investment Committee to confirm our interest and Bid Estimates.

> We then perform a site visit with photos by our experienced staff to confirm collateral value, determine neighborhood details and project a timeline and yield for collateral sale, if necessary.

> We then prepare and submit a ***Preliminary Bid Offer*** in writing to the Seller, requesting additional data such as scanned copies of pertinent documents, financials and appraisals.

PHASE 3: Continued Due Diligence and Formal Indicative Bid

> After scrutiny of the scanned documents received, we will determine our planned recovery strategies and project alternative Exit Scenarios, projecting loan recovery results, establishing a timeline for each Exit Scenario, Expense Budget and Cash Flow Projection (including IRR yield projections).

> A formal ***Portfolio Summary Report*** is prepared and submitted to our Funding Partner and Investment Committee, including the loan and collateral details, Exit Scenarios, Projected Results, Budget, Cash Flow Estimates, IRR Yield Projections and collateral photos, as well as any Internet research.

> Upon approval by our Funding Partner, a Formal Indicative Bid is submitted to the Seller with specific Bid Amount, usually contingent on the following:

- A "Final Due Diligence Period", not to exceed 15 days with closing intended 7 days later, but sometimes shorter periods are required.
- Seller must give a binding commitment to sell at the offered price.
- Obtaining Broker's Price Opinions ("BPOs") confirming current collateral value.
- Tax research to determine is any property taxes are outstanding, which would be deducted from our Bid Amount.
- Title Policy Updates or Title Searches to confirm lien positions.
- The Seller refraining from marketing or accepting any offers from other parties.
- Review and scrutiny of physical documents, usually by scanned PDF files..
- Creation of a Loan Sale Agreement on mutually acceptable terms.

PHASE 4: Final Bid Offer

> Any of the data or details uncovered during our Final Due Diligence that disagree with our initial data provided by Seller will cause further negotiations on price.

> Once final negotiations have resulted in an acceptable price, a Final Bid Offer is sent to the Seller for final written approval. This may occasionally be conducted verbally.

> Once we have full agreement with the Seller, a special-purpose entity corporation would be created specifically for this acquisition and liability limitations.

> The Loan Sale Agreement is entered into with the agreed-upon Negotiated Purchase Price.

> Upon mutual signatures, the closing will take place within 7 days of signing of the Agreement, once the Final Due Diligence is completed.

PHASE 5: Closing

> At closing, our attorney will represent us and be responsible to insure all documents are present and correct, including the various Assignments necessary for Seller to have executed.

> Our attorney will also inquire about and deal with any recent developments, including any recent payments after the Cut-Off Date, which would be deducted from the Purchase Price or paid by the Seller to the attorney at closing.

> The Purchase Price of the portfolio would have been wired and received by either our attorney or a Title Company, as mutually agreed.

> Additionally, the funds to pay any Acquisition Fees or agreed-upon Broker's Commissions, as well as any special pre-agreed reimbursable expenses, would also be wired at the same time.

> The Loan Sale Agreement would be fully executed and exchanged, and the funds would be disbursed.

> Our attorney would take possession of the documents and assignment at the closing.

PHASE 6: Post-Closing

> After the closing, our attorney would separate the essential legal documents from the numerous pages of correspondences and underwriting documents.

> Our attorney would arrange shipment and storage of the correspondences and underwriting documents. Each essential document will be scanned for future reference.

> Our attorney would forward all essential legal documents and mortgages to our funding partner's attorney or facility of mutual choice.

> Our attorney would insure that all assignments are filed properly.

> Ultimately upon payment of the debt or sale of the collateral, our attorney would insure that all appropriate Releases are prepared and filed accordingly.