

Recourse-Margin Lending Vs Non-Recourse Private Lending

Securities Lending Industry

Recourse-Margin Lending

It is important that you fully understand the risks involved in trading securities on margin. These risks can include the following:

- **You can lose more funds than you deposit in the margin account.**

A decline in the value of securities that are purchased on margin may require you to provide additional funds or margin-eligible securities to your brokerage firm to avoid the forced sale of those securities or other securities or assets in your account(s).

- **Your brokerage firm can force the sale of securities or other assets in your account(s).**

If the equity in your account falls below the maintenance margin requirements or the firm's higher "house" requirements, your brokerage firm can sell the securities or other assets in any of your accounts held at the firm to cover the margin deficiency. You also will be responsible for any short fall in the account after such a sale, possibly including your brokerage firm's cost related to collecting the short fall.

- **Your brokerage firm can sell your securities or other assets without contacting you.**

Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities or other assets in their accounts to meet the call unless the firm has contacted them first. This is not the case. Most brokerage firms will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the customer.

- **You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.**

Because the securities are collateral for the margin loan, your brokerage firm has the right to decide which security to sell in order to protect its interests.

- **Your brokerage firm can increase its “house” maintenance margin requirements at any time and is not required to provide you advance written notice.**

These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause your brokerage firm to liquidate or sell securities in your account(s).

- **You are not entitled to an extension of time on a margin call.**

While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.

- **Short selling is done in a margin account and entails risks that are similar to those described above.**

Your brokerage firm can buy-in securities to cover a short position without contacting you, and may use all or any portion of the assets in your account to make such a purchase.

Non-Recourse Private Lending

BENEFITS OF OUR Collateral Stock Loans:

- Are Non-Recourse
- Have No Margin Maintenance Requirements
- Is a private transaction
- Have no tax consequences
- Can be financed at rates as low as 2½% for corporations and Prime + 1 for individuals
- Can achieve Loan-to-Values (LTV's) or LVR's (Loan Value Ratios) between 30% to 80%.
- Can be used with free trading stock, treasury stock and options.

SUMMARY OF SERVICES

This is a private fund, which is not required to report, therefore the transaction is private. This financing is non-taxable. What is offered is very unique – loans with no recourse which means you don't face personal liability in the event of a default as opposed to a margin loan which is capped at 50 percent (LTV) and subject to a Fed-Call when the principal value decreases. So, what we provide

is a loan that will never be called unless there is default, which in this case can only be on LIBOR based interest paid in Simple, Semi – Annual form. No compound payments – No part of the principal need ever be paid until maturity (it balloons).

If the stock appreciates you can easily pay the term and reacquire your holdings. This condition simultaneously provides the benefit of downside protection and is quite simply the best way to enjoy your asset or for corporations to enhance their assets by restructuring their current debt!