BUSINESS PLAN SAMPLE

Mortgage Brokerage Company

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Table of Contents

Appendixes

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

There are many benefits for a client that uses our Company's services:

- Access to a group of experienced mortgage professionals
- Ability to manage all aspects of real estate financing under one roof.

The Offer

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

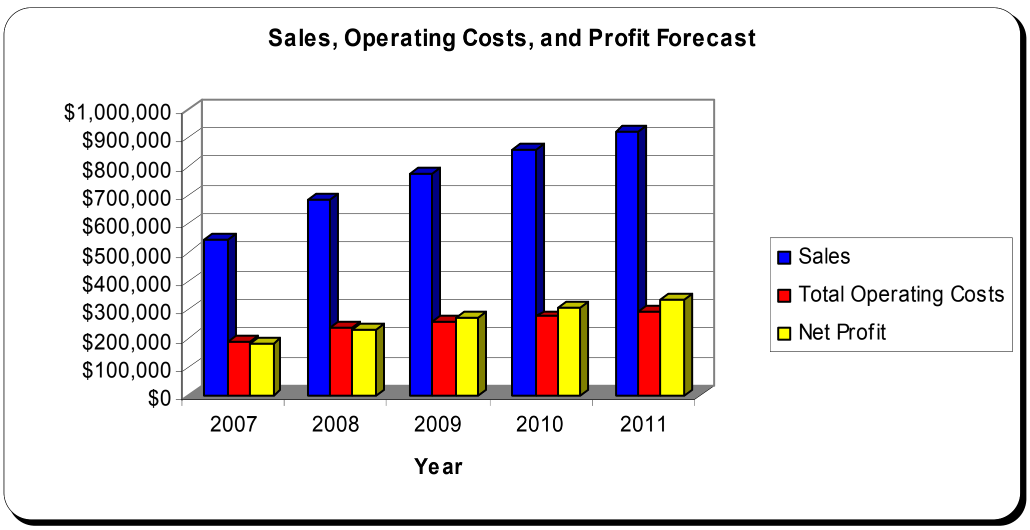
- 25% equity in the Investment Advisory Company
- A seat on the board of directors
- 10 times the original investment by year 5
- An internal rate of return of

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.



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 amount 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.

The Offer

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 in two separate businesses:

- $50,000 will be used to finance an aggressive marketing strategy set forth by a public relations firm retained by the Company
- $200,000 will be used as expansion capital for creating new branch offices throughout targeted markets.

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 Company does not intend to create an initial public offering for its shares. Research has shown the mortgage brokering companies tend to perform poorly as publicly traded companies. The current management feels that an appropriate exit mechanism would be through the private sale Company to a larger firm.

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.

Products and 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.

Overview of the Organization

4.1 Registered Name

The Mortgage Brokerage Company, Inc.

4.2 Commencement of Operations

The Mortgage Brokerage Company commenced operations in New York in January of 2000.

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.

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.

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.

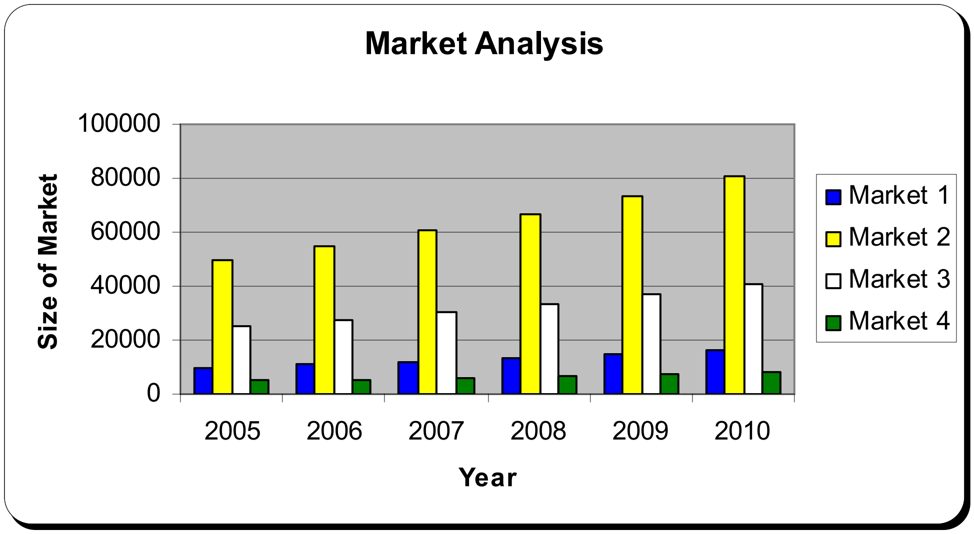
A study conducted by the Mortgage Bankers Association of America estimated that $2.5 trillion dollars of mortgages will be closed in 2005. This is a decrease from 2004. The decline in mortgage volume is attributed to exhaustion of consumers seeking to refinance higher rate mortgages. The study also determined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

Below is a table that summarizes the Company's expected growth rate over the next five years.

Market Analysis

Market Analysis							
Base Market	Growth (%)	2005	2006	2007	2008	2009	2010
Market 1	10.1%	10000	11010	12122	13346	14694	16178
Market 2	7.5%	50000	55050	60610	66732	73472	80892
Market 3	3.2%	25000	27525	30305	33366	36736	40446
Market 4	7.0%	5000	5505	6061	6673	7347	8089
Total	7.0%	90000	99090	109098	120117	132249	145606



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 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.

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.

Marketing Plan

7.1 Marketing Objectives

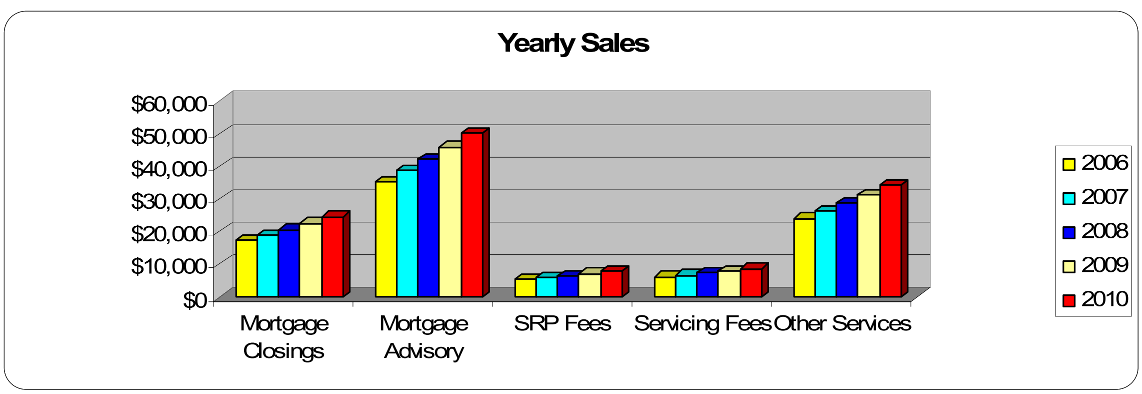
- Establish a strong presence in targeted urban and suburban markets
- Build a large referral network through our existing client base.
- Establish connections with investors and institutional mortgage buyers.

7.2 Sales Forecasts

Yearly Sales Forecast					
Year	2006	2007	2008	2009	2010
Growth (%)	0.0%	10.0%	10.0%	10.0%	10.0%
Mortgage Closings	$258,000	$283,800	$312,180	$343,398	$377,738
Mortgage Advisory	$316,800	$348,480	$383,328	$421,661	$463,827
SRP Fees	$23,400	$25,740	$28,314	$31,145	$34,260
Servicing Fees	$60,000	$66,000	$72,600	$79,860	$87,846
Other Services	$90,000	$99,000	$108,900	$119,790	$131,769
Totals	**$748,200**	**$823,020**	**$905,322**	**$995,854**	**$1,095,440**

Cost of Sales					
Year	2006	2007	2008	2009	2010
Growth (%)	0.0%	10.0%	9.0%	9.0%	8.0%
Mortgage Closings	$17,200	$18,920	$20,623	$22,479	$24,502
Mortgage Advisory	$35,200	$38,720	$42,205	$46,003	$50,144
SRP Fees	$5,400	$5,940	$6,475	$7,057	$7,692
Servicing Fees	$6,000	$6,600	$7,194	$7,841	$8,547
Other Services	$24,000	$26,400	$28,776	$31,366	$34,189
Totals	**$87,800**	**$96,580**	**$105,272**	**$114,747**	**$125,074**

Gross Profit					
Year	2006	2007	2008	2009	2010
Total	**$660,400**	**$726,440**	**$800,050**	**$881,108**	**$970,366**



7.3 Sales Assumptions

Year 1

- The Company hopes to attain $750,000 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 30% to 35%
- 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.

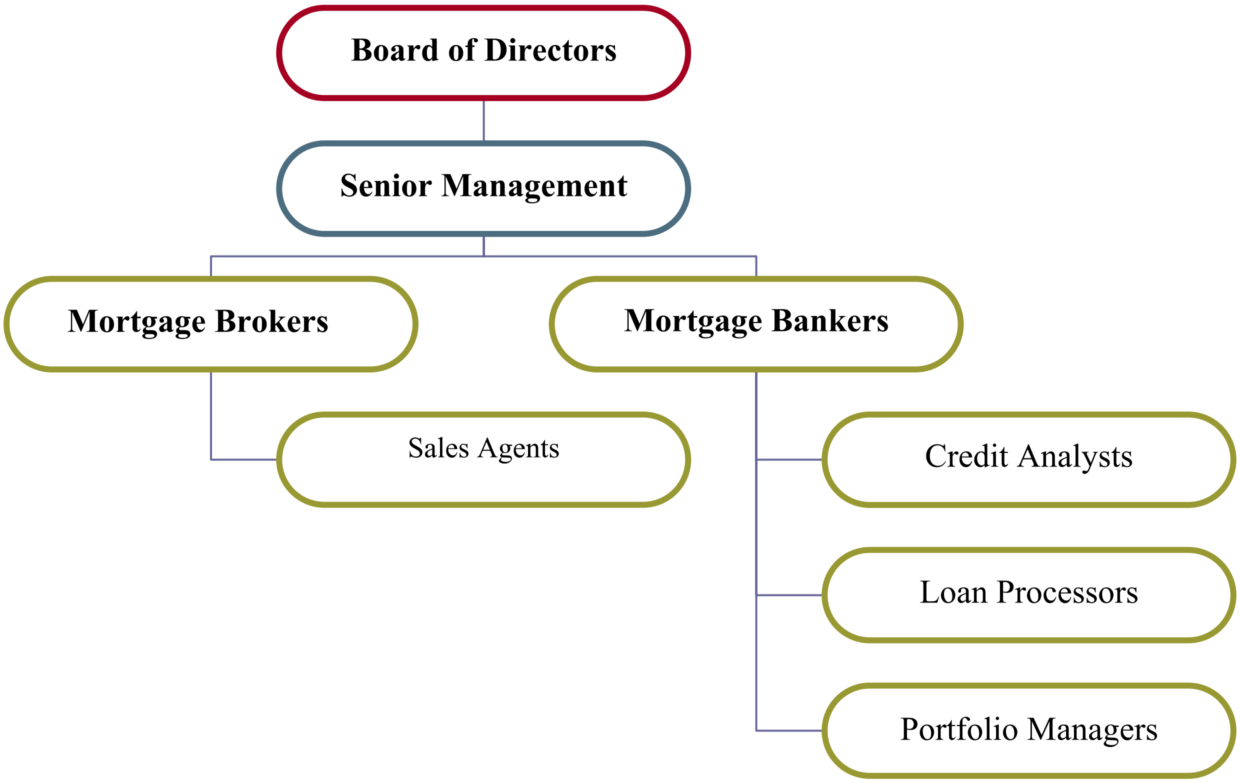
7.5.3 Promotion

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

Organizational Plan

8.1 Corporate Organization

The Company will be organized as follows:

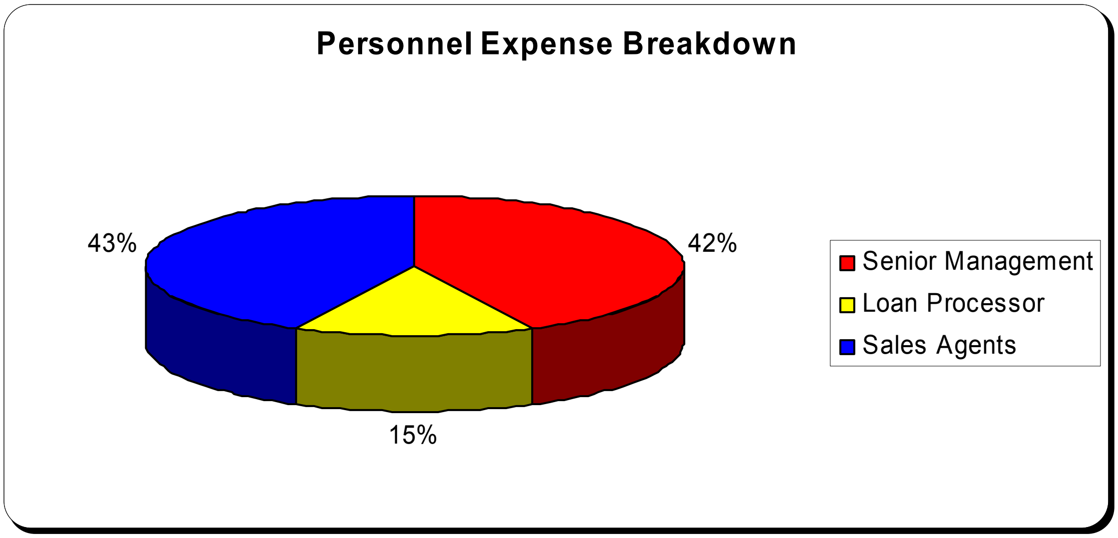


8.2 Organizational Budget

Personnel Plan - Yearly					
Year	2007	2008	2009	2010	2011
Senior Management	$50,000	$51,500	$53,045	$54,636	$56,275
Loan Processor	$17,000	$17,510	$36,071	$37,153	$38,267
Sales Agents	$50,000	$51,500	$53,045	$54,636	$56,275
Total	**$117,000**	**$120,510**	**$142,161**	**$146,425**	**$150,818**

Numbers of Personnel					
Year	2007	2008	2009	2010	2011
Senior Management	1	1	1	1	1
Loan Processor	1	1	2	2	2
Sales Agents	2	2	2	2	2
Totals	**4**	**4**	**5**	**5**	**5**

8.2 Organizational Budget (Cont.)



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.

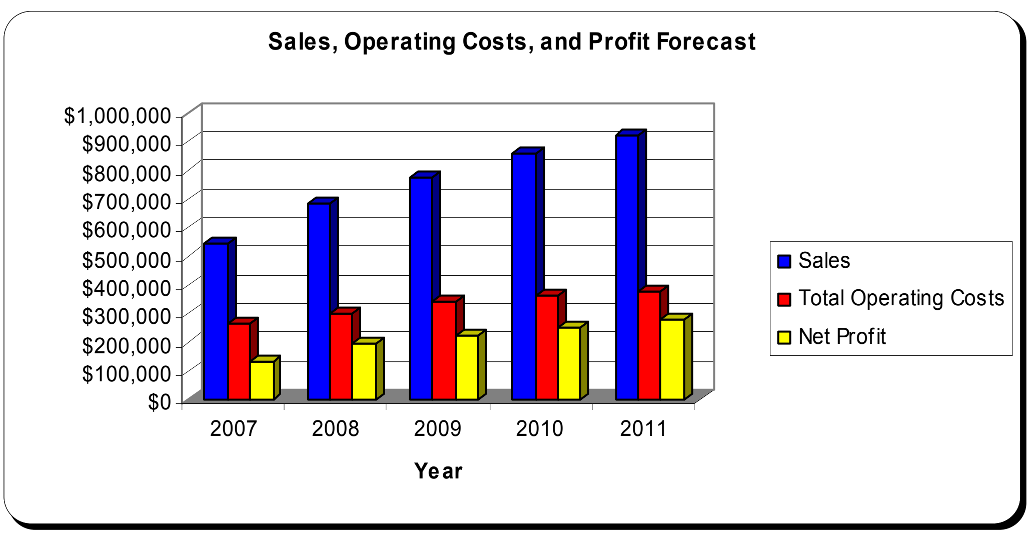
9.4 Source of Funds

Financing	
Equity Financiers	
Investor(s)	$250,000.00
Total Equity Financing	$250,000.00
Banks and Lenders	
Total Debt Financing	$0.00
Total Financing	**$250,000.00**

9.5 Financial Proformas

A) Profit and Loss Statements

Proforma Profit and Loss (Yearly)					
Year	2007	2008	2009	2010	2011
Sales	$546,000	$682,500	$778,050	$855,855	$924,323
Cost of Goods Sold	$54,600	$68,250	$77,805	$85,586	$92,432
Gross Margin	90.00%	90.00%	90.00%	90.00%	90.00%
Operating Income	$491,400	$614,250	$700,245	$770,270	$831,891
Expenses					
Payroll	$117,000	$120,510	$142,161	$146,425	$150,818
General and Administrative	$27,300	$34,125	$38,903	$42,793	$46,216
Marketing and Selling Expenses	$54,054	$67,568	$77,027	$84,730	$91,508
Professional Fees and Licensure	$11,000	$11,550	$12,128	$12,734	$13,371
Insurance Costs	$11,300	$11,752	$12,222	$12,711	$13,219
Vehicle Costs	$2,948	$3,413	$3,890	$4,279	$4,622
Office Expenses	$23,420	$24,591	$25,821	$27,112	$28,467
Miscellaneous Costs	$5,460	$6,825	$7,781	$8,559	$9,243
Payroll Taxes	$17,550	$18,077	$21,324	$21,964	$22,623
Total Operating Costs	**$270,032**	**$298,410**	**$341,255**	**$361,306**	**$380,087**
EBITA	**$221,368**	**$315,841**	**$358,990**	**$408,964**	**$451,804**
Federal Income Tax	$73,051	$104,227	$118,467	$134,958	$149,095
State Income Tax	$11,068	$15,792	$17,949	$20,448	$22,590
Interest Expense	$0	$0	$0	$0	$0
Net Profit	**$137,248**	**$195,821**	**$222,574**	**$253,557**	**$280,118**
Profit Margin	**25.14%**	**28.69%**	**28.61%**	**29.63%**	**30.31%**

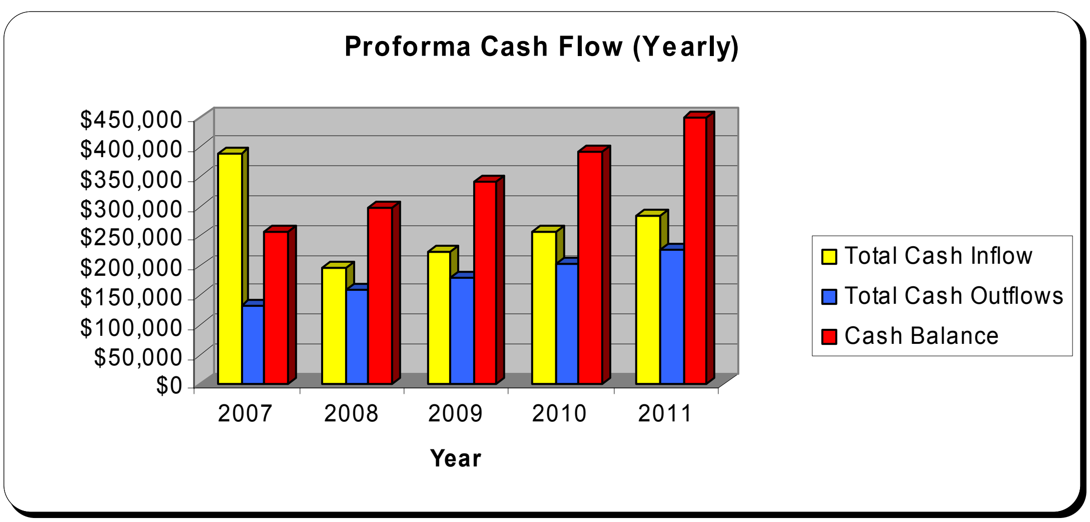


B) Common Size Income Statement

Proforma Profit and Loss (Common Size)					
Year	2007	2008	2009	2010	2011
Sales	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	10.00%	10.00%	10.00%	10.00%	10.00%
Operating Income	90.00%	90.00%	90.00%	90.00%	90.00%
Expenses					
Payroll	21.43%	17.66%	18.27%	17.11%	16.32%
General and Administrative	5.00%	5.00%	5.00%	5.00%	5.00%
Marketing and Selling Expenses	9.90%	9.90%	9.90%	9.90%	9.90%
Professional Fees and Licensure	2.01%	1.69%	1.56%	1.49%	1.45%
Insurance Costs	2.07%	1.72%	1.57%	1.49%	1.43%
Vehicle Costs	0.54%	0.50%	0.50%	0.50%	0.50%
Office Expenses	4.29%	3.60%	3.32%	3.17%	3.08%
Miscellaneous Costs	1.00%	1.00%	1.00%	1.00%	1.00%
Payroll Taxes	3.21%	2.65%	2.74%	2.57%	2.45%
Total Operating Costs	49.46%	43.72%	43.86%	42.22%	41.12%
EBITA	40.54%	46.28%	46.14%	47.78%	48.88%
Federal Income Tax	13.38%	15.27%	15.23%	15.77%	16.13%
State Income Tax	2.03%	2.31%	2.31%	2.39%	2.44%
Interest Expense	0.00%	0.00%	0.00%	0.00%	0.00%
Net Profit	25.14%	28.69%	28.61%	29.63%	30.31%

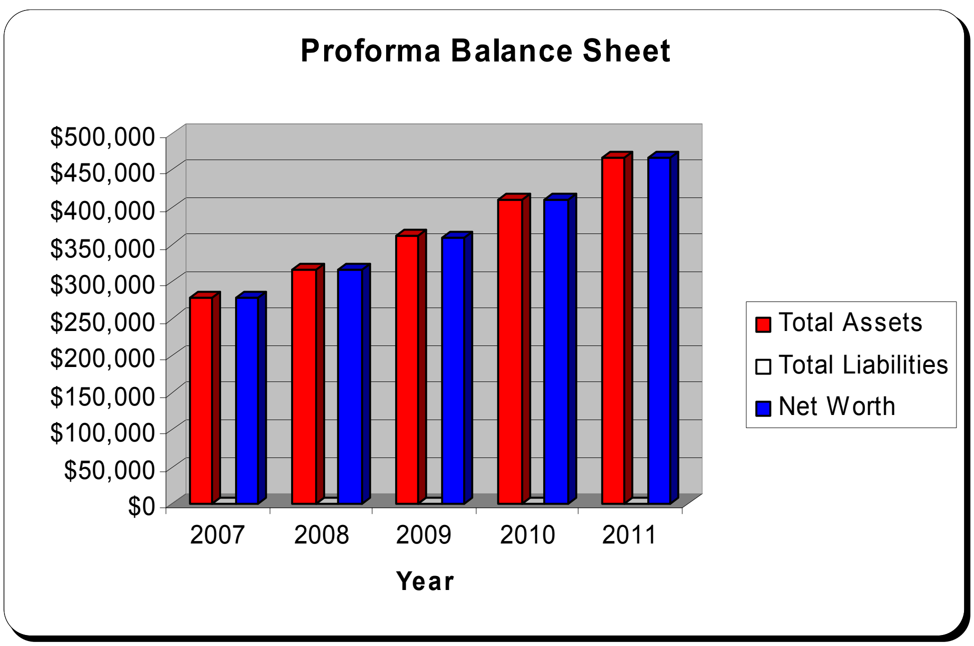
C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	2007	2008	2009	2010	2011
Cash From Operations	$137,248	$195,821	$222,574	$253,557	$280,118
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$137,248**	**$195,821**	**$222,574**	**$253,557**	**$280,118**
Other Cash Inflows					
Equity Investment	$250,000	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$1,382	$1,589	$1,828	$2,102	$2,417
Total Other Cash Inflows	**$251,382**	**$1,589**	**$1,828**	**$2,102**	**$2,417**
Total Cash Inflow	**$388,630**	**$197,410**	**$224,401**	**$255,659**	**$282,536**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$1,305	$1,436	$1,579	$1,737	$1,911
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$20,000	$0	$0	$0	$0
Dividends	$109,799	$156,657	$178,059	$202,846	$224,095
Total Cash Outflows	**$131,104**	**$158,092**	**$179,638**	**$204,583**	**$226,005**
Net Cash Flow	**$257,527**	**$39,318**	**$44,763**	**$51,076**	**$56,530**
Cash Balance	**$257,527**	**$296,845**	**$341,608**	**$392,684**	**$449,215**



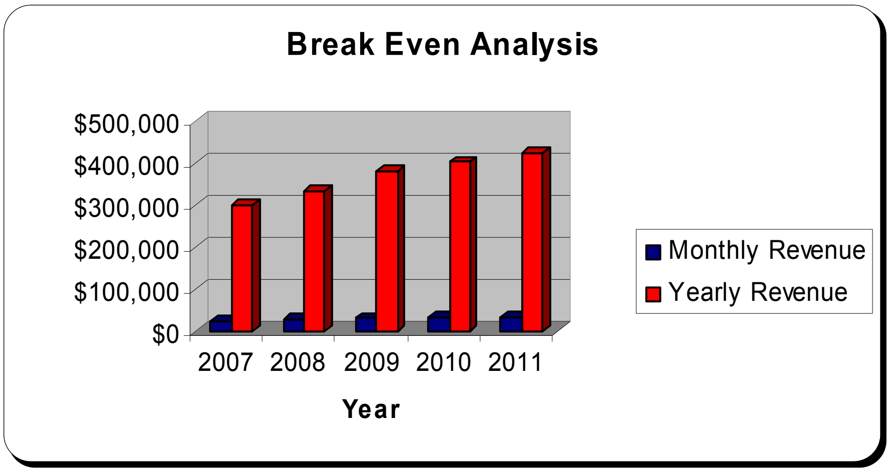
D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	2007	2008	2009	2010	2011
Assets					
Cash	$257,527	$296,845	$341,608	$392,684	$449,215
Amortized Development Costs	$15,000	$15,000	$15,000	$15,000	$15,000
FF&E	$5,500	$4,950	$4,455	$4,010	$3,609
Accumulated Depreciation	($164)	($328)	($492)	($656)	($820)
Total Assets	**$277,863**	**$316,467**	**$360,571**	**$411,038**	**$467,003**
Liabilities and Equity					
Accounts Payable	$77	$231	$479	$844	$1,351
Long Term Liabilites	$0	$0	$0	$0	$0
Other Liabilities	$0	$0	$0	$0	$0
Total Liabilities	**$77**	**$231**	**$479**	**$844**	**$1,351**
Net Worth	**$277,786**	**$316,236**	**$360,092**	**$410,194**	**$465,652**
Total Liabilities and Equity	**$277,863**	**$316,467**	**$360,571**	**$411,038**	**$467,003**



9.6 Breakeven Analysis

Monthly Break Even Analysis					
Year	2007	2008	2009	2010	2011
Monthly Revenue	$25,003	$27,631	$31,598	$33,454	$35,193
Yearly Revenue	$300,036	$331,566	$379,172	$401,451	$422,319



9.7 Business Ratios

Business Ratios - Yearly					
Year	2007	2008	2009	2010	2011
Sales					
Sales Growth	0.0%	25.0%	14.0%	10.0%	8.0%
Gross Margin	90.0%	90.0%	90.0%	90.0%	90.0%
Financials					
Profit Margin	25.14%	28.69%	28.61%	29.63%	30.31%
Assets to Liabilites	3608.61	1371.17	752.06	486.82	345.72
Equity to Liabilities	3607.61	1370.17	751.06	485.82	344.72
Assets to Equity	1.00	1.00	1.00	1.00	1.00
Liquidity					
Acid Test	3344.50	1286.16	712.51	465.08	332.55
Cash to Assets	0.93	0.94	0.95	0.96	0.96

9.8 General Assumptions

General Assumptions					
Year	**2007**	**2008**	**2009**	**2010**	**2011**
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%

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

- No patent protection on new financial strategies
- 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

Critical Risks and Problems

Development Risk – **Zero**
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.

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

Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Sales	**$40,000**	**$41,000**	**$42,000**	**$43,000**	**$44,000**	**$45,000**	**$46,000**
Cost of Goods Sold	$4,000	$4,100	$4,200	$4,300	$4,400	$4,500	$4,600
Gross Margin	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Operating Income	$36,000	$36,900	$37,800	$38,700	$39,600	$40,500	$41,400
Expenses							
Payroll	$9,750	$9,750	$9,750	$9,750	$9,750	$9,750	$9,750
General and Administrative	$2,275	$2,275	$2,275	$2,275	$2,275	$2,275	$2,275
Marketing and Selling Expenses	$4,505	$4,505	$4,505	$4,505	$4,505	$4,505	$4,505
Professional Fees and Licensure	$917	$917	$917	$917	$917	$917	$917
Insurance Costs	$942	$942	$942	$942	$942	$942	$942
Vehicle Costs	$246	$246	$246	$246	$246	$246	$246
Office Expenses	$1,952	$1,952	$1,952	$1,952	$1,952	$1,952	$1,952
Miscellaneous Costs	$455	$455	$455	$455	$455	$455	$455
Payroll Taxes	$1,463	$1,463	$1,463	$1,463	$1,463	$1,463	$1,463
Total Operating Costs	$22,503	$22,503	$22,503	$22,503	$22,503	$22,503	$22,503
EBITA	$13,497	$14,397	$15,297	$16,197	$17,097	$17,997	$18,897
Federal Income Tax	$5,352	$5,486	$5,619	$5,753	$5,887	$6,021	$6,155
State Income Tax	$811	$831	$851	$872	$892	$912	$933
Interest Expense	$0	$0	$0	$0	$0	$0	$0
Net Profit	$7,335	$8,081	$8,827	$9,573	$10,318	$11,064	$11,810

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	2007
Sales	**$47,000**	**$48,000**	**$49,000**	**$50,000**	**$51,000**	**$546,000**
Cost of Goods Sold	$4,700	$4,800	$4,900	$5,000	$5,100	$54,600
Gross Margin	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Operating Income	$42,300	$43,200	$44,100	$45,000	$45,900	$491,400
Expenses						
Payroll	$9,750	$9,750	$9,750	$9,750	$9,750	$117,000
General and Administrative	$2,275	$2,275	$2,275	$2,275	$2,275	$27,300
Marketing and Selling Expenses	$4,505	$4,505	$4,505	$4,505	$4,505	$54,054
Professional Fees and Licensure	$917	$917	$917	$917	$917	$11,000
Insurance Costs	$942	$942	$942	$942	$942	$11,300
Vehicle Costs	$246	$246	$246	$246	$246	$2,948
Office Expenses	$1,952	$1,952	$1,952	$1,952	$1,952	$23,420
Miscellaneous Costs	$455	$455	$455	$455	$455	$5,460
Payroll Taxes	$1,463	$1,463	$1,463	$1,463	$1,463	$17,550
Total Operating Costs	$22,503	$22,503	$22,503	$22,503	$22,503	$270,032
EBITA	$19,797	$20,697	$21,597	$22,497	$23,397	$221,368
Federal Income Tax	$6,288	$6,422	$6,556	$6,690	$6,823	$73,051
State Income Tax	$953	$973	$993	$1,014	$1,034	$11,068
Interest Expense	$0	$0	$0	$0	$0	$0
Net Profit	$12,556	$13,302	$14,048	$14,794	$15,540	$137,248

Profit and Loss Statement (Second Year)					
			2008		
Quarter	Q1	Q2	Q3	Q4	2008
Sales	$136,500	$170,625	$184,275	$191,100	$682,500
Cost of Goods Sold	$13,650	$17,063	$18,428	$19,110	$68,250
Gross Margin	90.0%	90.0%	90.0%	90.0%	90.0%
Operating Income	**$122,850**	**$153,563**	**$165,848**	**$171,990**	**$614,250**
Expenses					
Payroll	$24,102	$30,128	$32,538	$33,743	$120,510
General and Administrative	$6,825	$8,531	$9,214	$9,555	$34,125
Marketing and Selling Expenses	$13,514	$16,892	$18,243	$18,919	$67,568
Professional Fees and Licensure	$2,310	$2,888	$3,119	$3,234	$11,550
Insurance Costs	$2,350	$2,938	$3,173	$3,291	$11,752
Vehicle Costs	$683	$853	$921	$956	$3,413
Office Expenses	$4,918	$6,148	$6,640	$6,885	$24,591
Miscellaneous Costs	$1,365	$1,706	$1,843	$1,911	$6,825
Payroll Taxes	$3,615	$4,519	$4,881	$5,061	$18,077
Total Operating Costs	**$59,682**	**$74,602**	**$80,571**	**$83,555**	**$298,410**
EBITA	**$63,168**	**$78,960**	**$85,277**	**$88,435**	**$315,841**
Federal Income Tax	$20,845	$26,057	$28,141	$29,184	$104,227
State Income Tax	$3,158	$3,948	$4,264	$4,422	$15,792
Interest Expense	$0	$0	$0	$0	$0
Net Profit	**$39,164**	**$48,955**	**$52,872**	**$54,830**	**$195,821**

Profit and Loss Statement (Third Year)					
			2009		
Quarter	Q1	Q2	Q3	Q4	2009
Sales	$155,610	$194,513	$210,074	$217,854	$778,050
Cost of Goods Sold	$15,561	$19,451	$21,007	$21,785	$77,805
Gross Margin	90.0%	90.0%	90.0%	90.0%	90.0%
Operating Income	**$140,049**	**$175,061**	**$189,066**	**$196,069**	**$700,245**
Expenses					
Payroll	$28,432	$35,540	$38,383	$39,805	$142,161
General and Administrative	$7,781	$9,726	$10,504	$10,893	$38,903
Marketing and Selling Expenses	$15,405	$19,257	$20,797	$21,568	$77,027
Professional Fees and Licensure	$2,426	$3,032	$3,274	$3,396	$12,128
Insurance Costs	$2,444	$3,056	$3,300	$3,422	$12,222
Vehicle Costs	$778	$973	$1,050	$1,089	$3,890
Office Expenses	$5,164	$6,455	$6,972	$7,230	$25,821
Miscellaneous Costs	$1,556	$1,945	$2,101	$2,179	$7,781
Payroll Taxes	$4,265	$5,331	$5,758	$5,971	$21,324
Total Operating Costs	**$68,251**	**$85,314**	**$92,139**	**$95,551**	**$341,255**
EBITA	**$71,798**	**$89,747**	**$96,927**	**$100,517**	**$358,990**
Federal Income Tax	$23,693	$29,617	$31,986	$33,171	$118,467
State Income Tax	$3,590	$4,487	$4,846	$5,026	$17,949
Interest Expense	$0	$0	$0	$0	$0
Net Profit	**$44,515**	**$55,643**	**$60,095**	**$62,321**	**$222,574**

Profit and Loss Statement (Fourth Year)					
			2010		
Quarter	Q1	Q2	Q3	Q4	2010
Sales	$171,171	$213,964	$231,081	$239,639	$855,855
Cost of Goods Sold	$17,117	$21,396	$23,108	$23,964	$85,586
Gross Margin	90.0%	90.0%	90.0%	90.0%	90.0%
Operating Income	**$154,054**	**$192,567**	**$207,973**	**$215,675**	**$770,270**
Expenses					
Payroll	$29,285	$36,606	$39,535	$40,999	$146,425
General and Administrative	$8,559	$10,698	$11,554	$11,982	$42,793
Marketing and Selling Expenses	$16,946	$21,182	$22,877	$23,724	$84,730
Professional Fees and Licensure	$2,547	$3,183	$3,438	$3,565	$12,734
Insurance Costs	$2,542	$3,178	$3,432	$3,559	$12,711
Vehicle Costs	$856	$1,070	$1,155	$1,198	$4,279
Office Expenses	$5,422	$6,778	$7,320	$7,591	$27,112
Miscellaneous Costs	$1,712	$2,140	$2,311	$2,396	$8,559
Payroll Taxes	$4,393	$5,491	$5,930	$6,150	$21,964
Total Operating Costs	**$72,261**	**$90,326**	**$97,553**	**$101,166**	**$361,306**
EBITA	**$81,793**	**$102,241**	**$110,420**	**$114,510**	**$408,964**
Federal Income Tax	$26,992	$33,739	$36,439	$37,788	$134,958
State Income Tax	$4,090	$5,112	$5,521	$5,725	$20,448
Interest Expense	$0	$0	$0	$0	$0
Net Profit	**$50,711**	**$63,389**	**$68,461**	**$70,996**	**$253,557**

Profit and Loss Statement (Fifth Year)					
		2011			
Quarter	Q1	Q2	Q3	Q4	2011
Sales	$184,865	$231,081	$249,567	$258,811	$924,323
Cost of Goods Sold	$18,486	$23,108	$24,957	$25,881	$92,432
Gross Margin	90.0%	90.0%	90.0%	90.0%	90.0%
Operating Income	**$166,378**	**$207,973**	**$224,611**	**$232,929**	**$831,891**
Expenses					
Payroll	$30,164	$37,705	$40,721	$42,229	$150,818
General and Administrative	$9,243	$11,554	$12,478	$12,941	$46,216
Marketing and Selling Expenses	$18,302	$22,877	$24,707	$25,622	$91,508
Professional Fees and Licensure	$2,674	$3,343	$3,610	$3,744	$13,371
Insurance Costs	$2,644	$3,305	$3,569	$3,701	$13,219
Vehicle Costs	$924	$1,155	$1,248	$1,294	$4,622
Office Expenses	$5,693	$7,117	$7,686	$7,971	$28,467
Miscellaneous Costs	$1,849	$2,311	$2,496	$2,588	$9,243
Payroll Taxes	$4,525	$5,656	$6,108	$6,334	$22,623
Total Operating Costs	**$76,017**	**$95,022**	**$102,624**	**$106,424**	**$380,087**
EBITA	**$90,361**	**$112,951**	**$121,987**	**$126,505**	**$451,804**
Federal Income Tax	$29,819	$37,274	$40,256	$41,747	$149,095
State Income Tax	$4,518	$5,648	$6,099	$6,325	$22,590
Interest Expense	$0	$0	$0	$0	$0
Net Profit	**$56,024**	**$70,030**	**$75,632**	**$78,433**	**$280,118**

Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	$7,335	$8,081	$8,827	$9,573	$10,318	$11,064	$11,810	$12,556
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	$7,335	$8,081	$8,827	$9,573	$10,318	$11,064	$11,810	$12,556
Other Cash Inflows								
Equity Investment	$250,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0	$0	$0	$0
A/P Increases	$115	$115	$115	$115	$115	$115	$115	$115
Total Other Cash Inflows	**$250,115**	**$115**	**$115**	**$115**	**$115**	**$115**	**$115**	**$115**
Total Cash Inflow	**$257,450**	**$8,196**	**$8,942**	**$9,688**	**$10,434**	**$11,180**	**$11,925**	**$12,671**
Cash Outflows								
Repayment of Principal	$0	$0	$0	$0	$0	$0	$0	$0
A/P Decreases	$109	$109	$109	$109	$109	$109	$109	$109
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$20,000	$0	$0	$0	$0	$0	$0	$0
Dividends	$0	$0	$0	$0	$0	$0	$5,934	$0
Total Cash Outflows	**$20,109**	**$109**	**$109**	**$109**	**$109**	**$109**	**$6,043**	**$109**
Net Cash Flow	**$237,341**	**$8,087**	**$8,833**	**$9,579**	**$10,325**	**$11,071**	**$5,883**	**$12,563**
Cash Balance	**$237,341**	**$245,428**	**$254,261**	**$263,840**	**$274,165**	**$285,236**	**$291,118**	**$303,681**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	2007
Cash From Operations	$13,302	$14,048	$14,794	$15,540	$137,248
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$13,302**	**$14,048**	**$14,794**	**$15,540**	**$137,248**

Other Cash Inflows

Equity Investment	$0	$0	$0	$0	$250,000
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$115	$115	$115	$115	$1,382
Total Other Cash Inflows	$115	$115	$115	$115	$251,382

Total Cash Inflow	**$13,417**	**$14,163**	**$14,909**	**$15,655**	**$388,630**

Cash Outflows

Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$109	$109	$109	$109	$1,305
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$20,000
Dividends	$0	$0	$95,332	$8,533	$109,799
Total Cash Outflows	**$109**	**$109**	**$95,441**	**$8,642**	**$131,104**

Net Cash Flow	**$13,309**	**$14,055**	**-$80,532**	**$7,013**	**$257,527**
Cash Balance	**$316,990**	**$331,044**	**$250,513**	**$257,526**	**$257,527**

Cash Flow Analysis (Second Year)					
			2008		
Quarter	Q1	Q2	Q3	Q4	2008
Cash From Operations	$39,164	$48,955	$52,872	$54,830	$195,821
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$39,164**	**$48,955**	**$52,872**	**$54,830**	**$195,821**
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	$318	$397	$429	$445	$1,589
Total Other Cash Inflows	**$318**	**$397**	**$429**	**$445**	**$1,589**
Total Cash Inflow	**$39,482**	**$49,353**	**$53,301**	**$55,275**	**$197,410**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$287	$359	$388	$402	$1,436
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$0
Dividends	$31,331	$39,164	$42,297	$43,864	$156,657
Total Cash Outflows	**$31,618**	**$39,523**	**$42,685**	**$44,266**	**$158,092**
Net Cash Flow	**$7,864**	**$9,830**	**$10,616**	**$11,009**	**$39,318**
Cash Balance	**$265,390**	**$275,220**	**$285,836**	**$296,845**	**$296,845**

Cash Flow Analysis (Third Year)					
	2009				
Quarter	Q1	Q2	Q3	Q4	2009
Cash From Operations	$44,515	$55,643	$60,095	$62,321	$222,574
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$44,515**	**$55,643**	**$60,095**	**$62,321**	**$222,574**
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	$366	$457	$493	$512	$1,828
Total Other Cash Inflows	**$366**	**$457**	**$493**	**$512**	**$1,828**
Total Cash Inflow	**$44,880**	**$56,100**	**$60,588**	**$62,832**	**$224,401**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$316	$395	$426	$442	$1,579
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$0
Dividends	$35,612	$44,515	$48,076	$49,857	$178,059
Total Cash Outflows	**$35,928**	**$44,910**	**$48,502**	**$50,299**	**$179,638**
Net Cash Flow	**$8,953**	**$11,191**	**$12,086**	**$12,534**	**$44,763**
Cash Balance	**$305,797**	**$316,988**	**$329,074**	**$341,608**	**$341,608**

Cash Flow Analysis (Fourth Year)					
		2010			
Quarter	Q1	Q2	Q3	Q4	2010
Cash From Operations	$50,711	$63,389	$68,461	$70,996	$253,557
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$50,711**	**$63,389**	**$68,461**	**$70,996**	**$253,557**
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	$420	$525	$567	$589	$2,102
Total Other Cash Inflows	**$420**	**$525**	**$567**	**$589**	**$2,102**
Total Cash Inflow	**$51,132**	**$63,915**	**$69,028**	**$71,585**	**$255,659**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$347	$434	$469	$486	$1,737
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$0
Dividends	$40,569	$50,711	$54,768	$56,797	$202,846
Total Cash Outflows	**$40,917**	**$51,146**	**$55,237**	**$57,283**	**$204,583**
Net Cash Flow	**$10,215**	**$12,769**	**$13,791**	**$14,301**	**$51,076**
Cash Balance	**$351,823**	**$364,592**	**$378,383**	**$392,684**	**$392,684**

Cash Flow Analysis (Fifth Year)					
			2011		
Quarter	Q1	Q2	Q3	Q4	2011
Cash From Operations	$56,024	$70,030	$75,632	$78,433	$280,118
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$56,024**	**$70,030**	**$75,632**	**$78,433**	**$280,118**
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	$483	$604	$653	$677	$2,417
Total Other Cash Inflows	**$483**	**$604**	**$653**	**$677**	**$2,417**
Total Cash Inflow	**$56,507**	**$70,634**	**$76,285**	**$79,110**	**$282,536**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$382	$478	$516	$535	$1,911
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$0
Dividends	$44,819	$56,024	$60,506	$62,747	$224,095
Total Cash Outflows	**$45,201**	**$56,501**	**$61,021**	**$63,282**	**$226,005**
Net Cash Flow	**$11,306**	**$14,133**	**$15,263**	**$15,828**	**$56,530**
Cash Balance	**$403,990**	**$418,123**	**$433,386**	**$449,215**	**$449,215**