



Trust Deed Investments
Investor Information and Acknowledgement Form

Investor Information:

Name: _____ Name: _____

Address: _____

Phone: _____ Phone: _____

Email: _____ Email: _____

Investors Trust Deed Knowledge Level:

_____ This is the first Trust Deed Investment we have ever made and have little knowledge of of this type of investment. However, we are not investing into this transaction without the risk being explained to us.

_____ We have participated in more than one Trust Deed investment and have a moderate understanding of this type of investment. We understand the risk of this type of investment.

_____ We have participated in a high volume of Trust Deed investments and have a high understanding of this type of investment. We understand the risk of this type of investment.

_____ We have participated in a high volume of Trust Deed investments and have a high understanding of this type of investment. We understand the risk of this type of investment and have been involved in transactions which resulted in foreclosure and advancing sums to protect the security of our investment.

Risk Factors Related to Trust Deeds:

Each Trust Deed sale to an investor, or an arrangement for an investor to fund a Trust Deed loan, will be accompanied by a required California form of Lender/Purchaser Disclosure Statement which contains specific information about each loan, including information about the property, appraisal data, the borrower, other encumbrances, if any, loan to value computations, and broker information. In addition to this required disclosure Trust Deed Capital wants to further clarify certain risks involved in trust deed lending that should be considered before making an investment in Trust Deeds.

a. Fluctuating Values of California Real Estate:

Any investment in Notes And Trust Deeds will be materially affected by the value of the property securing the Note because (i) Trust Deed Capital may be relying primarily on the value of the property securing the Note, and not on the credit of the borrower, in its loan underwriting analysis and (ii) in many instances the loan will, either by law or as a practical matter, be non-recourse to the borrower. In such instances, upon any default the investor's primary or sole source of recovery will be through foreclosure upon and sale of the property securing the Note. In the event that the proceeds of such a sale are in an insufficient amount the investor will recognize a loss of all or a part of his or her investment. Although Trust Deed Capital believes that the loan-to-value ratios it will use will provide an adequate cushion to shield against a loss in the event of foreclosure, a substantial decline in value of the property securing any loan will be detrimental to its holder.

California real property has in the past generally appreciated in value, thus protecting lenders secured by California real property; however, recently values generally have declined due to a recession from which recovery now appears to be in progress. However, should a decline in California real property values return, the default rate on real estate loans is likely to increase and the recovery rate on foreclosures is likely to decrease.

b. The borrower's ability to make the payments:

A second material factor relevant to an investment in Notes secured by Trust Deeds is the ability of the borrower to pay interest on the Note and to repay its principal upon maturity. Both of these issues will be directly affected by the income of the borrower. In turn, the income of borrowers will be affected by a wide variety of factors, substantially all of which will be outside of Trust Deed Capital's control. In particular, adverse general economic events, such as a recession, or a borrower's financial failure may have an adverse effect on the ability of borrowers to repay their loans.

c. Bankruptcy of Borrower:

If the borrower enters bankruptcy, either voluntarily or involuntarily, an automatic stay of all proceedings against the borrower's property will be in effect. If the loan is in default, this stay will prevent foreclosure on the property until relief from the stay can be obtained from the bankruptcy court. No guarantee can be given that the bankruptcy court will lift the stay, and significant legal fees and costs may be incurred in attempting to obtain such relief, although

such fees and costs are generally recoverable as additional obligations secured by the Trust Deed. Further, in certain bankruptcy reorganization plans, the bankruptcy court may modify the terms of the loan as part of a reorganization plan of the debtor.

d. Risk of incurring uninsured losses:

Trust Deed Capital typically will require borrowers to maintain insurance of the kind that is customarily obtained for similar properties. However, certain disaster-type insurance (covering events of a catastrophic nature, such as earthquakes) may not be available or may only be available at rates that are prohibitive. In the event that an uninsured disaster should occur to the real property underlying the Loans, or in the event a borrower does not maintain the required insurance and a loss occurs, the Company could experience difficulty recovering the principal amount of the Loan and any interest due thereon.

e. Effect of California and Federal Legislation:

California has four principal statutory provisions that limit the remedies of a beneficiary under a Trust Deed. The first two statutory provisions limit the beneficiary's right to obtain a deficiency judgment against the trustor following the foreclosure of a Trust Deed. Under the first of the statutory provisions, a deficiency judgment is barred where the foreclosure was obtained by means of a non-judicial trustee's sale. Under the second statutory provision, a deficiency judgment is barred in any case where the foreclosed Deed of Trust secured a "purchase money" obligation, i.e., a promissory note given to the seller as payment for all or part of the purchase price of the property, or given to a third party lender as payment for all or part of the purchase price of a residential dwelling for four or fewer families that is occupied, at least in part, by the purchaser.

The third statutory provision, commonly known as the "one form of action" rule, requires the beneficiary to exhaust the security under the Deed of Trust by foreclosure before bringing a personal action against the trustor on the promissory note. The fourth statutory provision limits any deficiency judgment obtained by the beneficiary following a judicial sale to the excess of the outstanding debt over the fair value of the property at the time of sale. This provision prevents a beneficiary from obtaining a large deficiency judgment against the debtor as a result of low bids at the judicial sale.

Other statutory provisions, such as laws governing certain priorities of federal tax liens, may have the effect of delaying enforcement of the lien on a defaulted loan and may, in certain circumstances, reduce the amount realizable from sale of a foreclosed property.

f. Fluctuations of Interest:

Mortgage loan interest rates are subject to abrupt and substantial fluctuations. Although for the most part Trust Deed Capital does not intend to make long-term loans, the purchase of Trust Deeds is a relatively illiquid investment. If prevailing interest rates rise above the interest rate being earned on a particular loan, the investors may wish to liquidate the investment in order to take advantage of higher returns available from other investments, but may be unable to do so.

g. Environmental Concerns:

Toxic contamination reports or other environmental site assessments may, but will generally not be obtained by Trust Deed Capital in making the Loans. Under current federal and state law, a mortgage lender who has acquired title through foreclosure will probably not be liable for cleanup costs, unless the lender operates the property or causes it to be contaminated, in which case the lender may be liable for all costs associated with any remedial action necessary to bring the property into compliance with applicable environmental laws and regulations. However, the mere existence of hazardous substances on the property may depress the market value of the property such that the loan is no longer adequately secured, and safe harbors under environment clean up statutes do not protect against actions by private parties.

Trust Deed Capital does not and will not participate in the on-site management of any facility on the property in order to minimize the potential for liability for cleanup of any environmental contamination under applicable federal, state, or local laws.

h. No Public Market:

There is no public market for the Trust Deeds, and none is expected to develop in the foreseeable future. The Trust Deeds are not being registered under the Securities Act of 1933, as amended (the "Act"), or the securities laws of any other appropriate jurisdiction in reliance on exemptions from such registration requirements. The Trust Deeds may not be resold or otherwise transferred unless they are registered under the Act and the securities laws of any appropriate jurisdiction, or unless exemptions from such registration requirements are available. Accordingly, an investor may be unable to liquidate an investment in the Interests and should be prepared to bear the economic risk of an investment in the Interest for an indefinite period. In addition, an investor should be able to withstand a total loss of his or her investment.

i. Conflicts of Interest:

With respect to all Trust Deeds Notes, Trust Deed Capital, Inc. and/or its affiliates, will earn and be paid by borrowers certain fees usually ranging from two percent (2%) to six percent (6%) or more of the principal amount of each Note and/or may purchase such Notes at a discount from its face value. Since Trust Deed Capital and/or its affiliates may earn substantial fees and/or profits in connection with the origination or acquisition of loans, Trust Deed Capital will have a conflict of interest in determining whether or not to make or acquire certain loans because it or its affiliates may earn substantial fees or profits as a result of the investment irrespective of the success or failure of the investment. Finally, Trust Deed Capital may own Interests with respect to the Trust Deed Notes together with the investors.

j. Cost to Foreclose:

In the event the borrower defaults on making his/her scheduled payments, and it becomes necessary to file a Notice of Default, it may be necessary for you to pay upfront fees to a third party company to process the foreclosure. However, your note contains clauses that will allow you to recapture your costs to foreclose and a "Default Interest Rate" of 18% provided there is sufficient foreclosure proceeds to cover the total amount due to the beneficiary.

Trust Deed Investments – What you should know booklet:

We acknowledge that the Department of Real Estate Booklet titled, “Trust Deed Investments – What You Should Know” has been given to us presently or previously. We also acknowledge that we are aware that a copy of this booklet is available to us at www.trustdeedcapital.com.

Circle a Vesting Indication:

- a. Sole Ownership
 - A Single man/woman.
 - A unmarried man/woman.
 - A married man/woman as his/her separate property.
- b. Co-Ownership
 - Joint Tenancy.
 - Community Property.
 - Community Property with Right of Survivorship.
 - Tenants in Common.
- c. Legal Entities
 - Corporation.
 - Partnership.
 - Trustees of a Trust.
 - Limited Liability Corporation (LLC).

Loan Servicing Information:

All loan payments are made directly to FCI Lender Services, Inc., a nationally recognized, insured, bonded, and licensed loan servicing company. Your payments can be automatically deposited into your account and you will receive monthly statements. Please complete the enclosed Direct Deposit Form.

The undersigned acknowledges receipt of a copy of this Investor Information Form:

Investor Name: _____

Signature: _____ Date: _____

Co-Investor Name: _____

Signature: _____ Date: _____