

01

THE EXAMPLE

CONSERVATIVE BY DESIGN

We used 16-week cycles, slower than the typical 8 to 12 weeks, to keep the numbers conservative.

HYPOTHETICAL ILLUSTRATION

How Reinvestment Works

Every payout gives the investor a choice: keep it, or put it into a new package. This example follows one \$100,000 purchase for three years under three choices.

Exhibit 1: The assumptions

Chosen to keep the arithmetic simple. Change any one and the result changes.

ASSUMPTION	USED IN THIS EXAMPLE
First purchase	\$100,000
Stated return per package	14%, the typical stated return on current packages, held constant for three years. It varies by package.
Cycle length	16 weeks from signing to payout, slower than the typical 8 to 12 weeks: three cycles a year, nine over three years
Transaction fee	\$1,000 per purchase, the top of the \$300 to \$1,000 range
Availability	A new confirmed package is available as soon as each payout arrives
Shortfalls and taxes	None assumed. Taxes on each payout are not deducted.

Exhibit 2: Three choices, net gain after three years

Net gain is everything received or in hand, minus the \$101,000 paid in (the first purchase and its fee). All later fees are deducted.

ONE PACKAGE A YEAR

\$44,715

The investor buys one package, then puts each payout into a new package once a year.

REINVEST THE PRINCIPAL

\$117,000

The investor keeps \$100,000 working every cycle and takes each \$14,000 return as it arrives.

REINVEST EVERYTHING

\$209,110

Each payout, less the next fee, funds the next package. The ninth payout is \$310,110.

Exhibit 3: Net gain at the end of each year

CHOICE	YEAR 1	YEAR 2	YEAR 3
One package a year	\$13,000	\$27,820	\$44,715
Reinvest the principal	\$39,000	\$78,000	\$117,000
Reinvest everything	\$44,715	\$110,962	\$209,110

Hypothetical. Assumes nine 16-week cycles at a constant 14% stated return, a \$1,000 fee on every purchase, immediate availability of new packages and no shortfalls. Before taxes.

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THE DETAIL

FEES MATTER

A fixed fee weighs more on a small purchase. At \$10,000, the fee takes a large share of each cycle's return.

Cycle by Cycle

Exhibit 4: Reinvesting everything, \$100,000 first purchase

CYCLE	YEAR	PURCHASE	FEE	PAYOUT AT 14%
1	1	\$100,000	\$1,000	\$114,000
2	1	\$113,000	\$1,000	\$128,820
3	1	\$127,820	\$1,000	\$145,715
4	2	\$144,715	\$1,000	\$164,975
5	2	\$163,975	\$1,000	\$186,931
6	2	\$185,931	\$1,000	\$211,962
7	3	\$210,962	\$1,000	\$240,496
8	3	\$239,496	\$1,000	\$273,026
9	3	\$272,026	\$1,000	\$310,110

Each purchase is the previous payout less the next transaction fee. The first fee is paid by the investor. Bold rows close each year.

Exhibit 5: Net gain after three years, by first purchase

Same assumptions.

FIRST PURCHASE	ONE PACKAGE A YEAR	REINVEST THE PRINCIPAL	REINVEST EVERYTHING
\$10,000	\$1,376	\$3,600	\$6,434
\$50,000	\$20,638	\$54,000	\$96,512
\$100,000	\$44,715	\$117,000	\$209,110
\$250,000	\$116,946	\$306,000	\$546,902
\$500,000	\$237,332	\$621,000	\$1,109,889
\$1,000,000	\$478,104	\$1,251,000	\$2,023,437*

*Purchases are capped at \$2,000,000 per package. Where a payout would exceed the cap, the excess is assumed to be paid out and held as cash.

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THE CAVEATS

YOUR CHOICE

Reinvestment is never required. Every payout can be kept.

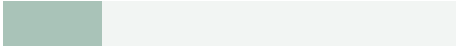
What Could Be Different

Exhibit 6: If cycles run even slower

\$100,000 first purchase, net gain after three years. 18 weeks is about the longest cycle on record (126 days); 22 weeks is slower than any on record.

CHOICE	16 WEEKS	18 WEEKS	22 WEEKS
Cycles in three years	9	8	7
One package a year	\$44,715	\$44,715	\$44,715
Reinvest the principal	\$117,000	\$104,000	\$91,000
Reinvest everything	\$209,110	\$172,026	\$139,496

Exhibit 7: Net gain after three years, \$100,000 first purchase

One package a year		\$44,715
Reinvest the principal		\$117,000
Reinvest everything		\$209,110

WHAT CAN CHANGE THE RESULT

- **Timing.** Cycles typically run 8 to 12 weeks, but the longest on record is 126 days. This example already assumes 16 weeks. Slower cycles mean fewer cycles, and the gap widens over three years.
- **Stated return.** Each package states its own return. 14% is typical of current packages, not fixed for three years.
- **Availability.** A new confirmed package may not be ready the day a payout arrives.
- **Final amount.** Liens or fees found before release can reduce a disbursement, as set out in the Purchase and Sales Agreement.
- **Taxes.** Payouts are generally taxed as ordinary income. Setting tax aside reduces what can be reinvested.

This is a hypothetical illustration for educational purposes. It shows what could happen if every assumption above held for three years. It is not a forecast, a projection of actual results or a guarantee, and it does not describe any actual investor's experience. It is not an offer to sell or a solicitation of an offer to buy any security or other investment. Reinvestment is always the investor's choice. Past results do not guarantee future results, and every purchase carries risk, including the loss of capital. Consult your tax, legal and financial advisors.