

Lenders' Analysis Of The New Loan Servicing Scheme
Executive Summary

The Management Agreement and LCC Operating Agreement are legal contracts with *specific consequences for you.*

- No matter how well-meaning they are, what verbal or written promises are made, explanations of intent, future developments, assurances, or that the scheme will evolve with time....none of these have any bearing on contracts you sign.
- Where the contracts are specific, all parties are clear and bound. Where the contracts are vague or contradictory, parties (you) are at the mercy of its interpretation by the other parties and/or by the Court at a later point.
- Good contracts clearly define terms used, such as "beneficial interests", "legal recovery" "other fees collected"

51% of Lenders signed a Power of Attorney (the Election to Terminate) giving Donna Cangelosi the absolute right terminate Compass and choose a new loan servicer. *This contract will remain valid unless rescinded individually.*

Consequences to a Direct Lender of signing the two proposed contracts as they are presently

You give up total control of your entire investment without recourse

- No knowledge of qualifications or approval of loan servicer.
- No knowledge of qualifications or approval of workout specialists or other outsourced entities.
- No knowledge or approval of what is done to resolve your loan...as to offers, negotiations, price or timing.
- No ability to remove and replace servicer, manager, or specialists for incompetence, fraud or any other reason cause.
- No protections of USA LSA, including the right to approve any changes.
- No financial or quality oversight of L2L, FDH or the outsourcers.
- No ability to terminate/rescind the contract with L2L or its outsourcers who are resolving your loan.
- No knowledge or approval of any actions taken by L2L, FDH or it's outsourcers on your behalf or for any other purpose.

You give your rights blindly.....unknowns prevent essential due diligence and transparency.

- No full disclosure of the identity of the principals, the beneficial owners of the L2L and FDH.
- No full disclosure of the qualifications, experience, and track record of these principals in loan servicing and selecting resolution specialists.
- No full disclosure of resumes of any participating individuals

- No full disclosure of the outsourcers or their qualifications, experience and track record.
- No ability to check outsourcers' honesty and competence without knowing who they are.
- No legal fiduciary responsibility to the Lenders exists, as L2L and FDH hold no license.
- No legal fiduciary responsibility to the Lenders would exist from licensed outsourcer as their contracts and fiduciary responsibility would be to L2L or FDH only. We do not own or control L2L or FDH.
- No records, reports, distributions requirements need be met if loan documentation is incomplete.

You put your entire loan at risk with additional potential for cash calls.

- Shares in LLCs place at risk up to the full value of the shares (your loans).
- 100% of our loan values are pledged by L2L for loans (even though borrowings may only total 10%)
- Cash calls may be required if loans cannot be obtained or if expenses exceed 10% borrowing ability).

Fee and cost responsibility analysis

Fees	<u>L2L/FDH</u>	<u>Compass</u>	<u>USACM</u>
Origination (legal)	1%	-	-
Servicing	1%	1%-3%	1%-3%
Disposition Fee	3%	-	-
Surcharge on "Legal Recovery"	30%	-	-
Servicing termination Fee (up to)	3%	-	-
 Default & Late Fees ¹	 L2L	 Compass	 USACM
 Costs			
Foreclosure costs (all)	Lenders	Lenders	Lenders
Non-foreclosure legal	Lenders	Compass	Compass
Workout specialists	Lenders	Compass	?
Out-of-pocket costs	Lenders	Compass	?
Outsourced office	Lenders	Compass	USACM
Interest on borrowed funds	Lenders	Compass	USACM

1. Who receives default interest and late fees if paid by borrower. Waterfall of funds received must be adjudicated if default interest and late fees not paid by borrower

Suggested Safest Solution:

Do nothing for now.

- Do not sign away your loans until all contract issues are resolved.
- Do not sign away your loans until there has been a full disclosure of the owners, managers and decision makers including in depth resumes.
- Do not sign away your loans until some of the imminent court hearings decide on the Compass and L2L status.
- Decision on the Appeal has not yet come down.
- There is no rush or crisis.
- The deadline is totally arbitrary.

If you've already signed the Management Agreement and/or LCC Operating Agreement

- Rescind your agreement.
- Do not sign away your loans again until all contract issues are resolved.
- Do not sign away your loans again until there has been a full disclosure of the owners, managers and decision makers including in depth resumes.
- Do not sign away your loans again until some of the imminent court hearings decide on the Compass and L2L status.
- Decision on the Appeal has not yet come down.
- There is no rush or crisis.
- The signing deadline is totally arbitrary

Rescind the earlier Election to Exercise Rights (Power of Attorney)

- Wait for more clarity and transparency as to how it is to be used in the future.
- Demand more information.
- Demand limitations on exercising of Power of Attorney

You can always execute the contracts later if it is to your benefit.