

ACCESS CAPITAL



SECURED STOCK LOAN PROGRAM

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When a margin loan won't do...

A standard margin loan is usually callable by your brokerage house if the stock price drops and the current value cannot cover the loan that was given to you, i.e., the principal. Access Capital's partners offer only limited re-course stock loans which operate quite differently. Because the shares have been hedged against loss, we're covered. And because we're covered, you are too!

What kind of stocks do you own, and what are your priorities?

The answers to these questions will determine the stock loans you qualify for and how many offers you receive. If you own free-trading securities (or six-month "seasoned" restricted stocks) with steady prices and strong trading volume over the preceding four weeks, and you have a larger (\$750K+) stock portfolio with blue chip stocks — you'll probably be presenting us with a low-volatility, high value portfolio, and you will have a full range of choices with as many as ten or more stock loan offers across all of our Stock Loan categories. On the other hand, if your stocks are more thinly traded or you bring a relatively small stock portfolio, you may receive fewer offers. If your stocks fall somewhere in between, you are likely to have a varied range of choices.

Limited / Non-recourse stock loan programs

The variables are many and varied, and include dividend pass-through, accrued/paid interest choice, full/capped upside to the borrower, voting rights, pre-payable loan rights, calls at negotiated preset percentage drops, no margin calls, no negative credit reporting in default, shortened loan terms, stock options execution cost bundled into loan, margin loan restructuring, and many other options and solutions we can tailor to your specific requirements.

Stay "in and out of the stock market" at the same time.

So you want to buy that retirement getaway but didn't want to sacrifice your stocks to do so? *No problem.* With a Stock Loan limited non-recourse stock loan, you can get up to 90% of today's market value and enjoy all of the growth in value to your account over the life of the loan. It's yours, not the lender's, after all.

When you need cash now!

If your Stock Loan agreement is signed and your shares have been hedged, your non-recourse stock loan funds can be in hand in as few as 24 hours from confirmation of hedge. Larger stock loan transactions may require multi-week hedging.

FREQUENTLY ASKED QUESTIONS

Can you explain in a simple way how Stock Loans work?

The easiest way to explain it is, to compare it to an auto loan. To purchase an automobile with a bank loan, you would sign for your loan, drive the car home and use it as you please, but the bank would still hold the title to the car, until you paid the car loan off. Like a car loan, our lenders hold the "title" - in the form of your stocks - until your Stock Loan is paid off. Like a car purchase, you get full use of "the car" - (your loan proceeds). And you can use the loan proceeds for any legal purpose (other than the repurchase of stocks). Upon repayment you regain "title" - your stocks, and become full owner of that asset once again.

With the Stock Loan, if you default, your stocks act as full repayment of the loan. And your credit is never affected by a default on your Stock Loan.

How this is possible is, our lenders undertake various hedging strategies to "hedge their bets" against potential losses.

We can structure your loan to include things like, freedom to prepay, full upside growth of stocks to your account, dividends paid as cash instead of credited against the loan.

What are the eligibility criteria for a Stock Loan?

A rule of thumb which is used is if the price of your stock or portfolio has held steady or increased over the prior four weeks, and volume has been strong, then there's likely to be a Stock Loan available for your portfolio.

Stocks that have several zero trading days over the past 4-8 weeks or huge swings in price or volume over a relatively short period of time may find fewer offers than stocks with lesser volatility.

We accept portfolios as small as \$10,000, with upward limit defined only by regulation (i.e., DRIP rule for insider transactions) and stock performance.

We accept restricted stocks provided that they have been available for at least 6 months - "seasoned" six months.

Do I transfer the stocks to the U.S-based lender's sole custody?

Yes, your stock collateral remains in the custody of the lender while you enjoy the use of the cash loan proceeds. At the end of the loan term you can pay whatever else is due and regain "title" to all of your shares.

Unlike a car loan, however, which is a "recourse" loan, our Stock Loan is a non-recourse loan, so we don't come after you for the money you owe. Rather, we take the title -- whatever its worth -- and you keep the loan proceeds. We cannot repossess or go after any of your other assets, and you get to keep the loan proceeds and owe us nothing more, even if our title was worth almost nothing (for example, Lehman Brothers stock). Our lenders are still stuck with it, because that's what the loan contract calls for.

What kind of credit score do I need to qualify for a Stock Loan?

None. You can have the worst credit record in the world and it would not affect the terms of your loan, *(Please note that in compliance with Patriot Act and Homeland Security requirements, all applicants must submit a copy of their driver's license and/or passport as part of their application).*

What types of Stock Loans do you offer?

1) EZ Stock Loan: Good range of stock eligibility. Loan To Value from 40%-80%. Pay off your Stock Loan early with nominal penalty. Available of up to 80% (occasionally higher) Loan-To-Value in a non-recourse package. Interest-only loan with payments due quarterly and quarterly review for higher loan amounts if stock price has moved upwards. Dividends paid directly to borrower when earned and shares voted per client's instructions. Callable and non-callable versions available.

2) Flex Stock Loan: Ideal for strong stocks seeking lower interest rates particularly. LTV 35-75%. High growth-per-year upside cap, (e.g., 3 year loan, all appreciation of stock up to 300% of initial value to account of borrower, excess only after cap has been met to lender). Interest-only paid quarterly. All dividends credited, regardless of amount, against interest. Terms to five years maximum. Recourse limited to stocks only in case of default, not reported to credit bureaus: As with most Stock Loans, forfeiting collateral shares (converting loan to a full sale to lender) constitutes 100% fulfillment of loan regardless of price. Callable at very generous (and rare) 50%-60% price drop only.

3) Flag Stock Loan: Available for standard range of free-trading stocks with price of no less than \$3/share and price X average volume of at least 80,000. Up to 90% LTV nonrecourse loan. 100% hedged primarily with investment-grade, U.S., private options. Licensed RIA account manager. Non-callable, interest may accrue to maturity or be paid quarterly. U.S., Japan, UK, and Israel foreign exchanges welcome.

4) Cap Stock Loan: Identical to our Flag Stock Loan, with capped upside at 10-30% per year. This is available to a somewhat larger range of stocks including some pink sheets. No margin calls, limited recourse, options hedged.

Each family or category contains many variants which can result in hundreds of potential loan structures.

Do you accept restricted stocks that can be sold under Rule 144?

Yes, we do accept restricted stock loan shares into our programs although the eligibility criterion is more stringent. The stocks should have been issued for at least six months ("seasoned" for six months) and the minimum face value needs to be \$1M.

Do my stocks have to be in electronic format?

Yes, if you only have stock certificates, then the stock certificates will need to be converted to electronic format by your brokerage. In most cases, with your permission, our lenders can help facilitate communication and administration to ensure that all details are attended to, although it may add time to your loan process. Conversion to electronic format is normally a simple process that is best handled by the client; though we will assist to the extent we are able and authorized to do so by the client.

How long until borrower receives his loan cash?

It depends on a number of factors; a client could receive his or her loan within 3 business days of closing. Most deals with strong volume will fund within a week from the receipt of shares.

What happens to my stock's dividends while you hold the shares?

With the EZ Stock Loan program, your dividends are paid directly to you. With our other Stock Loan programs, your dividends are credited against your interest owed.

For large transactions (over \$25MM in value), Flag/Cap Stock Loan may be constructed to pay dividends directly to the borrower, provided that interest is paid quarterly.

How will my shares be voted?

With EZ Stock Loans and selected Flag/Cap Stock Loans, your shares will be voted according to your instructions. Shares are otherwise voted "with management", the default election on most proxy statements.

What is the role of interest in a Stock Loan structure?

Interest payments serve different roles in different products. They do not normally constitute profit in the context of an EZ, Flag or Capped Stock Loan, but may be part of our funding partner's profit in the case of Flex Stock Loans.

For EZ, Flag, and Cap Stock Loans, interest payments are part of the overall structural mix that allows a collateral asset of variable worth to be converted to what amounts to a fixed asset so that funds can be lent against that asset without significant risk to the lender. In most cases, interest can therefore be thought of as a means to ensure that all shares we hold are securely hedged for the borrower, while making good economic sense to the lender as well.

Remember a "hedge" does not necessarily mean an options-style or hedge fund style "hedge". A hedge is a counterbalancing action to offset a risk. All hedges are conducted within the permissions granted within the loan contract only for all of our participating lenders.

I am a foreign resident. What about the Patriot Act and Stock Loan?

Access Capital is happy to offer a flexible, secure loan product to our foreign clients holding stock in the many exchanges around the World. However, foreign clients must be willing to produce a legible photocopy of the front and back covers of their passport and a signed statement that the proceeds shall be put to acceptable purposes under the Act. Contact Us, to see if we could work with stock in your Country.

Is the Stock Loan available to corporate affiliates?

Yes. Affiliates or "insiders" (directors, CEO's, owners of 10% or more of outstanding shares) will typically have what are called DRIP (or "dribble rule") regulation limits on the total number of shares they can

place into Stock Loan financing in a given 90-day period in the United States, just as with any sale (although Stock Loans are not structured in our loan contracts as sales, but as loans, and these precautions exist primarily because each loan can potentially result in a default, at which time the loan does indeed formally and contractually become a reportable sale generating a 1099 tax document from the lender). This number is set at the greater of either the prior average four week trading volume total, or one percent of the total outstanding shares. This rule is also in effect because your Stock Loan exit allows you to instruct us to sell your shares to pay off your loan principle and any interest, if you desire, at maturity. These must also be reported in compliance with IRS reporting and any applicable SEC regulation.

I've gotten bulk mail by "stock lenders" and I've seen some of them who have purchased keywords on Google. Who are they?

They are mostly inexperienced brokers trying to impress you with a website.

Recently, some imitators have attempted to pass themselves off as legitimate stock loan companies although they have no experience and no lending facilities. Because they cannot place naturally for high rank on Google or Yahoo, they spend money on "pay per click" to attempt to appear more legitimate than they really are

Our lenders are licensed to deliver stock loans in the most regulated state in the union, including, California and have a perfect record in that state as well as with the Better Business Bureau, where they have had no complaints over many years and hundreds of loans.

How can I be sure my stocks will be returned upon repayment?

You can be sure by our lenders track record and both theirs and our reputation, your hedged portfolio funding structure meets the highest standards for security, compliance, liquidity, and personal service in the industry. In practical terms, we feel safe in saying that your loan contract will be executed as agreed when part of our stock loan program, and that there is no danger in your stocks not being returned, in full and in compliance with your loan contract, on time, upon repayment.

Can I prepay my Stock Loan?

You can prepay your EZ Stock Loan at any time after a set number of contractually stipulated months, with each loan customized to client preferences and stock quality. If you have a particular prepay scenario in mind, bring that to the attention of your representative when applying for your loan quote.

Flag, Flex, and Capped Stock Loan are normally selected for specific, set counterparty terms. Flag and Capped Stock Loans can in some cases be arranged to allow repayment during annual repayment windows once a year. EZ Stock Loans can be paid off typically after three to six months.

Can I renew the loan?

Every Stock Loan can be renewed. Each one has its own particulars, but as a rule, there is a nominal renewal fee and new loan documents are issued. **Contact Us** for specifics that can apply to your portfolio and loan program.

Do I get regular account statements?

Depending on the program you choose, a monthly or quarterly invoice/account statement will be issued, typically covering total share value, interest accrued, and net profit or loss (if any) if the loan were to be repaid on that date. Other useful information is included from time to time depending on the loan program.

What are my exit options at loan maturity?

For every program, you may renew your Stock Loan; pay it off out-of-pocket with your own cash; ask us to sell the shares, pay off the loan, and remit any profit back to you as share owner/borrower up to any caps your loan may have; or walk away entirely from the loan and owe us nothing but the shares, regardless of value, with no negative effect on credit record, what is called the nonrecourse provision. *(Please note that there may be tax consequences for one or more of these scenarios. Access Capital or its Partners offer no tax advice whatsoever. Please consult your licensed tax professional for information specific to your tax situation).*

Since your loan provides for monthly or quarterly interest payments depending on the loan program you choose, you may be liable for any unpaid interest up to that date if you choose to repay your loan early via the EZ Stock Loan program. If your Flag or Cap Stock Loan has a one or two-year exit "window" (during which you will have approximately seven days to pay off the loan to repatriate your shares), you may be liable for interest beyond that date. Please inquire as to your specific loan offer.

Who do I contact if I have questions during the loan term?

You will receive a phone number to call with any questions you may have.

Is the transfer of my shares to the lender safe?

Yes. Transfers occur via secure, nationally and internationally accepted transfer using the DTC system - the safest and most common system in the U.S. securities industry. Stocks reside in these transfer accounts to await the hedging process, or are moved directly into the lender's U.S. safekeeping account for the duration of the loan term, depending on the loan program chosen. Confirmations of every step of the transfer process, by phone and e-mail, are provided upon request to every client.

DTC transfer is in sum a common stock transfer method used by banks and brokerages throughout the U.S. and many foreign countries, with an excellent record for security and transparency. For more information on the DTC system, please [click here](#).

Does the lender have the right to sell my stocks?

The lender's rights are spelled out in the loan documents that will be delivered to you upon receipt of your loan application. Each program includes language allowing the lender a variety of rights necessary to their risk of loss in the event you default on your loan repayment. These rights allow sufficient risk reduction to permit a loan facility to be offered to the client. Borrowers should always read over their

loan contacts thoroughly and should never undertake a stock loan without understanding the terms and conditions of that contract.

Is there any way to lower my interest rates?

Yes. Your loan term, the track record of your stocks, and the type of loan you choose will all have a bearing on the interest rate and many of these you can choose between.

The most common way to effect a lower interest rate is via a cap on appreciation of the portfolio while the lender holds it as security. The more restrictive the cap (less upside to you), the lower the interest rate. Check the offer and if you can't live with it, tell us. We'll try to modify one or another aspect of the loan or offer a different program so that you can achieve a rate you can accept, if that is possible.

Are there any other risks I should be aware of?

There is of course no such thing as a 100% securities transaction, and stock loan transactions are no different. Stocks sitting at a top brokerage also are at risk to some extent, for example. Securities transactions by their very definition are not risk free.

You will receive, typically, several stock-secured loan offers from Access Capital or our partners. You will be free to choose any of them. You will receive loan documents and have plenty of opportunity to review every page -- which we strongly urge -- prior to signing. We do not offer loans through Access Capital or its partners for which we feel there is any measurable risk, but that does not mean there is no risk. How much risk there may be will always be a matter for you as client, perhaps in consultation with your attorney or CPA, to determine.

We Do NOT give Stock Advice.

Access Capital and its partners facilitate stock loan quotations only. Pursuant to the IRA stock loan product, it does not provide direct or indirect buy-sell, insurance product sales, or financial planning advice of any kind. All such services are provided by licensed professionals only. We are Not a hedge fund. All users of this website are presumed to have read our Limitation of Service. Non-recourse stock loans are not available in Saskatchewan, Canada or any other location where they are prohibited by local, state, or federal regulation. Tax responsibility: All tax issues are the sole responsibility of the borrower. Access Capital or its partners do not support or promote the use of stock loans as tax avoidance, tax deferral, or tax reduction methods. We strongly urge consultation with a licensed tax professional for the best strategy in your case. Whether or not a stock loan is advantageous or not advantageous in a borrower's tax strategy, it is entirely between the client and his/her licensed tax advisor. Please consult a licensed tax professional and/or the IRS Website for treatment of stock loan proceeds for tax and accounting purposes. Note to California Residents, if you reside in California, we will refer you to our partners who maintain the proper licenses in the State of California.

LIMITATION OF SERVICE

Access Capital offers Finder's services only. A Finder is defined as one who introduces a Client to prospective investors; there are no additional services that the Finder is required to perform to be entitled to any compensation in the event an investment is made. Access Capital will not engage in any negotiations whatsoever on behalf of Client or any investor. Nor will Access Capital provide the Client or any investor with information which may be used as a basis for such negotiations. Access Capital will have no responsibility for, nor will Access Capital make recommendations concerning the terms, conditions or provisions of any agreement between any Client and an investor, including the manner or means of consummating the transaction.

STOCK LOAN QUESTIONNAIRE

It is important that this information be COMPLETE so that we are able to provide you with the most accurate quotation. Incomplete questionnaires WILL NOT be processed.

Name of borrower: _____

Company Name: _____

Address: _____

Telephone Number: _____

Fax Number: _____

Email: _____

Is the stock restricted (if so, give details)? Aged (if so, give details)? or Free trading?

Purpose of the loan: _____

What stock exchange: _____

Name of the company: _____

Ticker Symbol: _____

The number of shares: _____

Value per share: _____

Loan Amount: _____

Once Complete... Email to: chris.moore@accesscapnw.com

Fax to: (971) 223-6167

Note: If you are a broker, please send along your complete information so that you may receive an appropriate referral fee.

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