

## Investing with ABR – What Investors Need to Know

Our investment program is based on a two or three year promissory note, with a minimum \$25,000 investment. We pay our investors a 10% annual percentage rate interest on investments from \$25,000 to \$99,000, and 11% on investments greater than \$100,000. The interest rate is fixed for the term of the note, with interest paid by check on the first of every month. At maturity investors have the option to request re-payment of their note, renew and/or increase their note for an additional term, with the same guaranteed APR interest.

For new investors the process is simple. You complete a confidential one-page questionnaire for the preparation of our individual promissory note and we provide you with wiring instructions and set up your account. You receive immediate account credit as soon as we receive our funds and you start earning interest.

### Key Information Investors Need to Know

- We offer maturities that are two or three years.
- We pay 10% APR on investments from \$25K to \$99,999 and 11% APR on amounts equal or greater than \$100K.
- Our minimum investment is 25K.
- Interest checks are issued the first of every month.
- Our APR interest rates are guaranteed.
- No investor has ever lost money in our program... ever.
- We ask for a two-year commitment because we put that money to work in asset-based lending with our vetted and approved construction company clients. Your money does not sit in a bank... it goes to work!
- If you have an extreme emergency (death) we will work with you to extricate your funds on a case by case basis. If we are able to return some or all of your principal early, there would be no penalty.
- At maturity you can have your investment returned, or you can renew your investment, adjust it up or down, and continue to earn "Mail Box Income". The only thing we ask if you think you may want to leave our program at maturity, is to give us 60-90 days notices so we can adjust our current asset-based lending commitments to ensure your principal is available when you exit.
- Our experience is that almost all our investors renew and never leave our program. Even when a spouse passes away, the surviving spouse will renew in order to continue receiving monthly 10% interest income.
- Your investment is not affected by the stock market, real estate or interest rates because we don't invest your money, we use it as working capital in our asset-based lending program backed by government contracts.
- For new investors, we recommend starting with a smaller commitment and let us prove to you how the program works, including the 10% APR guaranteed interest, paid

monthly. You can always adjust your promissory note to increase your investment at any time.

If the principal investor were to pass away, we will work with the executor of the estate to return your investment or continue with a new note representing your surviving spouse or family member(s), whatever is desired.

### How We Protect Our Investors

ABR has developed a unique and proven program that pays guaranteed 10% interest through asset-based lending backed by government contractors.

By focusing our providing an alternative source of financing for construction and service companies that are pursuing federal, state and local government contracts, and only advancing on contractor invoices already approved for payment by the government contracting authority, we substantially mitigate risk to our investors. In more than 25 years with our program, funding over 35,000 client invoices and managing over \$20 million of investor funds, ABR has never experienced a loss on a government project, and not a single investor has ever lost money with us!

### Business Model Protections

ABR's business model mitigates risk by only lending short-term funds on progress invoices already approved for payment, as opposed to traditional long-term lending by banks where defaults are assumed in the lending model.

ABR has a highly experienced management staff that has been with ABR for over 22 years. This experience spans not only banking and finance, but also government contracting and commercial construction.

ABR does not offer asset-based-lending to higher risk verticals such as retail or manufacturing where there is a high risk of invoice defaults, and specifically limits its business to only government backed contractors for commercial construction,

and only to invoices already approved by the contracting authority's contracting officer for payment.

The reason is simple: government agencies pay their bills.

Finally, ABR has retained the services of an independent securities attorney who reviewed our processes, documentation, fiduciary management practices and compliance performance as part of our investor quality assurance program.

### Government Backed Contracts

We use the "Assignment of Claims Act" to assign the contract and contract proceeds to us. This includes each contract being legally modified and approved to reflect our assignment. That means the government is legally required to pay us for invoices submitted by our clients that have been approved for payment by the government Contracting Officer.

We are CCR/SAM Registered with the government. This is the Central Contractor Registration (CCR) system, which has now been updated to the System for Award Management (SAM) program. The Federal Acquisitions Act (FAR) recognizes our assignment and guarantees that all payments will be sent via ACH (automated clearing house electronic funds-transfer system that facilitates payments in the U.S.) directly to us.

In all cases, ABR is, by legal assignment, the required payee when the government contracting finance office pays an invoice. This ensures return of funds back to ABR and protects investor monies which are used as our working capital in our program.

### Program Protections

ABR *only* advances funds on progress invoices issued by the contractor that have *already been approved for payment* by the government contracting officer. This assures payment back to us.

ABR requires contractors to assign their receivables, including the contract proceeds from their government contracts, to ABR. This ensure payments to ABR.

ABR ensures that a UCC-1 lien is filed with the Secretary of State in states where contractors are located and/or performing contract work so that we are always in first position if there is ever a contract or payment dispute.

ABR utilizes the Federal Acquisitions Regulation (FAR) to legally require contractors to assign their contract proceeds/payments directly to us. This assignment requires the government contracting officer to pay us for invoices submitted by the contractor and approved for payment by the contracting officer.

ABR requires that Assignment of Claims documents are signed by the contractors, our representatives and then properly executed by the government agency that is managing the contract.

All payments from the federal government are paid directly to us through EFT transactions (ACH) to ensure timely receipt of money back to us. This allows ABR to "turn" capital multiple times in a 12-month period.

While federal contracts can take slightly longer to pay, state and city governments pay between 30 to 40 days from invoice.

### Rigorous Contractor Screening

ABR only accepts companies as clients for its asset-based lending that have been thoroughly vetted.

Our prospective client application process is designed to determine the viability and quality of the contractor's business, tax status with the IRS, ownership-guarantor status, and other compliance and performance factors.

ABR vetting process includes proof of identity for owners/key individuals, proof of business documentation (articles of incorporation, business licenses, etc.) lien searches, court records searches, IRS searches, child support searches, etc.

### Government Recognition

ABR has a long and successful history helping service and commercial construction companies qualify for, and perform under their government awarded contracts by facilitating the asset-based lending that allows these businesses to have the cash flow they need to operate under contract. As such, we are authorized to issue a "**Letter of Commitment**" when a business is in the best and final stage of being awarded a government contract. Letters of Commitment assures the contracting officer that the contractor will have the sustained financial resources available to perform under a contract.

### Insulated from Market Fluctuation

The interest rate we pay investors – 10% APR – is not impacted by the stock market or real estate market. The interest rate is based on our proven business model, not on fluctuations of value inherent in other investment opportunities. This has been consistent in our business since inception in 1995. In essence, the government is always spending money of infrastructure projects. In strong economies the government has a tax base to spend on projects. In weak economies, the government is incentivized to spend on infrastructure to stimulate the job growth and recovery.

### Disclaimer

In order to assure full and complete compliance with all state laws and regulations pertaining to its funding programs, ABR operates through affiliated but separate and independent enterprises in Texas, Arizona, New Mexico and California.

ABR and its affiliates are not a chartered bank or trust company, or depository institution.

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