

SFG

SEATTLE
FUNDING
GROUP LTD

THE SFG PHILOSOPHY

We at Seattle Funding Group and our affiliated companies have operated on fundamental philosophies that have served us well over the last 29 years.

As an investor or prospective investor, we thought you might want to know a few core beliefs and strategies on which we operate to achieve results for our investors. These are not our philosophies concerning underwriting. Our underwriting philosophies are something we have written about numerous times and will make available to you upon your request. This discussion espouses the core investment beliefs of our organization.

Yield & Pricing

Price matters. By giving the borrower a slightly better rate and lower fees than what most private money lenders charge, we attract the best collateral and better borrowers. Ultimately, this adds up to a more predictable income stream, fewer losses and therefore, higher yields. A quality lending product specializing in speed and simplicity to the borrower, priced slightly below hard money, backed by consistent marketing and superior underwriting, draws the kind of borrowers and collateral that produce consistent and well protected returns.

Too often investors are enticed by private money real estate lending because of the high yields promised or promoted. Soon yield becomes the driving force behind their decisions due to an overly optimistic business model. For a while it seems to work, but in time such yield chasing requires taking on an ever-increasing risk factor that is not always apparent at first glance.

Ultimately, losses occur wiping out previous gains and many times principal. At SFG, we believe a slightly lower yield expectation attracts a higher quality transaction resulting in fewer problems and, in the end, higher realized returns.

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Greg Elderkin
Fund Manager | SFG Income Funds



John Odegard
Fund Manager | SFG Income Funds



Steve Ludeman
V.P. of Capital Markets
SFG Income Funds



\$1,700,000

Pt. Loma, CA | 60% LTV



\$1,800,000

Mercer Island, WA | 62% LTV



Collateral & Borrower Quality

With a consistent source of sensibly priced capital available to lend, SFG is in position to request higher quality borrowers, locations and collateral compared to most other private money lenders.

Successful entrepreneurs, developers and businesses understand the time value of money and are more than willing to pay a premium and give exceptional collateral for a short-term loan. However, they want to be treated fairly in price and service. These borrowers are not desperate; they just have a short term-need for capital and a well-defined exit plan. SFG provides these borrowers with the highest quality service and loan design.



Competence & Skill

SFG has the highest caliber staff in all areas of operations. As a leader in our field, we attract the most skilled workforce. Applications for employment with our firm are almost a daily occurrence. SFG underwriters are seasoned professionals with the mind-set of capital preservation first, yield second. This philosophy comes complete with checks and balances.

Additionally, our accounting staff has an impeccable track record of precision and attention to detail. Most SFG employees have been with us for over five years, others more than fifteen. They are at the highest level of professionalism both in character and competence, and a dominant reason for our success. SFG attracts career focused individuals with an “exceed expectations” attitude to create a superior team of which we are extremely proud.



SFG Corporate Headquarters | Bellevue, WA
Reid Wagner & Rebecca Dattilo



Marketing

The pricing of our loans is very important in capturing the best opportunities, but it isn't the only piece to the puzzle. A great product, talented people and a solid investment philosophy will under achieve if not backed by a comprehensive, well executed marketing campaign.

Such is the case in private money lending. When marketing works, it brings you investment choices. The better your marketing plan and execution, the more investment options you have. The best transactions can be found through a multitude of choices. With limited selections, many investors settle with what they have--again chasing, or forcing yields on lower quality transactions.

At SFG we consistently spend several times the industry average on marketing for new transactions, creating a higher level of brand recognition than any lender of our kind.



Loan Management & Investor Reporting

We believe our loan management and investor reporting is best in class. With our full accounting staff, high level custom software programs and long standing commitment to investor and borrower communications, we see our comprehensive reporting as a competitive advantage.

Whether it is newsletters, statistical reports or year-end tax documentation, we make it available to investors right on time and at a moment's notice. Our fund investors receive comprehensive quarterly reports and fund statistics.



SUMMARY

Recap of Core Beliefs

At SFG we believe that our core beliefs drive our mental attitude and make us a stronger and more competitive lender. In this article, we have shared a few of our core beliefs, such as:

- 1** A slightly lower yield expectation attracts a higher quality transaction resulting in fewer problems and, in the end, higher realized returns.
- 2** Our firm is known for providing borrowers with the highest quality service and product design.
- 3** SFG employees are career focused individuals with an “exceed expectations” attitude, and this gives rise to a superior team that stimulates growth and success. Many have been with us for a decade or more.
- 4** Marketing for new transactions is a significant piece of our business to which we continue to create a higher level of brand recognition over any lender of our kind.
- 5** SFG provides comprehensive reporting. Keeping investors informed is a critical piece in creating long-term investor relationships.

Knowing our company's core beliefs builds understanding in the relationship between Seattle Funding Group and our many investors. If you have not experienced our level of service, we encourage you to do so.

SFG History & Vision

Since 1988 we at Seattle Funding Group have been committed to being the finest real estate equity lender and investment firm of our kind in the industry. SFG is a quality organization, passionate about providing an unparalleled fixed income investment opportunity. In this constantly changing world of economic uncertainties, we offer investors a stabilizing and calming element to their investment portfolio. With a growing base of investor loyalty, we will be here serving investors, with our proven investment strategy, long into the future. Today's investment opportunities are exceptional. With our foundation firmly anchored, the future looks brighter than ever.

SFG

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www.SeattleFundingGroup.com (*Lending Site*)