



New loan demand quality exceptional

Over the last 90 days we have seen some of the best loan opportunities in our history. Loan demand has been expectantly slower than normal as economic activity has been sluggish in 2009. However, we are starting to see signs of increased activity both in the real estate lending and sales markets, especially



over the last few months. This increased activity coupled with fewer competing lenders, means we are seeing a corresponding rise in quality loan applications from borrowers offering exceptional collateral. The value of being a leader in the field is evident now more than ever. Specific examples include a recent \$2.3 million dollar loan made to a credible, seasoned borrower on a well maintained and managed Los Angeles apartment building just appraised at \$10 million (valued by SFG at a conservative \$6 million). Or the \$2 million dollar loan made to a wealthy estate secured by their fully occupied apartment building in the high demand area of west Capital Hill in Seattle, (valued by SFG at over \$4 million and independently appraised at \$5 million). Many of our loans are smaller, like the 200k loan on a new Seaside Oregon house listed for sale at

425k. Regardless of loan amount, today's loan opportunities are a perfect fit for the SFG portfolio.

The benefit of capturing these loan opportunities is paramount. Since our loans are short term in nature, they turn over faster than traditional loan sources allowing us to compensate and adjust for today's market conditions. Typically, our loan portfolio rolls over every 18 to 24 months. In today's market where liquidity has been restricted, this process may temporarily take longer, but this is still a very positive attribute to our style of lending. We believe a significant portion of our portfolio will have rolled over and reflect today's values by the end of 2010. The value of this cannot be overstated. Time is beginning to work in our favor as new loan opportunities are closed. Every new loan we close improves the overall health of the fund and strengthens our market share.

Mr. John Odegard is President and Founder of Seattle Funding Group, Ltd. as well as a founding principal and manager of the SFG Family of Income Funds -one on the west coast's most successful, long standing private mortgage investment pools. He has been a speaker on local and national media regarding Real Estate investing and finance on numerous occasions. He is a featured and valued speaker at broker and lender conferences on the subjects of private money lending and investing. John has testified as an expert on real estate and related matters at the request of the largest law firm in the Pacific Northwest and has been a frequent speaker to the real estate department of a local university.

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