

EXECUTIVE SUMMARY
SENIOR SECURED DEBT INVESTMENT FUND

\$10 Million Offering, a Senior Collateralized/Secured Loan Fund

**RETURNS: Cash Yields targeting 9% to 14%
annually with monthly distributions planned for
investors**

**CLOSING: Closing for this offering will continue until the Maximum Offering of
\$10,000,000 is completed, which is expected on or before June 30th, 2017.**

OFFERING TERMS:

Offering Amount:	\$1 million minimum in the aggregate/\$10 million maximum in the aggregate
Collateral:	First deed of trust mortgages secured by residential and commercial real estate, and other assets
Distributions:	Estimated to be paid monthly
Preferred returns:	Preferred return of 8% per annum when capital is deployed, 2% per annum when capital is in CFV bank account, (the "Preferred Return")
Offering Structure:	CFVV will be structured with two (2) periods: <ol style="list-style-type: none">1. First, an <u>Investment Period</u> of two (2) years:<ul style="list-style-type: none">• During the Investment Period the Manager will invest and reinvest equity capital and will distribute profit earned by mortgage interest and fees; and2. Second, a <u>Wind Down Period</u> of one (1) year:<ul style="list-style-type: none">• During the Wind Down Period the Manager will distribute profit earned by mortgage interest and fees, and equity capital will be distributed to the members of CFV.

Distribution Priorities:

Investment Period: CFV Investors shall receive Distributions of all net cash available for distribution monthly in the following priority:

1. First, to CFV Investors, pro rata, necessary to satisfy outstanding and accrued Preferred Return;
2. Next, CFV Investors 50%, pro rata, and Manager 50%

Wind-down Period: CFV Investors shall receive distributions of all net cash available for distribution monthly in the following priority:

1. First, to CFV Investors, pro rata, necessary to satisfy outstanding and accrued Preferred Return;
2. Next, to CFV Investors, pro rata, necessary to repay CFV Investors Equity contributions; and
3. Lastly, to CFV Investors 50%, pro rata, and Manager 50%

The CFV shall participate in all of the following profit centers:

- Interest paid by loan creditors
- Late fees
- Fees earned by any Loan pre-payment

Manager's Compensation:

Manager shall receive 50% of the net available cash flows (the "Profit"), after preferred return to investors, from the CFV subject to distribution priorities herein. Manager shall be entitled to receive \$2,000 per month for costs relating to securing a servicer of the loans and preparation of related documentation.

All legal and due diligence expenses shall be the responsibility of the Manager.

Minimum Investment:

\$100,000 per investor

SUMMARY

Capstone Fund Management LLC has formed CFV for the sole purpose of purchasing short to medium term, first deed of trust mortgages at low to mid leverage on assets including residential and commercial real estate (the "Loans") from CTP Funding, LLC (the "Originator") d/b/a Capstone

Financial. CFV will also purchase performing mortgages located throughout the western region, to the extent permitted by law.

The investment objective is to seek and deliver steady and above average cash flow return to investors while providing senior level collateral.

The portfolio will consist of loans originated by Capstone Financial and will be senior secured asset-backed loans with the following criteria:

- Maximum loan to purchase value: 75%
- Maximum loan to after repaired value: 70%
- Required capital contribution by borrower: 20% of costs
- Interest rates: minimum 10.5%
- Loan term: 2-24 months
- Portfolio concentration:
 - Real Estate Assets: 100%
 - Hard money residential loans - up to 100%
 - Construction loans - up to 20%
 - Primary loans - up to 30%
 - Business Loans (bridge or otherwise) - 20% maximum
 - Existing loan purchases - 50% maximum (subject to real estate asset concentrations)

Loan servicing will be conducted by Clear Spring Loan Servicing who specializes in 3rd party loan servicing. Clear Spring Loan Servicing has over 40 years of experience, over 30 years of experience in loss mitigation and default loan resolution.

THE TEAM:

Tyler Stone will serve as principal of the Manager with Warren Trangsrud as Senior Analyst. The principal and Senior Analyst have extensive experience in lending, managing, and investing in real property.

Tyler Stone, Chief Executive Officer. Mr. Stone received a Bachelor of Arts, Communication, Honors Program, from Washington State University in 1995. Mr. Stone has been a licensed Arizona Real Estate Broker since 2002, is a member of National Association of Realtors, SEVRAR, Arizona Association of Trustees. From 2005 to the present, Mr. Stone has been an owner of Infinity Wealth Real Estate. Mr. Stone also co-founded, Capstone Financial and Capstone Private Mortgage Company in 2010 and is still operating both currently.

Warren Trangsrud, Senior Financial Analyst. Mr. Trangsrud received his Bachelor of Science in Business Administration, Finance from the University of Minnesota graduating Summa Cum Laude. Mr. Trangsrud has served as a mortgage professional since 1993, working with Mellon Mortgage Company, First Arizona Savings, Macquarie Mortgage, USA. Mr. Trangsrud has worked with Capstone Mortgage Company since 2012.

In addition, Travis Leach, a Business and Finance partner at the national law firm of Ballard Spahr LLP has served as outside corporate counsel to CFV. Mr. Leach has extensive experience in corporate transactional matters, including compliance with the federal securities laws, mergers and acquisitions, and private equity.

OFFERING DOCUMENTS AND RISKS FACTORS

The Risk Factors for the offering will be detailed in the Subscription Agreement. Investors will be required to read and thoroughly understand those Risk Factors. Investors must also be "Accredited Investors" as defined by Rule 501 of Regulation D and will be required to execute a Subscription Agreement, all Disclaimers, and a related Accredited Investor Questionnaire.

Disclaimer

The information set forth in this Executive Summary is being provided to you solely for discussion purposes and contains confidential information not intended for public use or distribution. The recipient of this Executive Summary agrees that it will not divulge any such information to any other party and will not reproduce or distribute it or any related materials in whole or in part, without the prior written consent of Capstone Fund Management LLC.

This Executive Summary does not constitute an offer to sell or solicitation of an offer to buy any securities. Any offering will only be made pursuant to the relevant information within subscription documents prepared by CFV, or Capstone Fund Management LLC, all of which must be read in their entirety. No offer to make an investment will be made prior to receipt by a potential investor of these documents and the completion of all the appropriate documents. No information contained in this Executive Summary, or any oral or written communication with an interested party should be relied upon as a representation or warranty as to any matter from any person, and no liability shall attach to any person or entity as a result of such information. This Executive Summary is indicative only and is subject to updating, amendment and more complete disclosures.

The distribution of this Executive Summary in certain jurisdictions may be restricted by law. This Executive Summary is only directed at persons to whom it may lawfully be distributed and any investment activity to which this Executive Summary relates will only be available to such persons. It is the responsibility of any interested party to satisfy itself as to the full compliance with applicable laws and regulations of any relevant jurisdiction, including obtaining any governmental or other consent and observing any other formality prescribed in such jurisdiction. Nothing in this Executive Summary constitutes advice relating to legal, taxation or investment matters and interested parties are advised to consult their own professional advisors in connection with making an investment decision.

The information contained in this Executive Summary was obtained from Capstone Fund Management LLC and CFV, and other sources, but no assurance can be given as to the accuracy or completeness of such information. Any forward looking statements, including, without limitation, financial projections or expectations, contained in this Executive Summary should not be regarded as a representation by any person that the estimates, projections or expectations will be achieved. Such forward looking statements are subject to substantial risks and uncertainties. Actual results will differ and could be materially different from those discussed or implied herein as a result of various factors, including future economic, competitive, and regulatory or market

conditions or future business decisions. Before investing in CFV, investors should be aware that the occurrence of the risks, uncertainties and events described in the "Risk Factors" section of the private placement memorandum, to which investors will receive access subsequent to the execution by each such investor of a confidentiality agreement, could have a material adverse effect on the business, results of operations and financial conditions of CFV.

While management has been involved in previous successful endeavors, investors should realize that past performance is no indication of future performance and that investors cannot rely on such past performance in making their investment decision.