



National Real Estate Solution Investment (Doc 1 of 4) NRES – Investor Guidelines

I. Objectives

National Real Estate Solution, Inc. (herein referred to as “NRES, Inc,” or “NRES”) is a Delaware Corporation. Headquartered at 13001 Saratoga Sunnyvale Road, California 95070 with satellite offices in San Mateo (South Bay) and San Francisco (North Bay), NRES is a full service distressed property Real Estate Investment company. NRES seeks to partner with selected investors whereby the investor will lend funds to NRES to fund the acquisition, improvement and resale of certain properties selected by NRES through our due diligence. NRES’s objectives are to:

- ▶ Buy, upgrade, resell, and sometimes hold distressed single family homes and multifamily residences, focusing primarily in the counties of:
 - San Francisco
 - Alameda
 - Contra Costa
 - San Mateo
 - Southern California Counties
 - And selected out of State Counties as opportunities may arise.
- ▶ In support of these activities NRES has assembled a solid team of dedicated real estate professionals focusing on:
 - Pre-Foreclosures
 - Foreclosures
 - Trustee Sales
 - Probate

The principals of NRES, Steve Puthuff, Jason Sanders and Dan Lyons are actively engaged in the acquisition of multiple properties over the last five years in California and across the United States on behalf of NRES. The rationale underlying the effort is a recognition that prices have fallen far below that which they would have averaged had there been no unusual run-up in the mid-2000s and no meltdown experienced during the last two years. The long-term trend line for housing appreciation in the Santa Clara Valley for example, is seven percent per year. NRES feels that prices will start to regress toward this trend line within a few years, presenting a sizable profit opportunity for those purchasing now and held for appreciation and equity buildup opportunities. However, NRES is focusing less on the gap between current and likely future value. Instead, NRES is generating profits through creating value by buying homes whose values are even more artificially depressed as a result of foreclosure or neglect, or both. Value will be added through restoring these distressed homes to a like-new condition and reselling anywhere between two and nine months or longer as determined. NRES will concentrate on distressed houses in the \$100,000 to \$500,000 range in the four Counties noted above, however will invest in other areas of the US where significant opportunities may arise.

NRES believes investing primarily in distressed single-family homes (also referred to as “Residential”, or “R-1”) provides opportunities and advantages not found in other real estate vehicles, because:

- R-1 is the most liquid of all real property

- R-1 is the easiest to finance
 - Over the long term, R-1 has enjoyed a greater appreciation rate and resells more quickly than most other forms of real property
- However, multifamily properties will be purchased when solid opportunities exist.

The information contained herein may be legally privileged and confidential. It is intended solely for the entity (or individual) to who addressed, its agent, or designee. Unauthorized distribution is unlawful and prohibited.

II. The NRES Principals

Below is information about the roles and experience of each principal in NRES.

Steve Puthuff – Founder, President & C.E.O.

- Real Estate Developer & Entrepreneur

Jason Sanders – VP Operations, and Trump University PhD

- Operations, Project Management, Property Acquisition, Tracking and Tax Lien Specialist

Dan Lyons - V.P. of Sales & Marketing, and Trump University Graduate

- Realtor, Focus on Auctions, Property Valuations & Special Acquisitions

Real Estate Support Team

- Licensed Contractors, Staging Specialists, Escrow Officers, Real Estate Attorneys, CPAs, Asset Managers, Loan Specialists, Appraisers, Insurance Agents, Auction Team, and Brokers.
Office Manager and Accountant – **Rebekah Cahoon**

III. Project Acquisition and Management

The NRES team is experienced in selecting, purchasing, repairing and selling distressed properties. Due diligence consists of:

- Knowledge of the market
- Experience in evaluating profit potential
- Physical inspection, including reports for those areas of expertise not possessed by the NRES team (e.g. required permitting, pest control, geological hazards, etc.)
- Review of Title (i.e. encumbrances, existing liens, Uniform Commercial Code filings, etc.)
- Full compliance with State and Federal laws

When an investor executes a Subscription Agreement, he or she will place funds into the NRES, Inc. account with Bank of America. Upon receipt of the funds, the investor will commence the investment period as defined below. NRES will have the sole right to withdraw the funds to be used as they deem fit for investment purposes. When the funds are received, the investor will receive a promissory note Secured by National Real Estate Solution, Inc. Once the investors funds are received by NRES all decisions regarding the investment including, completion of acquisition, management, improvement and resale of parcels to be acquired shall be made solely by NRES. By execution of the accompanying Subscription Agreement, the investor grants to NRES a limited power of attorney to execute any and all necessary escrow instructions on his or her behalf related to any of the actions described in the preceding sentence.

IV. Nature of Security Offered

As mentioned above, each investor will receive a promissory note secured by National Real Estate Solution, Inc. This places the investor in a creditor (lender) position with respect to NRES. The terms and conditions of the note are summarized in Section V. (Financial Expectations), below.

NRES intends to comply with all relevant laws of the State in which the properties are purchased as well as federal statutes. To that effect, investors in NRES must be persons who: (a) are sufficiently sophisticated in financial matters to evaluate the risk of making a secured loan to NRES which NRES will utilize to purchase property, (b) are financially able to bear the risk of loss, (c) are purchasing the interest for their own account, and (d) have a preexisting business or personal relationship with the principals of NRES.

Investors interested in investing with NRES may only do so by executing the Subscription Agreement attached to the Investor Guidelines and affirming that he or she has researched NRES and the risks of investing, and meets all the criteria summarized and set forth in this Guideline. Executing the Subscription Agreement does not in itself constitute a binding commitment by NRES to accept an individual as a lender. The prospective investor must be approved by NRES and approval is evidenced by NRES executing the Subscription Agreement signed by the investor and delivering a copy back to the investor.

V. Financial Expectations

The investors return in the NRES program is defined below. In each program, all sums over and above the investor's principal amount will be paid from and are contingent upon the generation of profits. The amounts that will be paid to investors are as follows:

1. Once the funds are placed in the National Real Estate Account and utilized for a specific investment, pursuant to the Subscription Agreement, the funds either start earning 10% simple interest per year for "buy and holds" or will be used for a flip at 8%. The rate of return will not begin until the principle funds are used for a specific investment.
2. Buy and Holds: At the initial investment time, the investor must elect to withdraw the interest payments on a monthly basis or allow them to accumulate in which the investor will enjoy the benefits of accumulating interest, (On an annual basis) as well as being eligible for a splitting of profits when the investment property is sold. Profit split for property at sale is 50% to investors, 50% to NRES.
3. Buy and Holds: If the investor decides to withdraw the principle amount of the investment or any portion thereof, they will give notice to NRES by email, and verified by return email, and the withdrawal process will begin immediately. As soon as the funds are freed up in the current investment, they will be returned to the investor along with any unpaid interest due. Most investments usually take 4 plus months in the case of a flip. However, in case the flip is converted to a buy and hold, the investor will have the opportunity, at that point in time to start receiving their interest return on a monthly basis, or to allow the investment to accumulate on an annual basis and to split the profits 50%/50% with NRES when the property is sold based on a decision of the majority of investors in that property. As a final protection of all lenders principal after five (5) years from the date of this loan, the Maker can, at their own discretion elect to give the investors two alternatives:
 - A. To stay with the property leased out with a percentage return available to all investors based on their prorated share. In this case, NRES will take over all property management for 6% of gross revenue: or
 - B. As an alternative, provided there are no other note-holders collaterally secured by the same deed of trust against said property, Payee may elect to receive a quit claim deed to the real property in lieu of Principal and interest. If Payee is one of a number of note-holders collaterally secured by the same deed of trust, then all such lenders may elect, by majority in interest vote, to receive a quit claim deed to said property in lieu of interest and principal. In the event the majority so elects, the election shall be binding on all note-holders secured by the same deed of trust against said property.

C. At any time after 5 years, when the majority of investors want to sell the property, based on a majority of interest invested, the property will be sold and the profits split as defined above.

VI. Risk Factors

1. All investments have risk and investment described herein is no exception. While it is not possible to anticipate all risks that might affect this investment below are a few.

2. Congress and/or the State of California could pass unfavorable tax legislation affecting the value of homes and the investor's return.

3. Our interpretation of historical real estate trends may not accurately predict future results.

4. The economy may not recover soon. For example, sustained levels of high unemployment may sink the national and/or local economies into a protracted recession which may have a negative impact on home prices for a significant time and affect even "fix-up" opportunities, such as the type of property NRES is involved in.

5. Interest rates may rise, making housing less affordable. This traditionally has a negative effect on home prices.

6. Unforeseen natural disasters could delay selling a piece of property, thus having a negative impact on the investment.

The prospective investor is encouraged to review this offering document with his or her own financial, tax and legal advisors before investing. Acceptance as an investor is conditioned upon the investor's executing the Subscription Agreement attached to this NRES – Investor Guideline. Questions may be directed to any of the NRES principals.

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