

From: Jeffery Risinger <Jeff@jbrfinlaw.com>
Sent: Tuesday, April 8, 2014 4:55 PM
To: Matt Haab <MDHaab@verospartners.com>
Subject: RE: 2014 Farm Loan Private Investment Opportunity

Thanks Matt.

From: Matt Haab [mailto:MDHaab@verospartners.com]
Sent: Tuesday, April 08, 2014 3:55 PM
To: 'jdmessmore@gmail.com' (jdmessmore@gmail.com)
Cc: Jeffery Risinger
Subject: 2014 Farm Loan Private Investment Opportunity

Doug & Gail,

Details on our 2014 farm loan fund that we are doing with Jeff. I have cc'ed him on this email if you have any questions you want to include both of us on. Let me know if you have any interest in participating and, if so, at what level and through what type of account. Thanks.

Attached please find the 2014 FarmGrowCap LLC Offering Memorandum that provides secured operating loans to various farming operations. Similar to our 2013 offering, the various farm loans will be pooled together so that each investor's loan will be diversified amongst all the various operating loans rather than being tied to just one farm. **Please note that you must meet the SEC's definition of an Accredited Investor to participate in this private investment. See the details of that definition below.**

Refer to pages 1 through 13 of the attached memorandum for the following key summary points:

- **Term Sheet (Page 1-2)**
- **Background & Overview (Page 3-5)**
- **Executive Summary (Page 5-9)**
- **Pre-Specified Opportunities (page 10-13)**

These loans have various forms of security collateral backing the lending group's entire principal amount – refer to the Offering Memorandum and brief description below for further details on this protection. We currently have 3 farms lined up for 2014 with a total borrowing need of \$7.8 million. We are currently reviewing a couple other farms that may be added to the 2014 line but will not exceed the maximum lending

amount of \$15M as disclosed in the offering. *We are looking to have our first close on Friday April 11th but have the ability to close earlier depending on the amount of commitments received.* We will prepare and send you the subscription document paperwork that needs to be signed once we have finalized your investment commitment. *Also, note that we are making this private loan available through self-directed IRAs this year so if you want to fund your investment through an IRA account be sure to indicate such, so we can plan and prepare accordingly.*

Security Collateral for Farm Operating Loans

The lending group will have a combination of protections in place such as first lien in crop proceeds, first assignment in crop revenue insurance proceeds, first or second mortgage in farmland, etc. that provides full principal protection. In most cases, we will not lend any amount over the minimum amount to be received by the farmer on their crop revenue insurance policy so we are fully covered even in the event of a full crop failure. You can review the attached offering memorandum for more information on these structures and the security collateral backing these loans.

Fixed Income Allocation & Current Bond Yields

Due to the security backing these deals, we are recommending these one year farm operating loan investments to be used as fixed income replacements based on the higher yield (9%) as compared to the traditional core fixed income investment. Additionally, these investments have no correlation to the interest rate risk that traditional bonds currently face. Similar to 2013, if current interest rates continue to raise this will cause current bond prices to decline. We have had a 30 year bull market in bonds due to rates declining since the start of the Reagan years and there are many indicators that are pointing to a rotation into a rising rate environment which would put downward pressure on bond prices, that combined with the current low yields would cause low total returns from this asset class.

Accredited Investor Definition

A natural person who has individual net worth, or joint net worth with the person's spouse, that exceeds \$1 million at the time of the purchase (excluding the value of their personal residence); or a natural person with income exceeding \$200,000 in each of the two most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year.

Matthew D. Haab, CFPTM, CPA



How can I help you create *Your Tomorrow Plan?*

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