

**\$5,000,000**

**FutureGen Capital  
FGC Tax Lien Fund # 2 LLC  
36 Month Secured  
Tax Liens & Deeds vested via Promissory Note**

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We are offering an aggregate principal amount of up to \$5,000,000 of our renewable secured senior Promissory Note. We offer the Promissory Note from time to time with maturities ranging from one year to three years. However, depending on our capital needs, Promissory Note with certain terms may not always be available; we will establish interest on the Promissory Note offered in this prospectus from time to time with maturities in interest rates supplement to this prospectus. The Promissory Note is secured obligations and your right to payment is senior debt in the right of payment to before all of our existing and future unsecured, secured and subordinated indebtedness. Upon maturity, your Promissory Note will be automatically renewed for the same term as your maturing Promissory Note and at an interest rate that we are offering at that time to other investors with similar aggregate note portfolios for Promissory Note of the term, unless we elect not to have your Promissory Note renewed or unless you notify us within 30 days after the maturity date for your Promissory Note that you want your Promissory Note repaid. If Promissory Note of the same term are not then being offered, the interest rate upon renewal will be the rate specified by us on or before maturity or, if no such rate is specified, the rate of the existing note. The interest rate on your renewed note may differ from the interest rate applicable to your note during the prior term. After giving you thirty days' advanced notice, we may redeem all or a portion of your Debt Investment for their original principal amount plus accrued and unpaid interest. You also may request us to repurchase your Debt Investment prior to maturity; however, unless the request is due to your death or total permanent disability, we may, in our sole discretion, decline your request or, if we elect to repurchase your Debt Investment, we will charge you a penalty of up to six months interest on Debt Investment with one year's maturity and up to three months of interest on Promissory Note of thirty and sixty month, after the first year and six months interest before the end of the first year.

**The Promissory Note are not certificates of deposit or similar obligations of, and are not guaranteed or insured by, any depository institution, the Federal Deposit Insurance Corporation, the Securities Investor Protection Corporation or any other governmental or private fund or entity. Investing in the Debt Investments involves risks, which are described in "Risk- factors" beginning on page 6 of this prospectus.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is completely truthful or complete. Any representation to the contrary is a criminal offense.

	<b>Per note</b>	<b>Total</b>
Offering Price	100.00%	100.00%
Selling Agent Commissions	3.00%	3.00%
Proceeds to FGC, before expense	97.00%	97.00%

The selling agent will not necessarily receive the entire 3.0% gross commission on Promissory Note with terms less than three years unless the Promissory Note are successively renewed for a term of two years or more. Ask for "Agent's Agreement" for a description of additional compensation payable to the selling agent and its affiliates in connection with services rendered in offering and selling the Promissory Note. There will be no underwriting discount.

We will issue the Promissory Note in book-entry form. Subject to certain limited exceptions, you will receive a Promissory Note signed by a Corporate Officer that is evidences your Promissory Note. Bank of America, Washington, DC, is where all funds are placed from Promissory Note until their use for purchasing tax liens or deeds.

The date of this Updated Offering Circular is January 23rd 2012

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## PROSPECTUS SUMMARY

*This summary highlights selected information from this prospectus and may not contain all the information that may be important to you. You should read the entire prospectus and the other information that is incorporated by reference into this prospectus before making an investment decision. Certain industry terms that we use are defined in the glossary, which begins on page 20.*

### ***FutureGen Company dba FutureGen Capital***

Was started in 2009 by Commercial Equity Partners, LTD and was purchased by management in October 2010. Management's investment is \$4,700,000 in capital into three different investment areas; Commercial Mortgage Bridge Loans, Purchase of Tax Liens and purchase of Distressed Debt Assets.

### **What is a Tax Lien or Tax Deed**

In order for governments to operate, they have to collect revenues from many sources. Real estate taxes present the largest source of income for county governments across the United States. When property owners don't pay their taxes, counties will need to collect these taxes by force. When taxes become delinquent, properties go into tax foreclosure. Counties will then permit any willing person to pay the delinquent property taxes for the property owner. This is referred to as selling a tax lien or a tax deed. Just about every state participates in Tax Sales, the technique utilized by local governments to collect their unpaid and overdue property taxes. For a lot of investors these tax sales can produce lucrative opportunities.

These tax lien sales are public bid tax auctions where the bids consist of back delinquent taxes, collection fees any penalties and interest or costs related with the unpaid property taxes. The property tax sale is typically regarded as the first lien. This means the property tax lien for the unpaid property taxes comes before any mortgage that could be on the property, other liens or judgments.

In most states the highest bidder obtains a lien on the property. The property owner then has a redemption period. A redemption right is the opportunity for the property owner to "redeem" the property by paying back the investor (with interest or penalties and fees). Property owner's redemption rights vary from none to seven years. A redemption period will be the amount of time a property owner has to reclaim the property prior to the buyer can foreclose. To maximize returns, the redemption period really should be applied to our calculation.

In other states we acquire tax certificates that are not as competitive as tax auction sales because all bidding is eliminated, as we purchase the tax certificates over the counter (OTC). In some states, tax certificates sell on a precise day of the month and have a shorter redemption period. If the certificate isn't redeemed the investor will wind up owning the genuine property.

When we acquire a property via foreclosure through a tax certificate sale, we usually acquire that property for 10 cents to 15 cents on the dollar. This happens in two and half percent of the cases.

**Benefits of FGC Tax Lien Debt Investment:**

- No Load Investment - there are not fees for investing
- High Fixed Yield - much higher than banks rates and compounded quarterly for a higher APY.
- Invest like the Institutional Investors - Real Estate Tax Lien is included in investment portfolios of major banks and brokerage houses.
- Security - All of our liens are secured by real property. Every property has an assessed value by a local government at 10 to 100 times the amount of the lien. Our liens are backed by the full faith of the local government and state laws that insure the tax lien certificates.
- Fixed Principle - Principal value of investment does not vary unlike stocks and bonds via promissory notes. (See Exhibit B)

**The Offering**

**Issuer**

FutureGen Tax Lien Fund #2 dba FutureGen Capital

**Bank**

Bank of America

**Selling and Service Agent**

Internal and Independent Advisers

**Paying Agent**

FGC via Bank of America

**Securities Offered**

Renewable Secured Senior Debt Investment. The Promissory Note represents our secured promise to repay principal at maturity and to accrue interest during the term and pay interest at maturity. By purchase a Debt Investment via a Promissory Note, you are lending money to us.

**Method of Purchase**

Prior to your purchase of Debt Investment, you will be required to complete an application and complete a Subscription Agreement that will set forth the principal amount of your purchase, the term of the Promissory Note and certain other information regarding your ownership of the Promissory Note.

**Denomination**

You may choose the denomination of the Promissory Note you purchase in any principal amount of \$50,000.00 or more, and add additional amounts in the minimum of \$10,000 increments.

**Offering Price**

100% of the principal amount per note

**Rescission right**

You may rescind your investment within five business days of the date of your purchase deposit without incurring an early redemption penalty.

**Maturity**

Your promissory note is for 36 month time period; however, depending on our redemption rate, we may pay off parts of your principal early.

**Interest Rate**

The interest rate of the Debt Investment will be established at the time you purchase them or at the time of renewal, based upon the rates we are offering in our latest interest rate supplement to this prospectus, and will remain fixed throughout each term. We may offer higher rates of interest to investors with larger aggregate note portfolios, as set forth in the then current interest rate supplement.

**Interest Payment Dates**

Interest will be compounded quarterly and paid semi-annually or at the end of the term. If you choose to rollover your PN you may elect to have the interest earned to date paid to you.

**Lock Out Period**

You do have the right to call the promissory note for early repayment, however not during the first (12) twelve months of the term. If you required part of your proceeds a partial early principal payment may be allowed depending on redemption rate of the tax liens.

**Principal payment**

We do not pay principal over the terms of the Promissory Note, but we have the right to pay principal before the end of term and will be determined by the redemption of liens near the end of the term. We are obligated to pay the entire principal balance of the out-standing Promissory Note upon maturity.

**Payment Method**

Principal and interest payments will be made by direct deposit to the account you designate in your application or via check.

**Renewal or Redemption at Maturity**

Upon maturity, the Promissory Note will be automatically renewed for the an additional twelve month term at the interest rate we were offering when you purchased the Promissory Note, unless we notify you prior to the maturity date that we intend to repay the Promissory Note. You must notify us 60 days before the maturity date that you want your Promissory Note repaid.

You may also elect to renew the Promissory Note for a longer term based on our current fixed rates offered on the date of your renewal.

If Promissory Note with similar terms is not being offered at this time of renewal, the interest rate upon renewal will be:

- (a) the rate specified by us on or before the maturity date or
- (b) if no such rates is specified, the rate of your existing Promissory Note. The interest rate applicable to your Promissory Note during the prior term. See “Description of the Promissory Note-Renewal or Redemption on Maturity.”

### **Consolidation, Merger or Sale**

Upon any consolidation, merger or sale of our company, we will either redeem all of the Debt Investments or our successor will be required to assume our obligations to pay principal and interest on the Debt Investments pursuant to the indenture for the Promissory Note.

### **Ranking; Secured**

The Promissory Note:

- Are secured by tax liens or tax deeds purchased in various states in the USA.
- Rank senior to our existing and future company debts, but are equal to all Promissory Note with FutureGen Capital in the tax lien fund.
- Rank senior to our existing and future unsecured debt, including debt we may incur under our existing and future credit facilities; and

### **Restrictive Covenants**

The indenture governing the Promissory Note contains limited restrictive covenants. These covenants:

- Require us to maintain a positive net worth, which includes stock holders' equity and any debt that is subordinated to the Promissory Note; and
- Prohibit us from paying dividends on our capital if there is an event of default with respect to the Promissory Note or if payment of the dividend would result in an event of default.

The covenants set forth in the indenture are more fully described under "Description of Promissory Note—Restrictive Covenants." These covenants have significant exceptions. We do not plan to issue any debt that is subordinate to the Promissory Note.

### **Use of Proceeds**

If all the Promissory Note were sold, with original or aggregate maturities of one year or more, we would expect to receive approximately \$4,850,000 of net proceeds from this offering after deducting the selling agent's commission and estimated offering expenses payable by us. As of December 31<sup>st</sup>, 2011 we have received approximately \$0.00 of net proceeds from this offering that commenced on September 1<sup>st</sup>, 2011. The exact amount of net proceeds may vary considerably depending on how long the Debt Investments are offered and other factor. We intend to use the net proceeds to fund the purchase of tax liens, tax deeds and may include the repayment of other Promissory Note holders.

### **Book Entry**

The Promissory Note will be issued in book entry only. Expect under limited circumstances, Promissory Note or negotiable instruments will evidence the Promissory Note. See "Description of the Promissory Note—Book Entry Registration and Transfer".

## **RISK FACTORS**

*The risks described below set forth the material risks associated with the purchase of Promissory Note and our company. Before you invest the Promissory Note, you should carefully consider these risks factors, as well as the other information regarding the Promissory Note and the*

*company contained in this prospectus and in the documents incorporated by reference into this prospectus.*

### **Risk Factors Relating to the Promissory Note**

**Because of their characteristics, the Debt Investment may not be a suitable investment for you.**

The Debt Investment may not be a suitable investment for you, and we advise you to consult your investment, tax and other professional financial advisors prior to purchasing the Promissory Note. The characteristics of the Promissory Note, including maturity, interest rate and lack of liquidity, may not satisfy your investment objectives. The Promissory Note may not be a suitable investment for you based on your ability to withstand a loss of interest or principal or other aspects of your financial situation, including your income, net worth, financial needs, investment risk profile, return objectives, investment experience and other factors. Prior to purchasing any Promissory Note, you should consider your investment allocation with respect to the amount of your contemplated investment in the Promissory Note in relation to your other investment holdings and the diversity of those holdings.

**Because the Promissory Note rank senior to substantially all of our existing and future debt and other financial obligations, your Promissory Note will have priority in payment.**

Your right to receive payments on the Promissory Note is senior to substantially all of our existing indebtedness and future borrowings (including debt of our special purpose entities). Because of the senior provisions of the Promissory Note, in the event of our bankruptcy, liquidation or dissolution, our assets would be available to make payments to you under the Promissory Note before all payments had been made on all of our unsecured indebtedness and other obligations that are junior to the Promissory Note.

**Because there will be no trading market for the Promissory Note and because transfers of the Promissory Note require our consent, it may be difficult to sell your Promissory Note.**

Your ability to liquidate your investment is limited because of transfer restrictions, the lack of a trading market and the limitation on repurchase requests prior maturity, Your Promissory Note may not be transferred without our prior written consent. In addition, there will be no trading market for the Promissory Note. Due to the restrictions on transfer of the Promissory Note and the lack of a market for the sale of the Promissory Note, even if we permitted a transfer, you might be unable to sell, pledge or otherwise liquidate your investment. Except in the case of death or total permanent disability, repurchases of the Promissory Note prior to maturity are subject to our approval and to repurchase penalties of up to two months interest on Promissory Note with three year maturities and up to six months interest on Promissory Note with maturities of one year. The total principal amount of Promissory Note that we would be required to repurchase in any calendar quarter, for any reason, will be limited to the greater of \$1 million or 2% of the aggregate principal amount of all Promissory Note outstanding at the end of the previous quarter. See "Description of the Promissory Note".

**Because the Promissory Note will have no sinking fund, security, insurance or guarantee, you may lose all or part of your investment in the Promissory Note if we do not have enough cash to pay the Promissory Note.**

There is no sinking fund, security, insurance or guarantee of our obligation to make payments on the Promissory Note. The certificates of deposits are secured by tax liens and tax deeds we

hold. We will not contribute funds to a separate account, commonly known as a sinking fund, to make interest or principal payments on the Promissory Note. The Promissory Note are not certificates of or similar obligations of, and are not guaranteed or insured by, any depository institution, the Federal Deposit Insurance Corporation, the Securities Investor Protection, or any other governmental or private fund or entity. Therefore, if you invest in the Promissory Note, you will have to rely only on our cash flow from operations, the ability of us to collect on the liens and deeds and other sources of funds for repayment of principal at maturity or redemption and for payment of interest when due. If our cash flow from operations, redemption of tax liens and deeds and other sources of funds are not sufficient to pay the Promissory Note, then you may lose all or part of your investment.

**The Promissory Note will automatically renew unless you request repayment.**

Upon maturity, the Promissory Note will be automatically renewed for the same term as your maturing note and at an interest rate that we are offering at that time to other investors with similar aggregate note portfolios for Promissory Note of the same term, unless we notify you prior to the maturity date that we intend to repay the Promissory Note or you notify us 30 days before the maturity date that you want your Promissory Note repaid. This 30 day period will be automatically extended if you would otherwise be required to make the repayment election at a time when we have determined that a post effective amendment to the registration statement of which this prospectus is a part must be filed with the Securities and Exchange Commission, but such post-effective amendment has not yet been declared effective. If the certificates of deposits with the same term are not then being offered, the interest rate upon renewal will be the rate specified by us on or before the maturity date, or the rate of the existing note if no such rate is specified. The interest rate on your renewed note may be lower than the interest rate of your original note. Any requests for repurchase after your Promissory Note are renewed will be subject to our approval, which we may generally withhold or deny for any reason, and to repurchase penalties and the limitations on the amount of Promissory Note we would be willing to repurchase in any calendar quarter.

**Our management will not have broad discretion over the use of proceeds from the offering.**

We expect to use the proceeds from the offering to fund the purchase of tax liens, tax deeds and possible repayment of other Promissory Notes. See “Use of Proceeds”.

**Because we may redeem the Promissory Note at any time prior to their maturity, you may be subject to reinvestment risk.**

We have the right to redeem any note at any time prior to its stated maturity upon 30 days written notice to you. The Promissory Note would be redeemed at 100% of the principal amount plus accrued but unpaid interest up to but not including the redemption date. Any such redemption may have the effect of reducing the income or return on investment that any investor may receive on an investment in the Promissory Note by reducing the term of the investment. If this occurs, you may not be able to reinvest the proceeds at an interest rate comparable to the rate paid on the Promissory Note. See “Description of the Promissory Note- Redemption or Repurchase Prior To Stated Maturity.”

**Under certain circumstances, you may be required to pay taxes on accrued interest on the Promissory Note prior to receiving a sufficient amount of cash interest payments.**

If you choose to have interest on your note paid at maturity and the term of your note exceeds one year, you may be required to pay taxes on the accrued interest payments to you. But be advised we don't report the interest until we pay the interest. Also as a note we don't report interest for

investors outside of the United States. You should consult your Tax advisor to determine your tax obligations.

### **Risk Factors Relating to FutureGen Capital and FGC Tax Lien Fund #2**

#### **If we lose rights to the property we own tax liens or tax deeds on our portfolio of tax liens and tax deeds, our ability to pay the Promissory Note will be impaired.**

The loss of our property rights could materially and adversely affect our results of operations, financial condition and cash flows and our ability to make payments on the Promissory Note. Our results of operations, financial condition and cash flows, and our ability to make interest payments on, or repay, the Promissory Note, would be materially and adversely affected if any of the following were to occur:

- Property owner proves that the tax collector was at error to place a tax lien (We would regain our principal)
- Internal Revenue Service were to foreclose on the property during the redemption period (we would regain our principal)
- There were environmental issues with the property that made the property useless

#### **If we lose key personnel, our ability to pay the Promissory Note any is impaired.**

Our future operating results depend in significant part upon the continued service of our key senior management personnel, none of who is bound by an employment agreement. Our future operating results also depend in part upon our ability to attract and retain qualified management, technical, sales and support personnel for our operations. Competition for such personnel is intense. We cannot assure you that will be successful in attracting or retaining such personnel. The loss of any key employee, the failure of any key employee to perform in his or her current position or our inability to attract and retain skilled employees, as needed, could materially and adversely affect our results of operations, financial condition and cash flows.

#### **If we fail to comply with regulations, our ability to pay the Promissory Note may be impaired.**

Failure to materially comply with all laws and regulations applicable to us could materially and adversely affect our ability to operate our business and our ability to make payments on the Promissory Note. Our business is subject to numerous federal and state consumer protection laws and regulations, which, among other things:

- Require us to obtain and maintain certain licenses and qualifications;
- Limit the interest rates, fees and other charges we are allowed to charge;
- Require specific disclosure;
- Define our rights to repossess and sell collateral; and
- Require safeguards designed to protect the security and confidentiality of customer information.

We believe that we are in compliance in all material respects with all such laws and regulations, and those laws and regulations have had no material adverse effect on our ability to operate our business. However, we may be materially and adversely affected if we fail to comply with:

- Applicable laws and regulations;
- Change in existing laws or regulations;

- Changes in the interpretation of existing laws or regulations; or
- Any additional laws or regulations that may be enacted in the future.

**If we experience unfavorable litigation results, our ability to pay the Promissory Note may be impaired.**

Unfavorable outcomes in any of our current or future litigation proceedings could materially and adversely affect our results of operations, financial conditions and cash flows and our ability to make payments on the Promissory Note. As a lender, we are subject to various consumer claims and litigation seeking damages and statutory penalties based upon, among other things, disclosure in inaccuracies and wrongful repossession, which could take the form of a plaintiff's class action complaint. We, as the assignee of finance contracts originated by mortgage brokers, or us may also be named as a co-defendant in lawsuits filed by consumers principally against brokers. We are also subject to other litigation common to the commercial real estate industry and business in general. The damages and penalties claimed by consumers and others in these types of matters can be substantial. The relief requested by the plaintiffs varies but includes requests for compensatory, statutory and punitive damages.

While we intend to vigorously defend ourselves against such proceedings, there is a chance that our results of operations, financial condition and cash flows could be materially and adversely affected by unfavorable outcomes, which, in turn, could affect our ability to make interest payments on, or repay, the Promissory Note.

**If we experience problem with our accounting and collection systems, our ability to pay the Promissory Note may be impaired.**

Problem with our in-house loan accounting and collection systems could materially and adversely affect our collections and cash flows and our ability to make payments on the Promissory Note. Any significant failures or defects with our accounting and collection systems could adversely affect our results of operations, financial conditions and cash flows and our ability to perform our obligations under the Promissory Note.

### **FORWARD-LOOKING STATEMENTS**

This prospectus contains certain statements of a forward-looking nature relating to future events or our future. These forward-looking statements are based on our current expectations, assumptions, estimates and projections about our industry and us. When used in this prospectus, the word "expects," "believes," "anticipates," "estimates," "intends" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to, statements of our plans, strategies and prospects under the captions "Prospectus Summary," "Risk Factors," "Use of Proceeds," and other statements contained elsewhere in this prospectus.

These forward-looking statements are only predictions and are subject to risks and uncertainties that could cause actual events or results to differ materially from those projected. The cautionary statements made in this prospectus should be read as being applicable to all related forward – looking statements wherever they appear in this prospectus. We assume no obligation to update these forward-looking statements publicly for any reason. Actual results could differ materially from those anticipated in these forward – looking statements.

The risk factors discussed above could cause our actual results to differ materially from those expressed in any forward – looking statements.

## USE OF PROCEEDS

If all of the Debt Investments are sold with maturities of 36 months we would expect to receive approximately \$4,825,000 of net proceeds from this offering after deducting the selling agent commissions and estimated offering expenses payable by us. Although we have no specific plan to allocate the proceeds, the general purpose of the offering is to raise capital to purchase tax liens, tax deeds possible repayment of other Promissory Notes.

## CAPITALIZATION

The following table sets forth our capitalization, as of December 31st, 2010. For a description of the application of the net proceeds, assuming all of the Promissory Note are sold with maturities of two years or more, see “Use of Proceeds” and “Risk Factors- Risk Factors Relating to the Promissory Note- Our management has broad discretion over the use of proceeds from the offering.”

## DESCRIPTION OF THE PROMISSORY NOTE

**General.** The renewable secured senior Promissory Note we are offering will represent senior, secured debt obligations of FutureGen Company.

The Promissory Note will be senior in right of payment to the prior payment in full of all secured, secured, junior and subordinated debt, and other financial obligations, whether outstanding on the date of the indenture or incurred following the date of the indenture. Subject to limited restrictions contained in the indenture discussed below, there is no limit under the indenture on the amount of additional debt we may incur. See “-Subordination” below.

The Debt Investments are secured by collateral of property tax liens & deeds and we have not established or maintain a sinking fund to provide for payments on the Promissory Note. “-No Security; No Sinking Fund” below. In addition, the Promissory Note are not bank certificates of deposit and are not insured by the Federal Deposit Insurance Corporation the Securities Investor Protection Corporation or any other agency or company.

You may select the amount (subject to a minimum principal amount of \$50,000) and term of (36) thirty-six months of the Debt Investment you would like to purchase when you subscribe; depending upon our capital requirements, we may not always offer Promissory Note with the requested terms. See “\_Denomination” and – Term” below

We will determine the rates at which we will pay you interest on the Promissory Note at time of application and the rate will be fixed for the term of your note. Currently available rates will be set forth in interest rate supplements to this prospectus. The interest rate will vary based on the term to maturity of the note you purchase and the total principal amount of all Promissory Note owned by you and your immediate family. We may change the interest rates at which we are offering new or renewed Promissory Note based on market conditions, the demand for Promissory Note and other factors. See “-Interest Rates” below.

Upon acceptance of your application to purchase Promissory Note, our New Accounts Department will create will create an account in a book-entry registration and transfer system for you, and

credit the principal amount of your Promissory Note to your account. Our Investor Relations Department will send you a purchase confirmation that will indicate our acceptance of your application. You will have five business days from the deposit date of your purchase confirmation to rescind your purchase confirmation to rescind your Promissory Note. If your subscription is rejected by our Investor Relations Department, or if you rescind your subscription during the rescission period, all funds deposited will be promptly returned to you without any interest. See “\_Book-Entry Registration and Transfer” and “\_Rescission Rights” below. Investors whose subscriptions for Promissory Note have been accepted and anyone who subsequently acquires Promissory Note in a qualified transfer are referred to as “holders” or “registered holders” in this prospectus and in the indenture.

We may modify or supplement the terms of the Promissory Note described in this prospectus from time in a supplement to the indenture and a supplement to this prospectus. Except as set forth under “\_Amendment, Supplement And Waiver” below, any modification or amendment will not affect Promissory Note outstanding at the time of such modification or amendment.

**Denomination.** You may purchase Debt Investments in the minimum principal amount of \$50,000 or any amount in excess of \$50,000. You will determine the original principal amount of each note you subscribe. You may not cumulate purchases of multiple Promissory Notes with principal amounts less than \$50,000 to satisfy the minimum denomination requirement.

**Term.** We may offer Promissory Note with the following terms to maturity:

- Thirty Six Months

**Interest Rate.** The rate of interest we will offer to pay you on Promissory Note at any particular time will vary based upon market conditions, and will be determined by the length of the term of the Promissory Note, the total principal amount of all Promissory Note owned by and your immediate family, our capital requirements and other factors described below. The interest rate on a particular note will be determined at the time of application or renewal, and then remain fixed for the original or renewal term of the note. We will establish and may change the interest rates payable for Promissory Note of various terms and at various investment levels in an interest rate supplement to this prospectus.

The Promissory Note will earn incrementally higher interest rates when, at the time they are purchased or renewed, the aggregate principal amount of the note portfolios of the holder’s and immediate family is at least \$50,000, \$100,000, or \$250,000. The interest rates payable at each level of investment will be set forth in an interest rate supplement to this prospectus. Immediate family members include parents, children, siblings, grandparents, and grandchildren. Members of sibling families are also considered immediate family members if the holder’s sibling is also a note holder. An investor must identify his or her immediate family members in the subscription agreement in order to use their Promissory Note to determine the interest rate for such investor’s Promissory Note.

Interest rates we offer on the Promissory Note may vary based on numerous factors in addition to length of the term and aggregate principal amount. These factors may include, but are not limited to:

- The desire to attract new investors;
- Whether the Promissory Note exceed certain principal amounts;
- Whether the Promissory Note are being renewed by existing holders; and
- Whether persons residing in particular geographic localities beneficially own the Promissory Note.

**Computation of Interest.** We will compute interest on Promissory Note on the basis of a calendar year consisting of 360 days. Interest will compound quarterly and accrue from the date of purchase. The date of purchase will be the date we receive and accept funds if the funds are received prior to 12:01 p.m. eastern time on a business day, or the next business day if the funds are received on a non-business day or at after 12:01 p.m. eastern time business day. Our business days are Monday through Friday, except for legal holidays in the State of Delaware.

**Interest Payment Dates.** Holders of Promissory Note elect at the time an application agreement completed to have interest paid either at maturity or semi-annually, or annually.

**Place and Method of Payment.** We will pay principal and interest on the Promissory Note by direct deposit to the account you specify in your application documents or via check.

**Book-Entry Registration and Transfer.** The certificates of deposits are issued in book entry form, which means that no physical note is created. Evidence of your ownership is provided by written confirmation via a Debt Purchase Agreement. Except under limited circumstances described below, holders will not receive or be entitled to receive any physical delivery of a certificated security or negotiable instrument that evidences their Promissory Note. The issuance and transfer of Promissory Note will be accomplished exclusively through the crediting and debiting of the appropriate accounts in our book-entry registration and transfer system. Our servicing agent will maintain the book-entry system.

The holders of the accounts established upon the purchase or transfer of Promissory Note will be deemed to be the owners of the Promissory Note under the indenture. The holder of the Promissory Note must rely upon the procedures established by the trustee to exercise any rights of a holder of Promissory Note under the indenture. Our servicing agent will regularly provide the trustee with information regarding the establishment of new accounts and the transfer of existing accounts.

Our Investor Relations Department will also regularly provide the trustee with information regarding the total amount of any principal and/or interest due to holders with regard to the Promissory Note on any interest payment date or upon redemption.

On each interest payment date, the Investor Relations Department will credit interest due on each account and direct payments to the holders. The Investor Relations Department will determine the interest payments to be made to the book-entry accounts and maintain, supervise and review any records relating to book-entry beneficial interests in the Promissory Note.

Book-entry notations in the accounts evidencing ownership of the Promissory Note are exchangeable for actual Promissory Note in principal denominations of \$50,000 and any amount in excess of \$10,000 and fully registered in those names as we direct only if:

- We, at our option, advise the trustee in writing of our election to terminate the book-entry system, or
- After the occurrence of an event of default under the indenture, holders of more than 50% of the aggregate outstanding principal amount of the Promissory Note advise the trustee in writing that the continuation of a book-entry system is no longer in the best interests of the holders of Promissory Note and the trustee notifies all registered holders of the occurrence of any such event and the availability of certificated securities that evidence the Promissory Note.

Subject to the exceptions described above, the book-entry interests in these securities will not be exchangeable for fully registered certificated Promissory Note.

**Rescission Right.** A purchaser of Promissory Note has the right to rescind his or her investment, without penalty, upon written request to our servicing agent within five business days from the postmark date of the purchase confirmation (but not upon transfer or automatic renewal of a note). You will not earn interest on any rescinded note. We will promptly return any funds sent with a subscription agreement that is properly rescinded. A written request for rescission, if personally delivered or delivered via electronic transmission, must be received by our servicing agent on or prior to the fifth business day following the mailing of written confirmation by us of the acceptance of your subscription. If mailed, the written request for rescission must be postmarked on or before the fifth business day following the mailing of such written confirmation by us.

In addition, if your Promissory Note is accepted by our Investor Relations Department at a time when we have determined that a post-effective amendment to the registration statement of which this prospectus is a part must be effective, our servicing agent will send to you at your registered address a notice and a copy of the post-effective amendment once it has been declared effective. You will have the right to rescind your investment upon written request to our Investor Relations Department within five business days from the postmark date of the notice that the post-effective amendment has been declared effective. We will return any funds sent with Promissory Note that is properly rescinded without penalty, although any interest previously paid on the Promissory Note being rescinded will be deducted from the funds returned to you upon rescission. A written request for rescission, if personally delivered or delivered via electronic transmission, must be received by our Investor Relations Department on or prior to the fifth business day following the mailing of the notice that the post-effective amendment has been declared effective. If mailed, the written request for rescission must be postmarked on or before the fifth business day following the mailing of such notice.

The limitations on the amount of Promissory Note that can be redeemed early in a single calendar quarter described under “-Redemption or Repurchase Prior to Stated Maturity” below do not affect your rescission rights.

**Right to Reject Application.** Our New Accounts Department may reject any subscription for Promissory Note in its sole discretion. If a subscription for Promissory Note is rejected, we will promptly return any funds sent with that subscription, without interest.

**Renewal or Redemption on Maturity.** Approximately 60, but not less than 45 days prior to maturity of your note, our Investor Relations Department will send you a notice at your registered address indicating that your note is about to mature and whether we will allow automatic renewal of your note. If we allow you to renew your note, our Investor Relations Department will also send you a current interest rate supplement and, if the prospectus has changed since the delivery of this prospectus in connection with your original application or any prior renewal, a current prospectus or prospectus supplement. The interest rate supplement will set forth the interest rates then in effect. The notice will recommend that you review the prospectus and any prospectus supplement, along with the interest rate supplement, prior to exercising one of the below options. If we do not send you a new prospectus because the prospectus has not changed since the delivery of this prospectus in connection with your original subscription or any prior renewal, we will send you a new prospectus upon your request. Unless the election period is extended as described below, you will have until 30 days before the maturity date to exercise one of the following options:

- You can do nothing, in which case your note will automatically renew for a new term equal to the original term at the interest rate in effect at the time of renewal. If your note pays interest only at maturity, all accrued interest will be added to the principal amount of your note upon renewal. For Promissory Note with other payment

options, interest will be paid on the renewed note on the same schedule as the original note.

- You can elect repayment of your note, in which case the principal amount will be repaid in full along with any accrued but unpaid interest. If you choose this option, your note will not earn interest on or after the maturity date.
- You can elect repayment of your note and use all or part of the proceeds to purchase a new note with a different term or principal amount. To exercise this option, you will need to complete a subscription agreement for the new note and mail it along with your request to our servicing agent. The issue date of the new note will be the maturity date of the old note. Any proceeds from the old note that are not applied to the new note will be sent to you.
- If your note pays interest only at maturity, you can receive the accrued interest that you have earned during the note term just ended while allowing the principal amount of your note to roll over and renew for the same term at the interest rate than in effect. To exercise this option, you will need to call, fax or send written request to our servicing agent.

The foregoing options will be available to holders until termination or redemption under the indenture and the Promissory Note by either the holder or us. Interest will accrue from the first day of each renewed term. Each renewed note will retain all its original provisions, including provisions relating to payment, except that the interest rate payable during any renewal term will be the interest rate that is being offered at that time to other holders with similar aggregate note portfolios for Promissory Note of the same term as set forth in the interest rate supplement delivered with the maturity notice. If similar Promissory Note is not then being offered, the interest rate upon renewal will be the rate specified by us on or before the maturity date, or the rate of the existing note if no such rate is specified.

If we notify the holder of our intention to repay a note at maturity, we will pay the holder the principal amount and any accrued but unpaid interest on the stated maturity date. Similarly, if within 15 days after a note's stated maturity date (or during any applicable extension of the 15 day period, as described below), the holder requests repayment with respect to a note, we will pay the holder the principal amount of the note plus accrued but unpaid interest up to, but not including, the note's stated maturity date. In the event that a holder's regularly scheduled interest payment date falls after the maturity date of the note but before the date on which the holder requests repayment, the holder may receive interest payments that include interest for periods after the maturity date of the note. If this occurs, the excess interest will be deducted from our final payment of the principal amount of the note to the holder. We will initiate payment to any holder timely requesting repayment by the later of the maturity date or five business days after the date on which we receive such a notice from the holder. Because payment is made by ACH transfer, funds may not be received in the holder's account for 2 to 3 business days. Requests for repayment should be made to our servicing agent in writing.

We will be required from time to time to file post-effective amendments to the registration statement of which this prospectus is a part to update the information it contains. If you would otherwise be required to elect to have your Promissory Note renewed or repaid following their stated maturity at a time when we have determined that a post-effective amendment must be filed with the Securities and Exchange Commission, but such post-effective amendment has not yet been declared effective, the period during which you can elect renewal or repayment will be automatically extended until ten days following the postmark date of a notice that will be sent to you at your registered address by the servicing agent that the post-effective amendment has been declared effective. In the event that a holder's regularly scheduled interest payment date falls after the maturity date of the note but before the date on which the holder requests repayment, the holder may receive an interest payment that includes interest for periods after the maturity date of the note. If this occurs, the excess interest will be deducted from our final payment of the

principal amount of the note to the holder. All other provisions relating to the renewal or redemption of Promissory Note upon their stated maturity described above shall remain unchanged.

**Redemption or Repurchase Prior To Stated Maturity.** The Promissory Note may be redeemed prior to stated maturity only as set forth in the indenture and described below. The holder has no right to require us to prepay or repurchase any note prior to its maturity date as originally stated or as it may be extended, except as indicated in the indenture and described below.

*Redemption by Us.* We have the right to redeem any note at any time prior to its stated maturity upon 30 days written notice to the holder of the note. The holder of the note being redeemed will be paid a redemption price equal to the outstanding principal amount thereof plus but accrued and unpaid interest up to but not including the date of the redemption without any penalty or premium. We may use any criteria we choose to determine which Promissory Note we will redeem if we choose to do so. We are not required to redeem Promissory Note on a pro rata basis.

*Repurchase Election Upon Death Or Total Permanent Disability.* Promissory Note may be repurchased prior to maturity, in whole and not in part, at the election of the holder who is a natural person (including Promissory Note held in an individual retirement account), by giving us written notice within 45 days following the holder's total permanent disability, as established to our satisfaction, or at the election of the holder's estate, by giving written notice within 45 days following his or her death. Subject to the limitations described below, we will repurchase the Promissory Note within 10 days after the later to occur of the request for repurchase or the establishment to our satisfaction of the holder's death or total permanent disability. The repurchase price, in the event of such a death or total permanent disability, will be the principal amount of the Promissory Note, plus interest accrued and not previously paid up to but not including the date of repurchase. If spouses are joint registered holders of a note, the right to elect to have us repurchase will apply when either registered holder dies or suffers a total permanent disability. If two or more persons who are not legally married hold the note jointly, none of these persons will have the right to request that we repurchase the Promissory Note unless all joint holders have either died or suffered a total permanent disability. If a person who is not a natural person such as a trust holds the note, partnership, corporation or other similar entity, the right to request repurchases upon death or total permanent disability does not apply.

*Repurchase At Request Of Holder.* In addition to the right to elect repurchase upon death or total permanent disability, a holder may request that we repurchase one or more of the holders' Promissory Note prior to maturity, in whole and not in part, at any time by giving us written notice. Subject to approval, at our sole discretion, and the limitations described below, we will repurchase the holder's note(s) specified in the notice within 60 days of receipt of the notice. The repurchase price, in the event we elect to repurchase the Promissory Note, will be the principal amount of the note, plus interest accrued and not previously paid (up to but not including the date of repurchase), minus a repurchase penalty. The early repurchase penalty for a note with a five month maturity is the interest accrued on such note up to the date of repurchase, not to exceed zero months of simple interest at the existing rate. The early repurchase penalty for a note with a maturity of six months or longer is the interest accrued on such note up to the date of repurchase, not to exceed six months of simple interest at the existing rate. The penalty for early repurchase may be waived or reduced at the limited discretion of our servicing agent.

*Limitations on Requirements to Repurchase.* Our obligation to repurchase Promissory Note prior to maturity for any reason will be subject to a calendar quarter limit equal to the greater of \$1 million of aggregate principal amount for all holders or 2% of the total principal

amount of all Promissory Notes outstanding at the end of the previous calendar quarter. This limit includes any Promissory Note we repurchase upon death of total permanent disability of the holder and any Promissory Note that we repurchase pursuant to the holders' right to elect repurchase. Repurchase requests will be honored in the order in which they are received, to the extent possible, and any repurchase request not honored in a calendar quarter are also subject to the same calendar quarter limitation. For purposes of determining the order in which repurchase requests are received, a repurchase request will be deemed made on the later of the date on which it is received by us or, if applicable, the date on which the death or total permanent disability is established to our reasonable satisfaction.

*Modifications to Repurchase Policy.* We may modify the policies on repurchase in the future. No modification will affect the right of repurchase applicable to any note outstanding at the time of any such modification.

**Transfers.** The promissory notes are not negotiable debt instruments and, subject to certain exceptions, will be issued only in book-entry form. The purchase confirmation issued upon our acceptance of an application is not a certificated security or negotiable instrument, and no rights of record ownership can be transferred without our prior written consent. Ownership of Promissory Note may be transferred on the servicing agent's register only as follows:

- The holder must deliver written notice requesting a transfer to our servicing agent signed by the holder(s) or such holder's duly authorized representative on a form to be supplied by our Investor Relations Department.
- We must provide our written consent to the proposed transfer.
- Investor Relations Department may require a legal opinion from counsel satisfactory to the servicing agent that the proposed transfer will not violate any applicable securities laws.
- Investor Relations Department may require a signature guarantee in connection with such transfer.

Upon transfer of a note, our servicing agent will provide the new holder of the note with a purchase confirmation that will evidence the transfer of the account on our servicing agent's records. Our servicing agent or we may charge a reasonable service charge in connection with the transfer of any note.

**Semi-Annual Statements.** Our Investor Relations Department will provide holders of the Promissory Note with semi-annual statements, which will indicate, among other things, our financial condition via Financial Statements. These statements will be mailed not later than the 20<sup>th</sup> business day following the end of each calendar half year, ending June and December and in the event the online system is not working or you choose not to use an online account.

**Online Account.** Every account holder will have access to their account information online, which will reflect their current account balance, rate of interest, email to link to his or her Account Manager. This information is updated on a monthly basis.

**Senior Position of Principal.** The indebtedness evidenced by the Promissory Note, is senior in right of payment to all of our junior debt, including indebtedness held by our subsidiaries that are special purpose entities

The indenture does not prevent holders of senior debt from disposing of, or exercising any other rights with respect to, any or all of the collateral securing the senior debt.

Except for certain limited restrictions, the terms of the Promissory Note or the indenture do not impose any limitation on the amount of senior debt or other indebtedness we may incur, although our existing senior debt agreements may restrict us from incurring new senior debt. See “Risk Factors – Risk Factors Relating to the Promissory Note – Because the Promissory Note rank junior to substantially all of our existing and future debt and other financial obligations, your Promissory Note will lack priority in payment.”

The Promissory Note is not guaranteed by any of our subsidiaries, affiliates or control persons. Accordingly, in the event of a liquidation or dissolution of one of our subsidiaries, creditors of that subsidiary will be paid in full, or provision for such payment will be made, from the assets of that subsidiary prior to distributing any remaining assets to us as a shareholder of that subsidiary. Therefore, in the event of liquidation or dissolution of a subsidiary, no assets of that subsidiary may be used to make payment to the holders of the Promissory Note until the creditors of that subsidiary are paid in full from the assets of that subsidiary.

In the event of any liquidation, dissolution or any other winding up of us, or of any receivership, insolvency, bankruptcy, readjustment, reorganization or similar proceeding under the U.S. Bankruptcy Code or any other applicable federal or state law relating to bankruptcy or insolvency, or during the continuation of any event of default on the senior debt, no payment may be made on the Promissory Note until all senior debt has been paid in full or provision for such payment has been made to the satisfaction of the senior debt holders. If any of the above events occurs, holders of senior debt may also submit claims on behalf of holders of the Promissory Note and retain the proceeds for their own benefit until they have been fully paid, and any excess will be turned over to the holders of the Promissory Note. If distribution is nonetheless made to holders of the Promissory Note, the money or property distributed to them must be paid over to the holders of the senior debt to the extent necessary to pay senior debt in full.

**No Sinking Fund.** The certificates of deposits are secured. But we will not contribute funds to any separate account, commonly known as a sinking fund, to repay principal or interest due on the Promissory Note upon maturity or default. See “Risk Factors – Risk Factor Relating to the Promissory Note – Because the Promissory Note will have no sinking fund, security, insurance or guarantee, you may lose all or a part of your investment in the Promissory Note if we do not have enough cash to pay the Promissory Note.”

**Restrictive Covenants.** The indenture contains certain limited restricted covenants that require us to maintain certain financial standards and restrict us from certain actions as set forth below.

The indenture provides that, so long as the Promissory Note is outstanding:

- We will maintain a positive net worth, which includes stockholder’s equity and any of our debt that is subordinate to the Promissory Note; and
- We will not declare or pay any dividends or other payments of cash or other property solely in respect of our capital stock to our stockholders (other than a dividend paid in shares of our capital stock on a pro rata basis to all our stockholders) unless no default and no event of default with respect to the Promissory Note exists or would exist immediately following the declaration or payment of the dividend of other payment.

See “Risk Factors – Risk Factors Relating to the Promissory Note – Because there are limited restrictions on our activities under the Indenture, you will have only limited protection under the indenture.”

**Consolidation, Merger or Sale.** The indenture generally permits a consolidation or merger between us and another entity. It also permits the sale or transfer by us of all or substantially all of our property and assets. These transactions are permitted if:

- The resulting or acquiring entity, if other than us, is a United States corporation, limited liability company or limited partnership and assumes all of our responsibilities and liabilities under the indenture, including the payment of all amounts due on the Promissory Note and performance of the covenants in the indenture; and
- Immediately after the transaction, and giving effect to the transaction, no event of default under the indenture exists.

If we consolidate or merge with or into any other entity or sell or lease all or substantially all of our assets, according to the terms and conditions of the indenture, the resulting or acquiring entity will be substituted for us in the indenture with the same effect as if it had been an original party to the indenture. As a result, the successor entity may exercise our rights and powers under the indenture, in our name and we will be released from all our liabilities and obligations under the indenture and under the Promissory Note.

**Event of Default.** The indenture provides that each of the following constitutes an event of default:

- Failure to pay interest on a note within 15 days after the due date for such payment (whether or not prohibited by the subordination provisions of the indenture);
- Failure to pay principal on a note within 15 days after the due date for such payment (whether or not prohibited by the subordination provisions of the indenture);
- Our failure to observe or perform any material covenant, condition or agreement or our breach of any material representation or warranty, but only after we have been given notice of such failure or breach and such failure or breach is not cured within 60 days after our receipt of notice;
- Defaults in certain of our other payment obligations that result in such payment obligations becoming or being declared immediately due and payable and such declaration is not rescinded or annulled within 60 days after our receipt of notice of such declaration; and
- Certain events of bankruptcy or insolvency with respect to us.

If any event of default occurs and is continuing (other than an event of default involving certain events of bankruptcy or insolvency with respect to us), the trustee or the holders of at least a majority in principal amount of the then outstanding Promissory Note may by notice to us declare the unpaid principal of and any accrued interest on the Promissory Note to be due and payable immediately. So long as any senior debt is outstanding, however, and a payment blockage on the Promissory Note is in effect, a declaration of this kind will not be effective, and neither the trustee nor the holders of Promissory Note may enforce the indenture or the Promissory Note, except as otherwise set forth above in “-Subordination”. In the event senior debt is outstanding and no payment blockage on the Promissory Note is in effect, a declaration of this kind will not become effective until the later of:

- The day which is five business days after the receipt by us and the holders of senior debt of such written notice of acceleration; or
- The date of acceleration of any senior debt.

In the case of an event of default arising from certain events of bankruptcy or insolvency, with respect to us, all outstanding Promissory Notes will become due and payable without further action or notice.

Holders of the Promissory Note may not enforce the indenture or the Promissory Note except as provided in the indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding Promissory Note may direct the trustee in its exercise of any trust power. The trustee may withhold from holders of the Promissory Note notice of any continuing default or event of default (except a default or event of default relating to the payment of principal or interest on the Promissory Note) if the trustee in good faith determines that withholding notice would have no material adverse effect on the holders.

The holders of a majority in aggregate principal amount of the Promissory Note then outstanding by notice to the trustee may, on behalf of the holders of all of the Promissory Note, waive any existing default or event of default and its consequences under the indenture, except:

- A continuing default or event of default in the payment of interest on, or the principal of, a note held by a non-consenting holder; or
- A waiver that would conflict with any judgment or decree.

We are required to deliver to the trustee within 120 days of the end of our fiscal year a certificate regarding compliance with the indenture, and we are required, upon becoming aware of any default or event of default, to deliver to the trustee a certificate specifying such default or event of default and what action we are taking or purpose to take with respect to the default or event of default.

**Amendment, Supplement and Waiver.** Except as provided in this prospectus or the indenture, the terms of the indenture or the Promissory Note then outstanding may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the Promissory Note then outstanding, and any existing default or compliance with any provision of the indenture or the Promissory Note may be waived with the consent of the holders of a majority in principal amount of the then outstanding Promissory Note.

Notwithstanding the foregoing, an amendment or waiver will not be effective with respect to the Promissory Note held by a holder who has not consented if it has any of the following consequences:

- Reduces the aggregate principal amount of Promissory Note whose holders must consent to an amendment, supplement or waiver;
- Reduces the principal of or changes the fixed maturity of any note or alters the repurchase or redemption provisions or the price at which we shall offer to repurchase or redeem the note;
- Reduces the rate of or changes the time for payment of interest, including default interest, on any note;
- Waives a default or event of default in the payment of principal or interest on the Promissory Note, except a rescission of acceleration of the Promissory Note by the holders of at least a majority in aggregate principal amount of the then outstanding Promissory Note and a waiver of the payment default that resulted from such acceleration;
- Makes any note payable in money other than that stated in this prospectus;
- Makes any change in the provisions of the indenture relating to waivers of past defaults or the rights of holders of Promissory Note to receive payments of principal of or interest on the Promissory Note;
- makes any change to the subordination provisions of the indenture that has a material adverse effect on holders of Promissory Note;
- modifies or eliminates the right of the estate of a holder or a holder to cause us to repurchase a note upon the death or total permanent disability of a holder; or
- makes any change in the foregoing amendment and waiver provisions.

Notwithstanding the foregoing, without the consent of any holder of the Promissory Note, the trustee and we may amend or supplement the indenture or the Promissory Note:

- to cure any ambiguity, defect or inconsistency;
- to provide for assumption of our obligations to holders of the Promissory Note in the case of a merger, consolidation or sale of all or substantially all of our assets;
- to provide for additional uncertificated or certificated Promissory Note;
- to make any change that does not adversely affect the legal rights under the indenture of any such holder, including but not limited to an increase in the aggregate dollar amount of Promissory Note which may be outstanding under the indenture;
- to modify our policy regarding purchases elected by a holder of Promissory Note prior to maturity and our policy regarding repurchase of the Promissory Note prior to maturity upon the death or total permanent disability of any holder of the Promissory Note, but such modifications shall not materially adversely affect any then outstanding Promissory Note; or
- to comply with requirements of the SEC in order to effect or maintain the qualification of the indenture under the Trust Indenture Act.

**No Personal Liability of Our of Our Servicing Agent’s Directors, Officers, Employees and Stockholders.** No director, officer, employee, incorporator or stockholder of ours or our servicing agent, will have any liability for any of our obligations under the Promissory Note, the indenture or for any claim based on, in respect to, or by reason of, these obligations or their creation. Each holder of the Promissory Note waives and releases these persons from any liability, including any liability arising under applicable securities laws. The waiver and release are part of the consideration for issuance of the Promissory Note. We have been advised that the waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

**Service Charges.** Our servicing agent and we may access service charges for changing the registration of any note to reflect a change in name of the holder, multiple changes in interest payment dates or transfers (whether by operation of law or otherwise) of a note by the holder to another person.

**Additional Securities.** We may offer additional classes of securities with terms and conditions different from the Promissory Note currently being offered in this prospectus. We will amend or supplement this prospectus if and when we decide to offer to the public any additional class of security under this prospectus. If we sell the entire principal amount of Promissory Note offered in this prospectus, we may register and sell additional Promissory Note by amending this prospectus, but we are under no obligation to do so.

**Variations by State.** We may offer different securities and vary the terms and conditions of the offer (including, but not limited to, different interest rates and service charges for all Promissory Note) depending upon the state where the purchaser resides.

**Interest Withholding.** We will withhold 28% (which rate is scheduled to increase to 31% for payments made after December 31, 2010) of any interest paid to any U.S. or U.S. Resident investor who has not provided us with a social security number, employer identification number, taxpayer identification number or other satisfactory equivalent in the subscription agreement (or another document) or where the Internal Revenue Service has notified us that backup withholding is otherwise required. Please read “Material Federal Income Tax Consequences – Reporting and Backup Withholding.”

**Liquidity.** There is not currently a trading market for the Promissory Note, and we do not expect that a trading market for the Promissory Note will develop.

**Satisfaction and Discharge of Indenture.** The indenture shall cease to be of further effect upon the payment in full of all of the outstanding Promissory Note and the delivery of an officer's certificate to the trustee stating that we do not intend to issue additional Promissory Note under the indenture or, with certain limitations, upon deposit with the trustee of funds sufficient for the payment in full of all of the outstanding Promissory Note.

**Reports.** We currently publish annual reports containing financial statements and quarterly reports containing financial information for the first three quarters of each fiscal year. We will send copies of these reports, at no charge, to any holder of Promissory Note who sends a written request to:

FGC Tax Lien Fund #2  
c/o FutureGen Capital  
1250 Connecticut Ave NW, Suite 200  
Washington DC 20036  
Attention: Accounting

#### **MATERIAL FEDERAL INCOME TAX CONSEQUENCES**

The following discussion is our counsel's opinion of the material federal income tax consequences relating to the ownership and disposition of the Promissory Note. The discussion is based upon the current provisions of the Internal Revenue Code of 1986, as amended, regulations issued under the Internal Revenue Code and judicial or ruling authority, all of which are subject to change that may be applied retroactively. The discussion assumes that the Promissory Note are held as capital assets and does not subject to special rules such as banks, tax-exempt organizations, insurance companies, dealers in securities or currencies, persons that will hold Promissory Note as a position in a hedging, straddle or conversion transactions, or persons that have a functional currency other than the U. S. dollar. If a partnership holds Promissory Note, the tax treatment of a partner will generally depend on the status of the partner and on the activities of the partnership. In addition, it does not deal with holders other than original purchasers. You are urged to consult your own tax advisor to determine the specific federal, state, local and any other tax consequences applicable to you relating to your ownership and disposition of the Promissory Note.

#### **Interest Income on the Promissory Note**

Subject to the discussion below applicable to "non-U.S. holders," interest paid on the Promissory Note will generally be taxable to you as ordinary income as the income is paid if you are a cash method taxpayer or as the income accrues if you are an accrual method taxpayer.

However, a note with a term of one year or less, which we refer to in this discussion as a "short-term note," will be treated as having been issued with original issue discount or "OID" for tax purposes equal to the total payments on the note over its issue price. If you are a cash method holder of a short-term note you are not required to include this OID as income currently unless you elect to do so. Cash method holders who make that election and accrual method holders of short-term Promissory Note are generally required to recognize the OID in income currently as it accrues on a straight-line basis unless the holder elects to accrue the OID under a constant yield method. Under a constant yield method, you

generally would be required to include in income increasingly greater amounts of OID in successive accrual periods.

Cash method holders of short-term Promissory Note who do not include OID in income currently will generally be taxed on stated interest at the time it is received and will treat any gain realized on the disposition of a short-term note as ordinary income to the extent of the accrued OID generally reduced by any prior payments of interest. In addition, these cash method holders will be required to defer deductions for certain interest paid on indebtedness related to purchasing or carrying the short-term Promissory Note until the OID is included in the holder's income.

There are also some situations in which a cash basis holder of a note having a term of more than one year may have taxable interest income with respect to a note before any cash payment is received with respect to the note. If you report income on the cash method and you hold a note with a term longer than one year that pays interest only at maturity, you generally will be required to include OID accrued during the original term (without regard to renewals) as ordinary gross income as the OID accrues. OID accrues under a constant yield method, as described above.

### **Treatment of Dispositions of Promissory Note**

Upon the sale, exchange, retirement or other taxable disposition of a note, you will recognize gain or loss in an amount equal to the difference between the amount realized on the disposition and your adjusted tax basis in the note. Your adjusted tax basis of a note generally will equal your original cost for the note, increased by any accrued but unpaid interest (including OID) you previously included in income with respect to the note and reduced by any principal payments you previously received with respect to the note. Any gain or loss will be capital gain or loss, except for gain representing accrued interest not previously included in your income. This capital gain or loss will be long-term or short-term capital gain or loss, depending on whether the note had been held for more than one year or for one year or less.

### **Non-U.S. Holders**

Generally, if you are a nonresident alien individual or a non-U.S. corporation and do not hold the note in connection with a United States trade or business, interest paid and OID accrued on the Promissory Note will be treated as "portfolio interest" and therefore will be exempt from a 30% United States withholding tax. In that case, you will be entitled to receive interest payments on the Debt Investment free of United States federal income tax provided that you periodically provide a statement on applicable IRS forms certifying under penalty of perjury that you are not a United States person and provide your name and address. In addition, in that case you will not be subject to United States federal income tax on gain from the disposition of a note unless you are an individual who is present in the United States for 183 days or more during the taxable year in which the disposition takes place and certain other requirements are met. Interest paid and accrued OID paid to a non-U.S. person are not subject to withholding if they effectively connected with a United States trade or business conducted by that person and we are provided a properly executed IRS Form W-8ECI. Those non-U.S. persons will, however, generally be subject to the regular United States income tax.

### **Reporting and Back Withholding**

We will report annually to the Internal Revenue Service and to holders of record that are not accepted from the reporting requirements any information that may be required with respect to interest or OID on the Promissory Note.

Under certain circumstances, as a holder of a note, you may be subject to “backup withholding” at a 28% rate. After December 31, 2010, the backup-withholding rate is scheduled to increase to 31%. Backup withholding may apply to you if you are a United States person and, among other circumstances, you fail to furnish on IRS Form W-9 or a substitute Form W-9 your Social Security number or other taxpayer identification number to us with the statement necessary to establish an exemption from federal income and withholding tax on interest on the note. Backup withholding, however, does not apply to payments on a note made to certain exempt recipients, such as corporations and tax-exempt organizations, and to certain non-U.S. persons. Backup withholding is not an additional tax and may be refunded or credited against your United States federal income tax liability, provided that you furnish certain required information.

This federal tax discussion is included for general information only and may not be applicable depending upon your particular situation. You are urged to consult your own tax advisor with respect to the specific tax consequences to you of the ownership and disposition of the Promissory Note, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in federal or other tax laws.

### **LITIGATION**

The Company is not a party, nor is its property subject, to any pending legal proceedings. To the knowledge of the Company, no legal proceedings are contemplated or threatened against the company.

### **INDEMNIFICATION**

The Company's Certificate of Formation, By-Laws and other contracts provide for indemnification of its officers, directors, agents, fiduciaries and employees. These provisions allow the Company to pay for the expenses of these persons in connection with legal proceedings brought because of the person's position with the Company, if the person is not ultimately adjudged liable to the Company for misconduct in the action. Generally, no indemnification may be made where the person has been determined to have intentionally, fraudulently or knowingly violated the law.

### **LEGAL**

The Company has obtained an opinion of Spiegel & Utrera, P.A., to the effect that the Company has been duly formed and legally exists under the laws of the State of Delaware and that the notes when issued will be fully paid and non-assessable.

### **EXPERTS**

The Company has prepared the unaudited financial statements of the Company, as of December 31st, 2010, included in this offering memorandum.

The Company can give no assurance that, upon statements by an independent Certified Public Accounting firm, other adjustments will not be necessary to properly reflect the Company's financial situation under generally accepted accounting principles. The Company is considered a development stage company, and as such, special accounting rules are applicable. The company has retained Kositzka, Wicks and Company, 5500 Cherokee Ave, Suite 400, Alexandria, VA 22312 as our CPA firm, they will be preparing compilations every six months and tax returns on an annual basis.

## ADDITIONAL INFORMATION

We have agreed to make available to each prospective Investor, prior to the sale of any security, the opportunity to ask questions of, and receive answers from officers concerning the terms and conditions of the offering and to obtain any additional information, to the extent we possess such information or can acquire it without unreasonable effort or expense, which may be necessary to verify the accuracy of the information set forth herein. You may be required to sign a confidentiality agreement if you wish to receive additional information that we deem proprietary. Prospective investors and their advisors are encouraged to contact Lawrence Schmidt, President, for any additional information or questions. He can be contacted at:

FutureGen Company dba FutureGen Capital  
1250 Connecticut Ave NW, Suite 200  
Washington, DC 20036  
888.391.1525 Ext 130 Fax 888.391.3904

E-mail: [lschmidt@futuregenco.com](mailto:lschmidt@futuregenco.com)

Our Web site can be found at – [www.futuregenco.com](http://www.futuregenco.com)

## GLOSSARY

**ASSET-BACKED SECURITIES** – Securities that are backed by financial assets, such as real estate, tax liens, tax deeds.

**Credit enhancement** – Credit enhancement refers to a mechanism is intended to protect the holder of the asset-backed securities against losses due to default by the obligors under the contracts.

**Excess spread cash flows** – The difference between the cash collected from contracts in a securitization or warehouse credit facility in any period and the sum of (i) the interest and principal paid to interest and principal paid to investors on the indebtedness issued in connection with the securitization or warehouse credit facility, (ii) the costs of servicing the contracts and (iii) certain other costs incurred in connection with completing and maintaining the securitization or warehousing.

**Over collateralization** - With respect to a securitization or warehouse credit facility, the excess of (a) the aggregate principal balance of the securitized or warehoused pool of motor vehicle contracts over (b) the aggregate outstanding principal amount of the related indebtedness.

**Securitization or securitized** – The process through which contracts and other receivables are accumulated or pooled and sold to a trust which issues securities representing interest in the trust to investors.

**Servicing portfolio** – All of the mortgage contracts that we own and that we sold in securitizations and into our warehouse credit facilities and service in connection with the securitizations and, in each case, continue to service.

**Special purpose entities** – Our subsidiaries that were formed for the specific purpose of securitizing our mortgage receivables and facilitating our warehouse, residual and other financing facilities.

**Spread account** – An account required by the credit enhancer of a securitization or warehouse credit facility in order to protect the credit enhance against credit losses. Generally, excess spread cash flow from the pool of contracts is credit to the account and retained until the account balance reaches a set maximum balance. If the maximum balance set forth under the terms of a particular securitization or warehouse credit facility is attained, the excess spread cash flows and any surplus in the spread account are returned to us, our residual lenders or purchaser of a residual interest, as the case may be. The maximum balance in a particular securitization or warehouse credit facility. Any remaining spread account balance is released to us, our residual lenders or the purchaser of a residual interest, as the case may be, upon termination of the securitization or warehouse credit facility.

**Warehousing** - A method in which contracts are financed by financial institutions on a short-term basis. In a warehousing arrangement, which we also refer to as a "warehouse credit facility", contracts are accumulated or pooled on a daily or less frequent basis and assigned or pledged as collateral for short-term borrowings until they are financed in a securitization

**Exhibit A**

**Financial Information on Parent Company**

December 31, 2011

Actual

**ASSETS**

**Current Assets**

Cash On Hand	\$ 309,872
Other Current Assets	\$ 367,901
Property and Equipment	\$ 36,728
Goodwill	\$ 156,217
Deposits	\$ 2,900
Long Term Assets	<u>\$ 4,181,007</u>
Total Assets	\$ 5,054,625

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**Liabilities**

Accounts payable and accrued expenses	\$ 23,862
Promissory Note payable	\$ 562,835
Securitization trust debt	\$ -0-
Senior secured debt, related party	\$ <u>4,000,000</u>
Subordinated debt and renewable Promissory Note	\$ 4,586,697

**Shareholders' Equity**

Partner's Capital Account	<u>\$ 467,928</u>
Total capitalization	\$ 5,054,625

**Exhibit B**

**SUBSCRIPTION DOCUMENT PACKAGE**

1. Subscription Agreement
2. Confidential Investor Questionnaire for Individuals

**SUBSCRIPTION AGREEMENT  
PRIVATE PLACEMENT OF NOTES**

FGC Tax Lien Fund # 2  
1250 Connecticut Ave NW, Suite 200  
Washington, DC 20036

The Company will issue up to \$5,000,000 aggregate principal amount of Notes. The Notes are due (forty-two) 42 months from the date of issuance, however, the Company, at its option, may extend the maturity date for additional 12 months. The principal amount will be paid at maturity, unless earlier redeemed, and interest will be accrued and paid semi-annual or at end of term. Semi-Annual payments will be January 10<sup>th</sup> and July 10<sup>th</sup> commencing the first period after issuance, until maturity at the rate of \_\_\_\_% (\_\_\_\_ percent) per annum, (see rates at Exhibit C)

This Subscription Agreement (this “*Agreement*”) has been executed by the undersigned in connection with the purchase of the Notes (“Notes” or “Securities”) of FutureGen Company a Delaware Company (the “*Company*”). The undersigned (sometimes herein referred to as the “*Investor*”) hereby represents and warrants to, and agrees with, the Company as follows:

**1. Agreement to Subscribe; Payment; Subscription Irrevocable**

The undersigned hereby subscribes to purchase \_\_\_\_ Note(s) in the Company in a subscription amount of \$50,000. Each Note is priced at \$50,000 per Note or greater. The Company may, in its discretion, accept subscriptions from investors of fractional Notes in \$10,000 increments. The undersigned understands that, except as expressly provided herein, this Agreement, upon its execution and delivery, constitutes an enforceable agreement between the undersigned and the Company and those parties are subject to the terms and conditions of this Agreement.

The Undersigned Understands That This Investment In The Company Is Illiquid And Involves A High Degree Of Speculative Risk.

**2. Qualifications of Investor**

(a) Accredited Investor Status. The undersigned hereby represents and warrants to the Company that the Investor is an accredited investor inasmuch as the Investor is:

(Please check all applicable descriptions)

- ( ) A bank or saving and loan association, as defined in the Securities Act, whether acting in its individual or fiduciary capacity.

- ( ) A broker or dealer registered pursuant to the Securities Exchange Act of 1934.
- ( ) An insurance company, as defined in the Securities Act, as amended.
- ( ) An investment company registered under the Investment Company Act of 1940.
- ( ) A business development company, as defined in the Investment Company Act of 1940.
- ( ) A Small Business Investment Company licensed by the U.S. Small Business Administration.
- ( ) A plan established and maintained by a state, its political subdivisions, or an agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such a plan has total assets in excess of \$5,000,000.
- ( ) An employee benefit plan within the meaning of Title I of the Employment Retirement Income Security Act of 1974 (ERISA), of the investment decision with respect to this investment decision is made by a plan fiduciary, as defined in ERISA, which is either a bank, insurance company, or registered investment advisor, if the employee benefit plan has total assets in excess of \$5,000,000.
- ( ) A private business development company, as defined in the Investment Advisors Act of 1940.
- ( ) A tax exempt organization defined in Section 501(c)(3) of the Internal Revenue Code, or a corporation, or similar business trust, or partnership, not formed for the specific purpose of acquiring the Securities, with total assets in excess of \$5,000,000.
- ( ) A director or executive officer of the Company.
- ( ) A natural person whose individual net worth (or joint net worth with that person's spouse) exceeds \$1,000,000.
- ( ) A natural person who had an individual income in excess of \$200,000 in each of the two most recent years and who reasonably expects an income in excess of \$200,000 in the current year.
- ( ) A trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 505(b)(2)(ii) under the Securities Act.
- ( ) An entity all the equity owners of which may respond affirmatively to any of the preceding paragraphs.
- ( ) None of the above.

(b) Sophisticated Investor Status. The undersigned hereby represents and warrants to the Company that:

(Please check if applicable)

( ) Alone, or with his purchaser representative, if any, the Investor has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of this transaction and of an investment in the Company as provided for in the Memorandum.

(c) Investor Suitability; Illiquidity; Ability to Bear Complete Loss of Investment. The Investor has a net worth of at least \_\_\_\_\_ (exclusive of home, furnishings and automobiles), or during the past taxable year the Investor had, and during the present taxable year the Investor will have, an annual gross income of at least \_\_\_\_\_ and a net worth of at least \_\_\_\_\_ (exclusive of home, furnishings and automobiles).

( ) The overall commitment of the undersigned to securities which are not readily marketable is not disproportionate to the Investor's net worth, and his investment in the Securities will not cause his overall commitment to become excessive.

( ) The undersigned has adequate means of providing for his current needs and personal contingencies, has no need for liquidity in his investment in the Securities, and can sustain a complete loss of his investment in the Securities.

(d) Entity Investors. If the undersigned is other than a natural person, the undersigned represents and warrants that:

i) The undersigned has not been formed, reformed or recapitalized for the specific purpose of purchasing the Securities;

ii) The undersigned has been duly formed and is validly existing in good standing under the laws of the jurisdiction of its formation, with full power and authority to enter into the transaction contemplated by this Agreement; and

iii) This Agreement has been duly and validly authorized, executed, and delivered by the undersigned and when executed and delivered by the Company, will constitute the valid, binding and enforceable agreement of the undersigned.

### 3. **Access to Information; Independent Investigation**

(a) Private Placement Memorandum. The undersigned has received a Private Placement Memorandum, but has made an independent investigation of the company, its management, its business plan and other related investment information it deems appropriate.

(b) Independent Investigation; Access. The undersigned, in making the decision to purchase the Securities subscribed for, has relied upon independent investigations made by him and his purchaser representatives (if any), and the undersigned and such representatives (if any) have, prior to any sale to him, been given access and the opportunity to examine all material books and records of the Company, all material contracts and documents relating to this offering and an opportunity to ask questions of, and to receive answers from, the Company or any persons acting on its behalf concerning the terms and conditions of this offering and to obtain any additional information to the extent the Company possesses such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information provided to Investor or Investor's representative.

The undersigned and the undersigned's advisors, if any, have been furnished with all materials relating to the business, finances and operation of the Company and materials relating to the offer and sale

of the Securities. The undersigned and the undersigned's advisors, if any, have received complete and satisfactory answers to any such inquiry.

(c) Adequacy of Investigation. The undersigned acknowledges that the undersigned is subscribing for the Securities after what the undersigned deems to be adequate investigation of the business, finances and prospects of the Company by the undersigned and the undersigned's advisors, if any.

(d) No Governmental Recommendation for Approval. The undersigned understands that no federal, state or other United States agency has made any recommendations or endorsement of the Securities.

#### 4. **Investment Representations**

(a) Securities Not Registered; Indefinite Holding. The Undersigned has been advised by the Company, and understands, that the undersigned must bear the economic risk of an investment in the Securities for an indefinite period of time because the Securities have not been registered under the Securities Act of 1933, as amended (the "*Securities Act*"), and the Company is under no obligation to register the Securities. Therefore, the Securities must be held by the undersigned unless they are subsequently registered under the Securities Act or an exemption from such registration is available for the transfer of the Securities.

(b) Purchase for Own Account. The undersigned represents that the Securities are being acquired solely for the undersigned's own account for investment and not with a view toward, or for the resale in connection with, any "distribution" (as that term is used in the Securities Act and the Rules and Regulations there under) of all or any portion thereof.

(c) No Disposition of Securities without Securities Law Compliance. The undersigned agrees not to subdivide the Securities or to offer, sell, pledge, hypothecate or otherwise transfer or dispose of any of the Securities in the absence of an effective registration statement under the Securities Act covering such disposition, or an opinion of counsel, satisfactory to the Company and its counsel, to the effect that registration under the Securities Act is not required in respect of such transfer or disposition.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT, OR AN AVAILABLE EXEMPTION UNDER FEDERAL AND, OR STATE SECURITIES LAWS.

(d) "Private Offering" Exemption; Reliance on Representations. The undersigned further understands that the Securities sold in this offering are sold without registration under the Securities Act of 1933 in reliance on a "private offering" exemption.

The undersigned further understand that other investors are making their investment in reliance on the representations, warranties, statements and agreements contained herein (as the undersigned is making this investment in reliance on theirs) and the undersigned invites both the Company and other investors so to rely.

#### 5. **Indemnification**

The undersigned agrees to indemnify and hold the Company, its officers, directors and stockholders or any other person who may be deemed to control the Company harmless from any loss, liability, claim, damage or expense, arising out of the inaccuracy of any of the above representations, warranties or

statements or the breach of any of the agreements contained herein, and this indemnification shall survive the purchase and sale of the Securities subscribed for herein.

**6. Closing Date**

The date of the closing of the sale if the Notes (the “*Closing Date*”) shall be the date specified in the Private placement Memorandum. The Closing shall take place at the offices of the Company, or at such other place as may be designated by the Company in the above notice and shall be at such time specified in such notice.

**7. Conditions of the Company’s Obligation to Sell**

Investor understands that the Company’s obligation to sell the Notes is conditioned upon:

- (a) the receipt and acceptance by the Company of a satisfactory Subscription Agreement; and
- (b) the offering not being sooner terminated by the Company pursuant to Section 9 hereof.

**8. Conditions to Investor’s Obligation to Purchase**

Investor’s obligation to purchase the Notes in accordance with the terms of this Subscription Agreement is unconditional.

**9. Termination of the Offering**

Investor acknowledges that the offering of the Notes can be terminated at any time by the Company prior to the Closing regardless of whether this Subscription Agreement had theretofore been accepted by the Company. In the event of such termination, the Promissory Note shall remain in full force and effect in accordance with its terms.

**10. Governing Law**

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware.

**IN WITNESS WHEREOF**, this Subscription Agreement was duly executed on the \_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

SIGNATURE: \_\_\_\_\_

PRINTED NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

TAX IDENTIFICATION NUMBER: \_\_\_\_\_

BUSINESS ADDRESS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

RESIDENCE ADDRESS: \_\_\_\_\_



(Describe)  
B. state or jurisdiction of organization:

**FGC Tax Lien Fund #2**

**CONFIDENTIAL PURCHASER QUESTIONNAIRE FOR INDIVIDUALS**

**Purpose of this Questionnaire**

Certain securities (the “Securities”) of **FGC Tax Lien Fund #2** (the “Company”), are being offered for sale to certain qualified investors without registration under the Securities Act of 1933, as amended (the “Act”) in reliance on the private offering exemptions contained in Sections 3(b), 4(2) and/or 4(6) of the Act, and in Regulation D of the General Rules and Regulations under the Act (“Regulation D”). The Company must determine that an individual meets certain suitability requirements before offering or selling Securities to such individual. This Questionnaire does not constitute an offer to sell or a solicitation of an offer to buy Securities or any other security of the Company.

THE COMPANY WILL NOT DISCUSS THE OFFER OR RESALE OF ANY SECURITIES TO ANY INVESTOR WHO HAS NOT DULY COMPLETED A CONFIDENTIAL PURCHASER QUESTIONNAIRE, OR BASED UPON THE INFORMATION SET FORTH THEREIN THE COMPANY HAS CONCLUDED THAT THE INDIVIDUAL IS NOT AN “ACCREDITED INVESTOR.”

**Instructions**

One (1) copy of this Questionnaire should be completed, signed, dated and delivered to

FutureGen Company – 125 Town Park Drive, Suite 300, Kennesaw, GA 30144  
888.391.1525, Fax 888.391.3904 , [www.futuregenco.com](http://www.futuregenco.com)

Please contact Lawrence Schmidt – Email: [lschmidt@futuregenco.com](mailto:lschmidt@futuregenco.com) 888.391.1525 Ext 130 if you have any questions with respect to the Questionnaire.

**PLEASE ANSWER ALL QUESTIONS.** If the appropriate answer is “None” or “Not Applicable,” please state so. Please print or type your answers to all questions. Attach additional sheets if necessary to complete your answers to any item.

Your answers will be kept strictly confidential at all times. However, the Company may present this Questionnaire to such parties as it deems appropriate in order to assure itself that the offer and sale of the Securities will not result in a violation of the registration provisions of the Act or a violation of the securities laws of any state.

1. Name and Address. Please provide the following personal information:

Name \_\_\_\_\_

Age \_\_\_\_\_

Residence Address  
(including Zip Code) \_\_\_\_\_

\_\_\_\_\_

Business Address  
(including Zip Code) \_\_\_\_\_

Telephone: Res.: \_\_\_\_\_ Bus.: \_\_\_\_\_

Preferred Mailing Address:     \_\_\_ Residence     \_\_\_ Business

Email address - \_\_\_\_\_

2.     Accredited Investor Status. ALL ACCREDITED INVESTORS MUST INITIAL THE FOLLOWING LINE: \_\_\_\_\_ I understand that the representations contained in this Section 2 are made for the purpose of qualifying me as an “Accredited Investor” as that term is defined by the Securities and Exchange Commission for the purpose of inducing a sale of securities to me. I hereby represent that I am qualified as an Accredited Investor as a result of an affirmative response to either of Questions 2(i) through 2(iii) below. I understand that a false representation may constitute a violation of law, and that any person who suffers damages as a result of a false representation may have a claim against me for damages. Please answer Question 2 by making the appropriate box in the margin. Question 2(iii) need only be answered if all of the answers to Questions 2(i) and 2(ii) were “No.”

(i)     Did your individual annual income during each of the last two years exceed \$200,000 and do you expect your annual income<sup>1</sup> during the current year to exceed \$200,000, or did your joint annual income (together with your spouse) during each of the last two years exceed \$300,000 and do you expect your joint annual income during the current year to exceed \$300,000?

                     
Yes                    No

(ii)     If the answer to the preceding question was “No,” does your individual or joint (together with your spouse) net worth exceed \$1,000,000?

                     
Yes                    No

(iii)    If your answer to Questions 2(i) and 2(ii) was “No,” are you an executive officer or director of the Company?

                     
Yes                    No

3.     Citizenship. If you are not a citizen of the United States of America, please indicate your citizenship: \_\_\_\_\_.

4.     FINRA Affiliation (Please include the firm name and address of each Financial Industry Regulatory Authority (FINRA) member firm, if any, with which you are affiliated or associated, and the nature of your affiliation or association or, if none, please so indicate):

\_\_\_\_\_  
\_\_\_\_\_

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5. By signing this Questionnaire I hereby confirm the following statements:

(i) I am aware that the offering of securities comprising the Securities will involve “Restricted Securities,” as said term is defined in Rule 144 of the Rules and Regulations promulgated under the Act, and that they, or any interest therein may not be sold or otherwise transferred unless they have first been registered under the Act and all applicable state securities laws or unless an exemption from such registration provisions is available with respect to any such resale or transfer.

(ii) I acknowledge that any delivery to me of offering materials relating to the Securities prior to the determination by the Company of my suitability as an investor shall not constitute an offer of the Securities until such determination of suitability shall be made and I agree that I shall promptly return the offering materials to the Company upon request.

(iii) My answers to the foregoing questions are true and complete to the best of my information and belief and I will promptly notify the Company of any changes in the information I have provided.

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
Signature

Date and Place Executed:

\_\_\_\_\_

## **Exhibit C**

### Rates of Promissory Notes

\$50,000+

Year One	6.00%
Year Two	9.00%
Year Three	9.00%

No Profit Sharing

\$100,000+

Year One	6.00%
Year Two	10.95%
Year Three	10.95%

No Profit Sharing

\$250,000+

Year One	6.00%
Year Two	12.15%
Year Three	12.15%

Plus you are entitled to share in 30% of the profits from any successful foreclosures. We will assign your liens after the auction for tracking purposes.

**Exhibit D**

**FGC Tax Lien Fund #2**

**ADJUSTABLE RATE PROMISSORY NOTE**

**THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), OF THE UNITED STATES OR UNDER THE SECURITIES OR BLUE SKY LAWS OF ANY STATE. NEITHER THIS NOTE NOR ANY PORTION HEREOF MAY BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, UNLESS SUCH OFFER, SALE OR DELIVERY IS EITHER REGISTERED PURSUANT TO OR EXEMPT FROM REGISTRATION UNDER THE 1933 ACT AND ANY APPLICABLE STATE SECURITIES OR BLUE SKIES LAWS. IN ADDITION, NO TRANSFER OF THIS NOTE MAY BE MADE WITHOUT THE CONSENT OF THE ISSUER, EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED FOR HEREIN.**

**FutureGen Company** a Delaware Limited Liability Company with offices at 1250 Connecticut Ave NW, Suite 200, Washington DC 20036 (the “Maker”), for value received, promises to pay (name of subscriber)

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the Individual and /or legal entity designated in the Note as the “HOLDER,” the principal sum of two hundred and fifty thousand (\$250,000) Dollars with interest as provided, in legal tender of the United States of America, in immediately available funds as follows:

- (a) The unpaid principal amount from time to time outstanding shall bear interest from this date until paid at a rate equal to the sum of six point zero (6.00% ) first year, twelve point one five (12.15%) second year, and twelve point one five (12.15%) third year. Interest shall be computed for the actual number of days elapsed on the basis of a year of 360 days.
- (b) At the end term MAKER agrees to pay a sum of 30% (thirty) of the Gross Net Profits (GNP) from proceeds of properties sold using their funds in the general pool in addition to the above interest rate during the course of the note. All payments for foreclosure profits will be paid out to HOLDERS within 30 days of closing from the sale of properties.
- (c) Except as otherwise provided herein, for the period from the Commencement Date until \_\_\_\_\_ 20\_\_\_\_, interest only shall be due and payable annually on the last business day of \_\_\_\_\_,
- (d) with the first payment of interest commencing \_\_\_\_\_. For purposes of this Agreement, “Business Day” shall mean any day on which commercial banks are open and doing business in Washington DC.
- (e) The entire principal amount of this Note, together with accrued but unpaid interest, and accrued but unpaid GNP shall be due and payable within 30 days of the closing of the note.

- (f) The Company may at its option from time to time after no less than 360 days from Acceptance Date, prepay this Note in whole or in part on not less than 30 days written notice delivered to the Holder. Upon such payment, the Company shall also pay the interest accrued on that portion of principal so prepaid to the date of maturity.

#### NOTES

This Note in the principal amount of ( \_\_\_\_\_ ) (\$-----) US Dollars per Note, or any fractional amounts, is offered for sale by the Maker, pursuant to that certain "Private Placement Memorandum" dated (date).

#### PLACE AND MANNER OF PLACEMENT

All sums due under this Note are payable not later than 12:30P.M.; (time zone), in legal tender of the United States of America current on the dates such sums or payments are respectively due, in immediately available funds, without offset or setoff. All payments shall be made at the option of the Holder by wire transfer to a bank account designated in writing to the Company by the Holder not less than five days prior to the time such payment is due and, if no such designation has been made by the Holder, by check mailed by certified or register mail to the address as designated by the Holder.

#### EVENTS OF DEFAULT

Consequences: In the event of the occurrence of an Event of Default (as defined) the Holder may declare the entire unpaid principal balance of the Note, together with interest accrued, immediately due and payable at the place of payment, without presentment, protest, notice or demand, all of which are expressly waived. The Term: "Event of Default" shall mean:

- (a) the failure by the Maker to pay any installment of principal or interest due under this Note within ten days after the day on which such payment is due;
- (b) The Maker shall make an assignment for the benefit of creditors or admit in writing its inability to pay its debts generally as they become due or fail to generally pay its debts as they become due; an order, judgment or decree shall be entered for relief in respect of or adjudicating the Maker bankrupt or insolvent, the Maker shall petition or apply to any tribunal for the appointment of, or taking of possession by, a trustee, receiver, custodian, or liquidator or other similar official of the Maker or any substantial part of any of their respective assets; the Maker shall commence any proceeding relating to the Maker under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, or any such petition or application is filed or any such proceeding is commenced against the Maker and such petition, application or proceeding is not dismissed within 60 days.
- (c) Any representation or warranty made by the maker herein or in the Private Placement Memorandum is breached or is false or misleading in any material respect, or any schedule, certificate, financial statement, report or notice, or other writing furnished by the Maker to the Holder is false or misleading in any material respect on the date as of which such facts therein set forth are stated or certified.

SECURITY FOR PAYMENT OF THE NOTES(S)

The notes are secured by the maker as follows: The Note Holder is consider in first position on the Tax Liens purchased.

**UCC-1.** We have in effective entered into a promissory note situation with you as the investor. (A promissory note is an unconditional promise to pay a specific amount to bearer or to the order of a named person, on demand or on a specified date.) In order to provide you an extra layer of protection after the funds are received we will file a UCC-1 with the State of Delaware. UCC-1 stands for Uniform Commercial Code Form 1. It is a "Financing Statement" that is filed to show that one party (usually a lender) has a security interest in another party's (usually a borrower's) property. It is not an agreement. It is just notice to the world that one person claims that it has an interest in someone else's property, usually as collateral for a debt. This filing is a public notice and therefore if you wish that this notice not be filed you must opt out this part of the agreement with your initials.

I prefer you not filing an UCC-1 and therefore opt out by placing my initials here \_\_\_\_\_.

COMMENCEMNT DATE OF THE NOTE

THE Commencement Date of the Note shall be the “Effective Date,” as defined in that certain “Subscription Agreement” attached as Exhibit B to the Private Placement Memorandum.

STATUS OF HOLDER

The Maker may treat the Holder of the Note as the absolute owner of the Note for the purpose of making payments of principal or interest and for all other purposes, and shall not be affected by any notice to the contrary, unless the Maker so consents in writing. The Note Holder is consider in first position on the Tax Lien Certificates purchased with their funds.

SECURITIES ACT RESTRICTIONS

This Note has not been registered for sale under the Act. This Note may not be sold, offered for sale, pledged, assigned or otherwise disposed of, unless certain conditions are satisfied, as more fully set forth in the Subscription Agreement.

ATTORENYS FEES

The prevailing party in an action to enforce the Note shall be entitled to reasonable attorney’s fees, costs and collection expense.

MISCELLANEOUS

- (a) Successors and Assigns – The Holder may not assign, transfer or sell this Note to any party without the express written consent of the Maker. This Note shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.
- (b) Entire Agreement – This Note contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, wavier or amendment of any of the

provisions of the Note shall be effective unless in writing and signed by both parties to this Note.

- (c) Notices – All notices in connection with this Note shall be in writing and personally delivered via overnight mail, with written receipt therefore, or sent by certified mail, return receipt requested, to each of the parties hereto at their address set forth below (or such other address as may be hereafter designated by either party in writing) with a copy to FGC, 1250 Connecticut Ave, NW, Suite 200, Washington DC 20036. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.
- (d) Section Headings – The headings of the various sections on the Note have been inserted as a matter of convenience for reference only and shall be of no legal effect.
- (e) Severability – If any provision or portion of the Note or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not impair, or render invalid or unenforceable the remainder of this Note.
- (f) Applicable Law – This Note shall be deemed to have been made in the State of Delaware, and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Delaware without regard to conflict of laws rules applied in the State of Delaware. The parties' hereto hereby consent to personal jurisdiction and venue exclusively in the State of Delaware with respect to any action or proceeding brought with respect to this Note.

Maker:

FGC Tax Lien Fund # 2  
C/O FutureGen Company  
1250 Connecticut Ave NW, Suite 200  
Washington DC 20036

\_\_\_\_\_  
Signature of Corporate Officer:

Holder:

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

DATE: \_\_\_\_/\_\_\_\_/\_\_\_\_