

CYNERGY

Financial Trust

City Scape Office Towers
One East Washington Street - Suite 500
Phoenix, AZ 85004

LETTER OF CREDIT (LOC) FUNDING CRITERIA

Funding Overview

Cynergy's Letter of Credit (LOC) funding is based on a Cash-Backed Bank Instrument issued from a Top 25 World bank listed in the Banker Almanac. The LOC will be monetized and used as an asset for project funding.

Letter of Credit (LOC)

The LOC must be Cash-Backed backed and issued to Cynergy Financial Trust, who undertakes the responsible assisting in the monetization of the LOC, assigning a management team and overseeing the project, and is responsible to the funding group for properly completing the projects.

Loan to Value (LTV) of the Letter of Credit (LOC)

The Loan to Value is a case-by-case determination and the option of the funder only, which is based on, the terms, mark pricing, the funding committee and among other variables. One may think of working with about a 30% LTV or even less depending on the overall project.

The example below is based on a \$10,000,000 funding scenario:

| | |
|--|--------------|
| Letter of Credit Issued Amount: | \$35,000,000 |
| 30% Loan to Value of LOC: | \$10,500,000 |
| Project Funding amount: | \$10,000,000 |

Note: The extra \$500,000 from the Loan-to-Value of the LOC will be placed in a reserve account to cover unseen cost and fees associated with the project.

The process and protocols of the Letter of Credit funding is broken down into three phases.

Phase 1 consists of the following:

Time Line 15-30 days

- Project is submitted to Cynergy for review if approved the funding committee will convene to decide the best way to implement the funding procedures as it relates to the overall project.

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- Letter Of Intent (LOI): The Government forwards a LOI on their letter head outlining the intent to issue a Letter of Credit to fund infrastructure projects, projects for humanity and various other projects that's needed to assist in the revitalization of the region.
- Memorandum of Understanding (MOU): A MOU is forwarded indicating a bilateral agreement between the parties explaining the process and procedures of the transaction. It expresses a convergence of will between the parties, indicating an intended common line of action.

Phase 2 consists of the following:

Time Line 30-60 days

- Compliance Documents (CD): Cynergy's CD's will be forwarded for the purpose of complying with international banking rules and regulations, homeland security, NSA, and anti-money laundering laws.
- Pre-Commitment Letter (PCL): A PCL is required from the Financial Institution issuing the Letter of Credit giving us an indication of the amount and the terms of the bank instrument. Upon receiving the PCL we will immediately notify our credit facilities to arrange funding for the monetization of the Letter of Credit.

Phase 3 consists of the following:

Time Line 60-90 days

- Joint Venture Agreement: A Joint Venture Agreement between the Government and Cynergy Financial Trust will be written to work in conjunction with each other. The Joint Venture also allows Cynergy to forgo a countries credit rating while issuing an in-house credit rating based on the Letter of Credit and can structure the funding as a line of credit to help establish the countries credit rating in the process.
- Contract Funding Agreement: At this stage the Funding group's board reviewed the information and documents received in phases 1-3. A funding agreement will be written outlining the terms and conditions of the contract agreed upon by both parties at which point the Letter of Credit will be issued.



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Conclusion

Please keep in mind that there isn't a need for a Standard & Poor credit rating when issuing Cynergy a Letter of Credit to fund projects. Typically an S&P rating is needed when dealing with the World Bank, the IMF and other financial institutions. Our funds are private which allows us to forgo Countries Non-Credit Rating and issue an in-house credit rating based on the Letter of Credit. Countries with low or non-credit ratings are able fund their projects using Cash-Back Bank Instruments.