



CONSTRUCTION DRAW INFORMATION

GoldStar Trust Company's goal is to serve you quickly and efficiently, while performing our fiduciary duties. We are providing the following information to assist in the efficient processing of construction draws. We understand the need to have the construction of your worship center or facilities progress smoothly, which includes timely payments to the contractor and subcontractors. Listed below are some guidelines for the disbursement of construction funds.

General Construction Information:

1. GoldStar will process one construction disbursement each month. If more than one construction disbursement is required, an additional fee may apply. However, if more than one disbursement is necessary, we will be flexible in working with you. For your information, the vast majority of contractors and Issuers find disbursing once a month accommodating to their needs.
2. Please allow three (3) business days to process a construction disbursement request. Some bond issues require the review and approval of the disbursement request by an independent construction management company. If this is a requirement contained in the Prospectus the funding may take up to seven (7) business days to process and fund the request. If an incomplete construction draw package is submitted or additional information is required, it may take longer than indicated above to process the request. Listed below are the items needed prior to the initial construction disbursement and subsequent disbursements.
3. Disbursements can be made by wire transfer at \$20.00 each or by a check for no additional charge. Checks will be mailed by regular mail at no charge or can be delivered overnight for an additional \$25.00 charge to the bond proceeds fund.
4. Construction change orders for which there are not sufficient funds available from bond proceeds should be approved by GoldStar and the independent construction management company, if applicable. Each change order will require a cash deposit with GoldStar for the amount of the change order or else be funded by the Issuer from other funds available to it. If the Issuer is funding the monies for the change orders or cost overruns, evidence should be provided to GoldStar of the funds available (i.e. certificates of deposit, fund raising, additional contributions, bank statements evidencing cash availability). Documentation of Issuer's funding of change orders must be provided to GoldStar (i.e. copies of checks, copies of lien waivers for amounts disbursed, copies of invoices signed as paid in full).

5. For construction disbursements, GoldStar will have the title company perform a construction bringdown. This is a current check of the title of the secured property for the bond issue to discover any newly recorded items including judgments and mechanics' liens that may result from the construction of your project that could adversely affect the First Mortgage lien position. By performing a construction bringdown it protects the Issuer and the bondholders to make sure that the contractor and the subcontractors have been paid. Please be advised that if a contractor and/or subcontractor have not been paid, the contractor and/or the subcontractors have a right to file a lien against the property. This lien, in a number of states, if not paid in a timely manner, may result in a foreclosure of the property. We do not want the Issuer to lose its property or the bondholders to lose their investment in your facility. If an adverse matter is found to be of record, GoldStar will contact the Issuer for information about the item. GoldStar may withhold funds to cover the matter until it is resolved (i.e. if a draw request is for \$100,000 and the construction bringdown indicates that a \$20,000 mechanic's lien has been filed against the real property, we may need to withhold up to \$30,000 since most title companies require that we withhold 1 ½ times the amount of the lien, until the lien is released.) Please note that the entire draw will not be withheld from you, just a portion.

As each bond issue is unique, the number of bringdowns required for the bond issue will be based on your circumstances. Factors include the cost and size of the construction project, the cost of the bringdown, construction cost overruns, whether the construction is being done by an owner/developer or a contractor with subcontractors, and where the collateral for the bond issue is located (in some states, mechanic's liens may take priority over the mortgage securing the bond issue.)

6. The Trust Indenture requires that the property be insured at all times and that evidence of current insurance coverage be provided to GoldStar. This evidence is required to be updated when any changes occur and the new evidence be sent to GoldStar. On existing buildings, we require evidence of Multi-Peril insurance, naming GoldStar Trust Company, AS TRUSTEE and listed as Mortgagee/Loss Payee. GoldStar also requires that evidence of General Liability coverage be provided. Builder's Risk coverage evidence is required on all construction projects prior to initial disbursement. Each time a draw request is submitted, we will verify the status of all types of required insurance coverage. If the coverage is not in satisfactory condition or in effect, the draw may not be funded, until the unsatisfactory condition is corrected.
7. The Trust Indenture requires the timely payment of the sinking fund payment and failure to make payments in a timely manner is an event of default. Each time a draw request is submitted, we will verify that the sinking fund account is current. If, the account is not current, the draw request may not be funded until the account is brought current.

Documentation Required Prior to Initial Disbursement:

1. Evidence of current Builder's Risk coverage on the Construction Project, listing GoldStar Trust Company as Mortgagee;
2. A copy of the Building Permit;
3. Copies of the Construction Contractor/Construction Manager Contract pertinent to the project. If the Issuer has not entered into any construction agreements, and the Issuer is operating as an owner/developer, please advise us so that this requirement may be waived;
4. Cost and Expense Breakdown (an itemization of the line items needed for construction) of the construction project; and
5. Completed Signature Authorization for Construction Disbursement form. (GoldStar provides this form to the Issuer.)
6. Affidavit of Commencement:

Some states require an Affidavit of Commencement be recorded prior to the beginning of the construction project. If our attorneys and title company determine that an Affidavit of Commencement must be filed prior to any construction beginning and us advancing any funds for construction, it is important that you and your contractor discuss this issue to ensure that we're able to timely disburse funds for construction. If an Affidavit of Commencement is needed, it must be either (1) recorded and evidence of same brought to the closing of the bond issue or (2) have the contractor sign the document and bring it to the closing, so that the title company may record the document with our security documents. It is imperative that the Affidavit of Commencement be recorded prior to the initial disbursement.

Documentation required with each Disbursement Request:

1. A properly completed and signed Construction Cost Report or AIA G703; (This form provides evidence of the completion cost and progress of the Project.)
2. A properly completed Affidavit, or AIA G702, indicating the amount of the request, and containing the required signatures from all parties as evidenced on the Signature Authorization for Construction form;
3. If an architect is involved, we have the option to require that the architect sign off on each construction draw;
4. A minimum of four pictures showing detailed construction progress. Digital photographs sent to us via e-mail are acceptable. Please contact us to obtain the property e-mail address. Please note: faxed photographs are accepted only to begin the disbursement paperwork. GoldStar must receive the original

or digital photographs prior to the disbursement. This may be waived for the first construction draw or two if monies are being advanced for soft costs only (i.e. monies for permits, survey, architect, etc.)

5. Copies of Change Orders, if any, with the required authorized signatures; and
6. Following the initial construction disbursement, GoldStar will require that partial and full lien waivers be collected as payment is made to all Contractors, Subcontractors, and Suppliers. The lien waivers are required to be submitted to GoldStar prior to the subsequent construction disbursement. (I.e. if we disburse \$100,000 on a construction draw request, we will require that lien waivers, from the payments to the contractor, subcontractors, and suppliers, that total \$100,000 be submitted with the next draw documentation.) In most cases, the contractor prefers that the monies requested in the construction draw be sent directly to the contractor instead of sent to the Issuer. Therefore, lien waivers are invaluable to the Issuer and the Bondholders as they give evidence to you and us that the contractor, subcontractors and suppliers have been paid the monies due. This is important because if a mechanic's lien is filed against the property because of nonpayment, a lien waiver is evidence that the necessary payment has been paid. We do have a lien waiver form; however, a contractor should also have these forms. For your information, requesting that lien waivers be signed by the contractor is a standard in the construction and lending industries. If the contractor refuses to sign a lien waiver, it may be a red flag to the Issuer and to us that there could be a potential problem with the construction. In most instances it is a simple process that when the check is delivered to the contractor, subcontractors and suppliers, that a lien waiver be executed at that time in exchange for the check.

Prior to the final construction disbursement, GoldStar will require a copy of the Certificate of Occupancy, full lien waivers from all Contractors, Subcontractors, and Suppliers, and any other documentation necessary to evidence the completion of the project. If an Affidavit of Commencement was recorded at the beginning of the construction project, an Affidavit of Completion must be recorded and provided to GoldStar when the project has been completed.

Each bond issue is unique so GoldStar will be sensitive to your needs and will be flexible in our requirements. (I.e. if not all lien waivers are submitted or photographs have not been submitted, we may waive it for a draw; however, we will require the missing item(s) prior to the next draw.)

Please keep in mind that after we review the information submitted for a construction draw, we may request additional information. If additional information is needed or if an item is missing, we will promptly fax you a notice of the information that needs to be submitted so that we may continue to process your draw request.

Kathy Hall will be assisting you with the disbursement of your construction funds. Kathy's goal, as well as GoldStar's, is to disburse the requested funds as soon

as possible, and we will work diligently toward that goal. We urge you to communicate your needs before and during the construction process.