



A PRIVATE FINANCIAL INSTITUTION
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August 21, 2018

**RE: Information for Promissory Note Holders of Singer Financial Corp.
Regarding Settlement of Securities and Exchange Commission v. Paul Z. Singer and
Singer Financial Corp., Civil Action No. 17-CV-5053 (ED Pa. 2017)**

To Our Promissory Note Holders:

As many of you are aware from our prior conversations, the Securities and Exchange Commission ("SEC") filed a complaint against Singer Financial Corp. ("SFC") and me in the United States District Court for the Eastern District of Pennsylvania on November 7, 2017. The complaint alleged that we engaged in an unregistered securities offering in violation of Section 5 of the Securities Act of 1933 and regulations of the SEC. In substance, the SEC alleged that we violated Section 5 by issuing Promissory Notes between July 2012 and July 2015 without registering those Promissory Notes with the SEC. I enclose a copy of the Complaint with this letter. SFC and I neither admit nor deny the allegations in the Complaint.

I am writing today to tell you that we have settled that lawsuit with the SEC. Our settlement with the SEC was approved by the Judge and entered as a final judgement of the Court on July 24, 2018. I enclose a copy of the Final Judgement for your review. I am available as always to address any concerns you may have about the Complaint or settlement. Please feel free to call now.

As part of the settlement with the SEC, we agreed to send a certified letter to each of our current promissory note holders, enclose copies of SFC's Financial Statements for 2015, 2016 and 2017, and provide the following additional information:

A. Modified Payment Schedule for All Promissory Notes

The agreement we reached with the SEC calls for a modified payment schedule for all promissory notes issued by SFC between July 11, 2012 and July 16, 2015. The modified payment schedule calls for payment of all promissory notes over a period of up-to five (5) years, by June 30, 2023, as detailed in Schedule A to the enclosed Final Judgement. The modified payment schedule we agreed to with the SEC is as follows:

1. Within ninety (90) days from the date you received this certified letter, you may, at your option, elect to redeem your promissory note(s). Your request must be made in writing and within ninety (90) days of the date you receive this certified letter.

2. If you make such a written request set forth in paragraph 1 above, SFC will, within ninety (90) days of the date it receives your written request, pay you all principal and interest accrued on your promissory note through the date your written request for payment is made.
3. You are not required by the settlement to redeem your promissory note now if you do not wish to do so. You may, if you choose, elect to continue to hold your promissory note and continue to earn interest as per the terms of your promissory note for a period equal to the shorter of the maturity date of your promissory note or five (5) years as described below.
4. If you do not elect submit a written request for repayment to SFC within ninety (90) days of your receipt of this certified letter, and your promissory note matures on or before June 30, 2023, your promissory note will be paid by SFC in accordance with the terms of your promissory note.
5. If your promissory note matures after June 30, 2023, your promissory note will be called on that date and you will be paid all principal and interest through the June 30, 2023 call date. You will continue to receive interest on your promissory note as per the terms of your promissory note or through the earlier of either its maturity date or June 30, 2023. You will be paid all principal and accrued interest on your promissory note through the earlier of the maturity date or June 30, 2023.

B. Terms of Financial Transactions Between SFC and Affiliated Companies.

Between 2001 and 2011, SFC foreclosed on certain properties which were pledged as collateral in connection with certain commercial loans it had made. After foreclosing on those properties, SFC caused ownership of those properties to be transferred to one of its real estate affiliates, Julia Two Corp., Leah One, Inc., or Vass Inc., which are real estate holding companies owned by me. At the time the properties were transferred, SFC recorded an Accounts Receivable for the defaulted loan's outstanding principal plus 90 days interest. The SFC receivables created by these transfers: (a) did not accrue interest to SFC; (b) had no set repayment or maturity date for SFC; and (c) were not secured by a mortgage against the transferred property or any other asset of the affiliate to whom the property was transferred.

As an affiliate sold properties, the affiliate transferred available funds back to SFC to pay down the Accounts Receivable associated with the property. These accounts receivable from Julia Two Corp., Leah One, Inc., or Vass Inc. were formalized on or about July 20, 2016 with a Note and mortgages against all existing properties owned by the affiliates. The Note and mortgages are due on July 26, 2026 and are non-interest bearing. SFC can foreclose on the Note and Mortgages in the event of default by any of the affiliates. A chart is attached that lists the properties that have secured the Note and Mortgages between January 1, 2015 and December 31, 2017 and provides details concerning the sale of any of those properties and corresponding repayment of the Accounts Receivable during that time period.

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I appreciate the confidence that each of you has placed in SFC and me. If you have any questions regarding our settlement with the SEC, or about how the modified payment schedule for promissory notes works, I invite you to call me at (215) 893-9722.

Very Truly Yours,

Paul Singer
President
Singer Financial Corp.

PS/jl

Enclosures