



MATRIX

WEALTH MANAGEMENT

TIC2DST

Transition into a less complex 1031 Exchange transaction



About the Matrix

Matrix Wealth Management is the result of a professional alliance between Michael K. Chrysler, President Chrysler Asset Management, Inc and Gregory A. Baldwin, President Planning Resources Corporation.

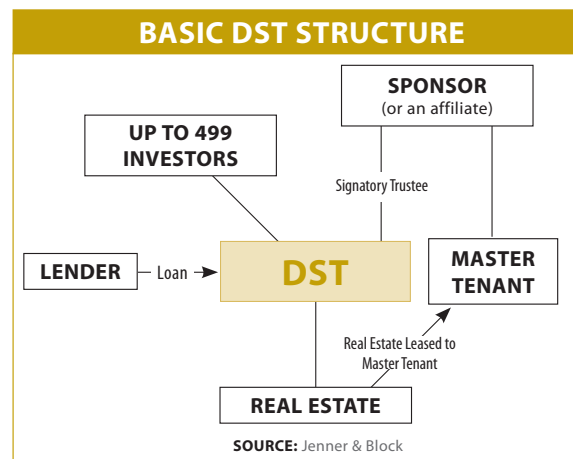
Long-time financial services industry professionals, Mike and Greg met in 2006, and after getting to know one another learned that they shared the same professional goal: To build a comprehensive wealth management boutique that catered to families and businesses, built on a foundation of experienced professionals specializing in their own area of expertise coming together as a team to help our clients achieve their financial goals. The new combined Matrix Wealth Management was formed in December 2010.

Because we are independent from any Wall Street firm or Insurance company we do not represent anyone's priority products. As a result we are free to choose those investments, insurance and financial products that we feel will best meet our clients needs without any inherent conflicts of interest.

Doing business as Matrix Wealth Management, Mike and Greg are fee and commission Registered Representatives and Investment Advisory Representatives of Financial Services International Corp. which has custodial agreements in place with Fidelity Investments, Raymond James, Charles Schwab, and T.D. Waterhouse.

DST 101

A Delaware Statutory Trust is a separate legal entity created as a trust under Delaware statutory law. Delaware law permits a very flexible approach to the design and operation of the entity; however, to use a DST in a Section 1031 tax-deferred exchange private placement program, it must comply with the requirements of IRS Revenue Ruling 2004-86 so that a beneficial interest in the trust is treated as a direct interest in real estate for income tax purposes. It is also necessary to meet lender requirements, especially if the loan is to be securitized on a secondary market to achieve favorable financing.



TIC vs. DST Structure At a Glance

TICs	DSTs	DST Advantages
Only 35 investors	Up to 499 investors	Provides access for more investors
Higher investment minimums	Lower investment minimums	Provides investments of lower ticket amounts
Up to 35 separate real estate closings	Lender only needs to make one loan because the DST owns 100% of the real estate	Provides more simple and efficient closing investment process
Each investor is required to have recourse with respect to "bad boy" and some environmental loan carve-outs	Loan carve-outs apply to sponsors, not investors	Provides investors protection against carve-outs
All major decisions require unanimous agreement by investors	Sponsor (as Trustee) is better equipped to deal with crises than 35 individual TICs	Provides the ability to act quickly when issues arise
Investors can be liable for the actions of their co-investors	Investors cannot cause a default on the entire loan	Provides investors greater security against rogue investors
Each investor must set up an individual LLC	Investors do not need separate LLCs	Provides a less complex structure for investors
Each investor must pay annual LLC fees	No annual LLC fees	Eliminates annual LLC fees to investors
Lender underwrites each investor	Lender does not underwrite the investors	Eliminates need for investors to provide tax returns
Fairly illiquid investment structure	Investors may freely transfer all or any portion of their Interests to Accredited Investors, subject to compliance with applicable securities laws	Provides investors a more liquid investment

For additional information on the benefits of DST ownership, please contact us at (503) 227-7744.

This does not constitute an offer to sell, or a solicitation of an offer to buy, securities. Offers can only be made through the Private Placement Memorandum which contains various and important risk disclosures. This does not purport to be complete and should be viewed in conjunction with the Private Placement Memorandum. An investment of this sort is speculative and involves a high degree of risk. Projections of future performance contained herein are based on specific assumptions discussed more fully in the Private Placement Memorandum and do not constitute a guaranty of future performance.

A DST's "7 DEADLY SINS"

DST: Transition into a less complex 1031 Exchange

A DST is established as a formal legal structure designed to be owned by multiple beneficial owners, with the underlying trust structure owning the real estate.

In order to be recognized by the IRS as a properly structured DST, a DST must avoid the "Seven Deadly Sins":

1. Once the DST offering is closed, there can be no future contributions to the DST by either current or new investors.
2. The trustee cannot renegotiate the terms of the existing loans nor can it initiate any new secured loans from any party. Two exceptions are if the current loan is in default or in imminent danger of being in default, or if the tenant is insolvent or bankrupt.
3. The trustee cannot reinvest the proceeds from the sale of its real estate.
4. All cash, other than necessary reserves, must be distributed.
5. The trustee is limited to making capital expenditures related to the property to: a) normal repair and maintenance, b) minor non-structural capital improvements and c) those required by law.
6. Any cash held between distribution dates can only be invested in short-term debt obligations.
7. The trustee cannot enter into new leases or renegotiate current leases. Two exceptions are if the current loan is in default or in imminent danger of being in default, or if the tenant is insolvent or bankrupt.

A DST MUST BE ALL OF THE FOLLOWING:

1. A special purpose entity.
2. Bankruptcy remote.
3. A very passive holder of real estate (the trustees will have minimum powers and the beneficiaries will have no powers with respect to the mortgaged property).

Thus, the use of a DST will generally be limited to long-term "A" credit, triple-net leased properties (a "box-in-one"), or to properties leased to an affiliate of the Sponsor who will operate the property on a triple-net-basis (a "master lease").

UNDERSTAND THE RISKS

While DST ownership can potentially provide a real estate investor with economic benefits, it is very important to understand the limitations and SIGNIFICANT RISKS of DST ownership, such as:

- *Lack of Liquidity:* There is no established secondary market for resale.
- *Lack of Control:* DST investors must be totally passive real estate owners.
- *Failure of Due Diligence:* Due Diligence does not guarantee DST success.
- *Future Income Taxation:* Tax rates on future DST sale could be higher than current rates.
- *Future Property Values:* Property values are not guaranteed.
- *Multiple Owners:* There can be up to 499 DST co-owners.
- *Inadequate Reserves:* Initial reserves may not cover future needs.
- *Short-Term Debt Structure:* DST loans could be as short as 2 to 5 years.
- *Timing of Exit is Unknown:* There is no exact future sale date of DST property.
- *Non Compliance:* Not complying with IRS Revenue Ruling 2004-86 could nullify tax-deferral.
- *No Additional Investments:* After initial fund raising, no additional investments are allowed.
- *No Loan Modifications:* Loans cannot be modified nor originated without financial hardship.
- *No Lease Modifications:* Leases cannot be renegotiated nor originated without financial hardship.
- *No Reinvestment:* The proceeds from the sale of DST properties must be distributed.
- *Capital Expenditures:* Only on normal repair, minor nonstructural, and improvements required by law.
- *Cash Balances:* All cash held by the DST must be invested conservatively in short-term debt instruments.
- *Cash Distributions:* All cash held by the DST, other than reserves, must be distributed.
- *Fairly New Law:* DST law created in 2004 with IRS Revenue Ruling 2004-86.
- *Projected Cash Flow Not Guaranteed:* Cash flow could stop at any time.
- *Projected Appreciation Not Guaranteed:* Underlying real estate value is volatile.
- *Principal Not Guaranteed:* As with all real estate, partial and/or full principal loss is always a risk.
- *Interest Rate Risks:* The DST loan rate could adjust to a higher rate in future.
- *Income Tax Risks:* Non-compliance of IRS rules could nullify 1031 tax-deferred exchange.
- *IRS Could Change 1031/DST Laws:* Tax laws can be changed at any time.
- *Costs and Fees:* There are significant upfront and ongoing costs and fees for DST investment.
- *Estate Taxes:* The DST value at time of death will typically be includable in the estate.
- *Loss on Premature Sale:* High risk of loss if a DST interest is sold before the property is sold.
- *DST Property Could Sell Out:* Investor might not be able to invest.
- *DST Sponsor/Affiliate Could Go Out of Business:* New management company required.
- *Inferior Property Management:* Could substantially reduce property value and net income.
- *Long-Term Commitment:* Typical DSTs are planned to be held for 4 to 10 years.
- *DST Property May Not Close as Planned:* DST investor may not have access to make investment.

Please make sure to discuss these risks and all other areas of concern with your qualified tax, legal, and financial advisors prior to investing in any DST.

For additional information on the benefits of DST ownership, please contact us at (503) 227-7744.

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