

FORM MISBE-2
SECURITIES OFFERINGS
UNDER THE MARYLAND INTRASTATE SMALL BUSINESS EXEMPTION
(MISBE)

Maryland Securities Act, Section 11-601(16) and COMAR 02.02.04.

DISCLOSURE DOCUMENT FOR A MISBE OFFERING

THE ISSUER IS REQUIRED TO CREATE A DISCLOSURE DOCUMENT THAT CONTAINS THE INFORMATION AND NOTICES DETAILED BELOW. A COMPLETE COPY OF THIS ENTIRE FORM MISBE-2, INCLUDING ALL ATTACHMENTS AND NOTICES, OR A DOCUMENT CONTAINING THE EQUIVALENT DISCLOSURE INFORMATION, MUST BE PROVIDED TO EACH PROSPECTIVE INVESTOR BEFORE THE INVESTOR AGREES TO PURCHASE ANY PROMISSORY NOTE OR MAKES PAYMENT OF ANY CONSIDERATION, WHICHEVER IS EARLIER.

1. Include the following **COMPANY INFORMATION**:
 - (a) Exact company name;
 - (b) Date of formation;
 - (c) Street address of principal office (DO NOT USE P.O. BOX);
 - (d) Telephone number; and
 - (e) Name and home or business address of selling person, if any.

2. Include the following **OFFERING INFORMATION**:
 - (a) Date of commencement of offering;
 - (b) Terms of promissory notes to be offered and sold in Maryland;
 - (c) Total amount to be raised in Maryland;
 - (d) Dollar amount for each security; and
 - (e) Expiration date of this offering.

3. Include the following **RISK FACTORS FOR PROMISSORY NOTES**, modified as appropriate to this company:
 - (a) The company has minimal (or no) operating history.
 - (b) The company has limited resources and may not be able to continue operating even with the proceeds from this offering.
 - (c) The company will not place in escrow any of the funding it receives. You may lose some or all of your investment.

- (d) The promissory notes are illiquid and may not be resold. There is no secondary market for the notes. Therefore, you must be prepared to hold onto your investment for a long time.
- (e) Your interest in the company is unsecured and is an uninsured debt obligation. In the case of bankruptcy, your investment may not have priority over other creditors of the company, and you may lose all of your investment. Your interest in the company is subordinate to existing and future senior secured indebtedness.
- (f) The sale is on a “best efforts” basis only. There is no guarantee that the company will be able to raise the funds it has determined it needs to operate the business successfully, nor is the company responsible for selling all of the promissory notes. Therefore, the company may not have enough funds to carry out its business plan.
- (g) The company is not obligated to sell all of its promissory notes or continue to operate the company. Any change in status of the company may negatively impact its ability to pay interest and principal on the notes on a timely basis.
- (h) The company is dependent on a few key employees. In the event they leave the company or are unavailable to the company, the company may have difficulty with the operation and/or growth of its business.
- (i) Various general economic conditions may impact the company’s ability to collect amounts due from the company’s borrowers.
- (j) Changes in interest rates may adversely affect the company’s ability to repay the notes.
- (k) The promissory notes are not bank instruments and are subject to greater risks than bank instruments. The notes are not FDIC or SIPC insured.

4. Include **RISK FACTORS SPECIFIC TO THE COMPANY** by listing in order of importance the most serious risks specific to the company and those that appear to constitute the greatest threat that the investment will be lost in whole or in part, or that the company will not achieve its business objectives.

5. Include details explaining the **USE OF PROCEEDS**:

	Minimum <u>Offering</u>	Maximum <u>Offering</u>
(a) Gross proceeds from offering:		
Cash	\$ _____	\$ _____
(b) Offering expenses (estimate):		
Legal fees	\$ _____	\$ _____

or business address, phone number, email address, company affiliation, if any, and any compensation the selling person will be paid for sales of the notes.

8. Provide the following information regarding **DIRECTORS AND KEY EMPLOYEES** including each officer, principal, owner of 10% or more of the issuer's equity securities or voting power, of the Issuer, and other key personnel of the company:
- (a) The name, five year employment history (dates and employer name) and relevant experience of each director and key employee;
 - (b) The compensation paid or promised to each key employee and director, including salary, bonus, and other compensation, for the past two years and the compensation promised to be paid after the offering, if different;
 - (c) Any conflicts or potential conflicts of interest between the company and each key employee or director, the key employee's or director's relatives, and any business in which the key employee or director has a substantial interest, including but not limited to whether the company, within the twenty four month prior to the offering or after the offering:
 - i. Has or will have loans to or is or will be doing business with any of the listed parties; or
 - ii. Has purchased or leased or will purchase or lease any goods or property from any of the listed parties; and
 - (d) If a director or key employee has:
 - i. Within five years before the first sale of securities in this offering, been convicted or pleaded nolo contendere to any felony or misdemeanor in connection with the offer, purchase, or sale of a security or in connection with the making of a false filing with the Securities and Exchange Commission or with a state securities administrator, or a felony involving fraud or deceit, including, but not limited to forgery, embezzlement, obtaining money under false pretenses, larceny, conspiracy to defraud, or theft, disclose the name of that person, the nature of the action, the identity and location of the court and the disposition or status of the action.
 - ii. At any time during the past five years, been held liable in a civil action (or is a defendant in any civil action) involving allegations of fraud for violations of any securities or franchise law, embezzlement, fraudulent conversion, misappropriation of property, theft or restraint of trade, disclose the name of that person, the nature of the action, the identity and location of the court and the disposition or status of the action.
 - iii. At any time during the past five years, been involved in the filing of a petition under the federal bankruptcy laws or any state insolvency law or a appointment of a receiver, fiscal agent or similar officer by a court for the business or property of, that person or any partnership in which that

person was a general partner within two years before the time of that filing, or any company or business association of which that person was an executive officer within two years before the time of that filing, identify the person and describe the nature of the event.

- iv. At any time during the past five years, been the subject of any order, judgment or decree, not subsequently reversed, suspended, or vacated, of any federal or state authority barring, suspending, or otherwise limiting the right of the person to engage in any activity in connection with the purchase or sale of any security, or to be associated with persons engaged in that activity or in connection with any violation of federal or state securities laws, provide the name of the person, the nature of the action or proceedings, the identity and location of the agency or court, and the duration and nature of the penalties or sanctions imposed.

- 9. Disclose any **PRIOR SALES** of securities during the last 12 months, including dates when the company sold securities, amount of the securities sold, total amount raised, and whether the sales were made under exemptions from, or were registered under, the Maryland Securities Act.

- 10. Include the following five **NOTICES TO PROSPECTIVE INVESTORS** in the Issuer's Form MISBE-2:

THESE SECURITIES ARE OFFERED FOR SALE IN MARYLAND PURSUANT TO A REGULATORY EXEMPTION FROM REGISTRATION. THE DIVISION OF SECURITIES OF THE OFFICE OF THE ATTORNEY GENERAL OF MARYLAND HAS NOT REVIEWED THE INFORMATION NOR PASSED IN ANY WAY UPON THE MERITS OF, RECOMMENDED, OR GIVEN APPROVAL TO THE SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IF THE COMPANY ELECTS TO EXTEND THIS OFFERING BEYOND THE STATED EXPIRATION DATE, YOU WILL BE NOTIFIED AND OFFERED THE OPPORTUNITY TO RESCIND YOUR PURCHASE OR CANCEL YOUR SUBSCRIPTION. IF THE MINIMUM AMOUNT IS NOT RAISED UNDER THIS OFFERING BY THE STATED EXPIRATION DATE, YOU ARE ENTITLED TO A REFUND OF YOUR ENTIRE INVESTMENT.

THE PURCHASERS OF THE SECURITIES OFFERED BY THIS DOCUMENT ARE ADVISED THAT THE SECURITIES ARE OFFERED UNDER AN EXEMPTION FROM REGISTRATION UNDER THE MARYLAND SECURITIES ACT AND THAT THE SECURITIES MAY NOT BE RESOLD. A RESTRICTIVE LEGEND MUST BE PLACED UPON ANY CERTIFICATES REPRESENTING ALL SECURITIES SOLD IN THIS OFFERING.

THE OMISSION OF A MATERIAL FACT OR THE MISSTATEMENT OF A MATERIAL FACT TO INVESTORS, WHETHER BY THIS FORM OR OTHERWISE, MAY GIVE RISE TO CRIMINAL AND CIVIL LIABILITIES

UNDER THE MARYLAND SECURITIES ACT AND FEDERAL SECURITIES LAWS.

EACH PURCHASER OR PURCHASER REPRESENTATIVE, IF ANY, MAY REVIEW AT THE OFFICES OF THE COMPANY, AFTER REASONABLE ADVANCE NOTICE AND ACCOMODATION OF REASONABLE CONFIDENTIALITY CONCERNS, ANY MATERIALS RELATING TO THE COMPANY, THIS OFFERING OR ANY MATTERS SET FORTH IN THIS FORM MISBE-2. THE APPROPRIATE PERSONS AUTHORIZED BY THE COMPANY WILL ANSWER ANY INQUIRIES RELATING TO THE COMPANY OR TO THE OFFER AND SALE OF THESE SECURITIES AND WILL PROVIDE ANY ADDITIONAL INFORMATION, TO THE EXTENT THAT THEY POSSESS SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE, NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION SET FORTH IN THIS DOCUMENT.

Direct inquiries to:

Name

Address

City, State, Zip Code

() _____
Telephone Number

E-mail

SIGNATURES

Chief Executive Officer,
General Partner, or Manager

Date:

Name

Title

If the issuer is a corporation, the filing must be signed by a majority of its directors:

Director

Date:

Director

Date

Director

Date: