

COASTAL SECURITIES, INC.

Member FINRA, SIPC



FIXED INCOME INVESTMENTS

SPECIALIZING IN THE INSTITUTIONAL INVESTOR

5555 San Felipe, Suite 2200
Houston, TX 77056
(713) 435-4300 or (800) 489-3232
www.CoastalSecurities.com

PROVIDING AN EXPERT VIEW OF THE FIXED INCOME MARKETS

ANNUAL AUDITED FINANCIAL STATEMENTS AND FOCUS REPORTS AVAILABLE UPON REQUEST

TABLE OF CONTENTS

3

AREAS OF EXPERTISE

7

COMPANY OVERVIEW

8

KEY PERSONNEL & TRADERS

9

KEY PERSONNEL BIOGRAPHIES

17

FIXED INCOME CLEARING INSTRUCTIONS

AREAS OF EXPERTISE

UNIFORM QUALITY IN FIVE AREAS OF EXPERTISE

Coastal Securities, Inc. is a Texas-based investment banking and brokerage firm with a distinct view of America's capital markets. As investment professionals, we maintain a high standard of expertise in five strategically selected specialties:

- The sale and trading of U.S. Small Business Administration (SBA), U.S. Department of Agriculture (USDA) and other government guaranteed loan products
- The sale and trading of tax-exempt securities; underwriting and financial advisory services for municipal issuers
- The sale and trading of taxable fixed income securities
- Consulting clients in the strategic management of assets through asset allocation, portfolio strategies, investment consulting and asset/liability management
- The development and placement of taxable structured finance projects

An established national leader in assembling and marketing SBA-guaranteed loan pools, we offer special breadth and depth of experience in SBA loan and pool products along with USDA and other government guaranteed loans.

We impart comprehensive expertise in the sale and trading of tax exempt securities, provide advisory services to securities issuers and maintain syndication relationships that enable us to market effectively to institutional and retail investors nationwide.

Our staff possesses familiarity with a wide array of taxable fixed income securities and particular skill in the sale and trading of many esoteric securities, such as collateralized mortgage obligations (CMOs) and adjustable-rate mortgages (ARMs).

We also offer a high level of competence in investment consulting, portfolio strategies, asset/liability management, market and securities research, accounting and pricing, and portfolio and trading systems development. The considerable abilities of our staff are expanded and facilitated by the proprietary technology of **COASTALVIEW®**. To serve you effectively, we maintain a dynamic inventory of taxable and tax-exempt securities in the primary and secondary markets.

FIXED INCOME SECURITIES

Our expertise at Coastal spans the entire spectrum of taxable and tax-exempt fixed income securities and their markets.

We act as a dealer in government, agency, corporate, mortgage backed and municipal bonds, and maintain substantial inventories of these instruments in the new-issue and secondary markets. Because of our analytical and structuring abilities, diverse inventories and trading capabilities, we have a competitive edge that enables our representatives to deliver timely counsel and efficient execution.

Our traders are nationally recognized for their knowledge and experience in the intricate and varied aspects of mortgage securities, such as CMOs, ARMs, balloons and other esoteric instruments.

Coastal has a full compliment of traders, both established and well known, with a total combined 100 plus years experience in these areas.

GOVERNMENT GUARANTEED LOANS

Innovation is a hallmark of Coastal endeavors. In the area of government-guaranteed loans, this commitment to innovation has produced capabilities unparalleled among regional firms.

Investment professionals at Coastal were among the first to devote a concentrated effort to marketing adjustable-rate guaranteed loan products, such as SBAs. Their vision, technical proficiency and marketing capacity led Coastal personnel to play a central role in developing the active secondary marketplace for these loans and securities.

Over the past six years, Coastal averaged over \$3 billion in total annual transaction volume in government guaranteed loan products. We make markets in SBA loans, pools and I/O Strips, and constantly maintain one of the industry's largest and most diverse product inventories. We offer extensive analytical services and maintain one of the few proprietary CPR models for SBAs. Among assemblers authorized by the U.S. Small Business Administration, we consistently rank as one of the nation's top producers of SBA pools.

Similarly, we rank high nationally in the marketing of U.S. Department of Agriculture (USDA) loans. Before a sale, through the settlement of each trade and thereafter, our goal is to blend product knowledge and extensive inventory with expert execution and clearing to provide you continuing opportunities for portfolio diversification with attractive yields.

Coastal's traders in this area are known as industry leaders in the area of trading government guaranteed loans and pools with over 80 years of trading experience.

MUNICIPAL FINANCE AND DISTRIBUTION OF TAX-EXEMPT SECURITIES

Public entities have found that Coastal provides investment banking and financial advisory services that are both judicious and technically sound. We have shown particular value in analyzing transactions and facilitating the decision-making processes associated with participation in the capital markets.

Our representatives are experienced in the structuring of complex financings for rated, unrated and credit-enhanced financings and the distributing of debt obligations associated with these financings. National distribution strength positions us to market securities successfully to institutional as well as retail investors, in virtually all markets and under any market conditions.

Coastal Securities, Inc. represents, as financial advisor, a diverse group of issuers located primarily in the state of Texas. Coastal's financial advisory clients include City of Houston, City of Bellaire, the State of Texas, City of San Antonio, Alief ISD, Austin Community College, Wharton County, Texas and KIPP Academy to name a few. In addition to traditional tax-exempt financings, Coastal also offers experience in Build America Bonds (BABs).

The first charter school (North Hills) financing was completed by our team of financial experts, who subsequently have completed many charter school bond issues and financing projects. Coastal is involved in issuing Qualified Zone Academy Bonds (QZABs) and Qualified School Construction Bonds (QSCBs) for its many school district clients.

FINANCIAL STRATEGIES AND PORTFOLIO ANALYTICS

As a Coastal client, you will benefit from access to the latest technology for portfolio and risk management. COASTALVIEW®, our proprietary system for investment management and portfolio-based trading, gives you the advantage of advanced portfolio analytics, accurate securities pricing, and a comprehensive and integrated securities database.

COASTALVIEW® enables you to study and interact with the multifaceted fixed income marketplace with speed and confidence. Our systems make it possible to evaluate alternative positions, predict the effects of market changes, conduct hypothetical portfolio restructurings, balance risk and return for optimal asset allocation, and comply with current accounting and regulatory standards.

When combined with the assistance and expertise of our representatives, COASTALVIEW® becomes a powerful tool for asset management, portfolio accounting, asset allocation and performance measurement. Coastal personnel have many years of experience consulting with institutions of all sizes and types, including banks, savings institutions, insurance companies, municipalities, investment advisors, mutual funds, cooperatives and hospitals.

Our combination of access to cutting-edge information systems and highly experienced professionals gives Coastal clients the competitive advantage necessary to succeed in today's complicated capital markets.

DEDICATED TO THE PRINCIPLE THAT CLIENTS COME FIRST

Ultimately, our performance at Coastal is predicated on three factors. The first of these is the blending of our skills, experience and technology to produce insight and foresight - which we sum up in the phrase "an expert view of the capital markets."

The second is the individual integrity we bring to each relationship. The third factor, and perhaps most important, is our single-minded dedication to you and the performance of your portfolio.

Uniting Coastal personnel at all levels is a commitment to the principle that *clients come first*. Consistent with a devotion to your objectives, we work diligently, as individuals and as a firm, to deliver counsel and services of uniformly high quality during the life of each transaction. We also endeavor to remain actively involved with you between transactions, so that we may stay attuned to your changing needs and priorities.

So that we can serve you best, we maintain centralized operations and concentrate foremost on our regional marketplace. Coastal traders, sales people, investment bankers and support personnel can thus work closely to provide seamless execution and counsel. Whether you are a small or mid-sized client or one of the nation's largest institutional investors, we can assure you of timely reactions to market changes, efficient access to the capital markets, and the measure of personal attentiveness you and your investments deserve.

OUR INVITATION TO YOU

We encourage you to discover the distinctive style and quality of service that Coastal Securities, Inc. provides. We believe you will find that our professionals will distinguish themselves quickly and consistently in serving you and your interests.

www.coastalsecurities.com

COMPANY OVERVIEW

COASTAL SECURITIES, INC.

GOVERNMENT GUARANTEED LOANS & POOLS

TRADING AND SALES

- SBA Loans
- SBA 7(a) Pools
- SBA 504 FMLP Pools
- USDA
- SBIC Debentures
- SBA DC/PC
- SBA Strips (RMOF)
- Other

TAXABLE SECURITIES

TRADING AND SALES

- Treasuries and Agencies
- GNMA, FHLMC, FNMA pools – Fixed, ARMs, Balloon, Hybrids
- CMOs – New Structure and secondary
- Corporates
- Certificates of Deposit (CDs)
- Corporate Leases
- Other

STRUCTURED FINANCE PROJECTS

- Development
- Placement

TAX-EXEMPT SECURITIES

MUNICIPAL UNDERWRITING, TRADING, SALES AND PUBLIC FINANCE

- Primary Market
- Secondary Market
- Municipal Underwriting
- Public Finance
- Municipal Leases

FINANCIAL STRATEGIES

HELPING CUSTOMERS THROUGH THE FOLLOWING SERVICES

- Portfolio Strategies & Investment Consulting
- Asset Allocation & Performance Measurement
- Cash Flow & Risk Management
- Portfolio Accounting & Pricing
- Securities Research & Market Analysis
- Portfolio Trading & Systems Development
- Total Return Analysis

MANAGEMENT & TRADERS

BRIAN M. FOLK
President
Chief Financial Officer
Coastal Securities, Inc.

CHRISTOPHER L. LAPORTE
Head of GL Operations
Chairman of the Board
Coastal Financial Holdings, Inc.

D. ANN KOMAR
Executive Vice President
Sales and Trading

CRAIG A. CLINE
Managing Director
Head GL Trader

J. CHRIS MELTON
Executive Vice President
Legal and Compliance

SYLVIA MEROLA
Managing Director
GL Trading & Trade Desk Operations

THOMAS J. SMITH
Executive Vice President
Technology and Operations

CHRISTOPHER DEAN
Vice President
GL Trading

JOHN D. CIOCCIA
Senior Vice President
Operations

W. DAVID HOLLAND
Managing Director
Head of Public Finance, Muni
Trading & Underwriting

GREGORY L. PUTMAN
Senior Vice President
Head Financial Strategist

DAVID B. CISARIK
Managing Director
Head Municipal Trader

WILLIAM H. LATIMER
Senior Vice President
Information Technology

HAYDEN G. MORRIS
Managing Director
Head Fixed Income Trader

ALAN E. MAUK
Senior Vice President
Controller

ERIC JUPITER
Senior Vice President
Fixed Income Trading

BRIAN M. FADER
Senior Vice President
Fixed Income Trading

KEY PERSONNEL BIOGRAPHIES

BRIAN M. FOLK

President – Chief Financial Officer
Licenses – Series 7, 24, 27, and 63

Brian serves as President and Chief Financial Officer of Coastal Securities, Inc. He has been in the financial industry since the late 1980s and has held top level accounting positions for Aegis Mortgage, First Investors Financial Services and Gulf States Acceptance Company. Additionally he worked for eight years as Director of Asset-Backed Securities at JP Morgan Chase and four years in public accounting in Ernst & Young. His primary experience is in the accounting, tax and operational aspects of complex financial transactions including significant expertise in the securitization arena. Brian has a Bachelors and a Masters of Accounting Degree from the University of Mississippi and is a CPA.

D. ANN KOMAR

Executive Vice President – Sales and Trading
Licenses – Series 7, 24, 53 and 63

Ms. Komar has been in the securities business since the mid-1970s, with over twenty years of her experience in trading mortgage backed securities and/or managing fixed income trading positions and staff for several large regional dealers prior to joining Coastal in 1999. Prior to taking her first trading position, she held positions in both operations and compliance departments. She serves Coastal Securities as head of the Sales and Trading Departments and is a member of the Executive Committee, the Management Committee and the Government Loan Product Committee. Her past company affiliations include The Westcap Corporation, Greystone Securities, MGSI Securities and Duncan-Williams. Ms. Komar received her education from the University of Houston and has served on numerous boards, including those of broker/dealers, community banks, non-profits and foundations. She welcomes any inquiries regarding the sales and trading operations at Coastal Securities and may be contacted at dak@coastalsecurities.com.

J. CHRIS MELTON

Executive Vice President – Legal and Compliance
Licenses – Series 7, 24, 27, 53 and 63

Prior to joining Coastal, Mr. Melton was an investment banker for another regional firm. He began his career as an institutional sales person with Crews & Associates from 1985 through 1986. As cashier from 1987 to 1990, he was responsible for receipt and delivery of securities traded and payment associated with those transactions, and in 1991 he accepted the position of Vice President of Operations. As an attorney, Chris also performed the function of in-house counsel regarding FINRA compliance and federal security law issues and was responsible for the review of lease-purchase documentation. Mr. Melton's education includes a BSBA in Finance and Real Estate from the University of Arkansas (1981) and JD from the University of Arkansas at Little Rock School of Law (1985).

THOMAS J. SMITH

Executive Vice President – Technology and Operations
Licenses – Series 27

Mr. Smith joined Coastal Securities in April 2005 as an Executive Vice President. Prior to joining Coastal Securities, Thomas served in various senior level positions at Morgan Stanley, USAA, and Acorn Systems. Mr. Smith also served as a Vice President, Chief Financial Officer for the Broker/Dealer Services Group of Morgan Stanley where he managed the Finance, Money Market, Mutual Fund, IRA and Technology Groups. His 18 years of professional experience has involved directing various functions including finance, technology, contracting, commercial evaluation, re-engineering, strategic planning, operations, and human resources in leadership roles with Morgan Stanley, USAA, Acorn Systems, and the United States Army. Thomas attended Saint Bonaventure University where he graduated magna cum laude with a Bachelor of Business Administration in Management. Upon graduation, Thomas received a Regular Army (RA) Commission from the United States Army and served three years on active duty as a Finance, Accounting and Operations Officer in Stuttgart, Germany.

JOHN CIOCCIA

Senior Vice President - Operations

Mr. Cioccia holds a Bachelor of Science degree from the New York Institute of Technology. John's career has focused on the Small Business Administration's ("SBA") guaranteed loan program since the inception of the secondary market in the mid 1970s. A native of New York, John was employed by the dealer community on Wall Street and the first fiscal and transfer agent in the SBA secondary market before joining Coastal Securities. His positions involve educating the lenders, dealers, and investors on the SBA and USDA secondary market loan programs. John joined Coastal Securities in 1983, and is responsible for Coastal's extensive documentation, customer service, and securities clearance departments. He was instrumental in developing Coastal's reputation as "the broker dealer with the highest quality or standing" in the SBA clearing and operations.

GREGORY L. PUTMAN

Senior Vice President – Head Financial Strategist

Licenses – Series 7, 24, 63

Mr. Putman holds a B.B.A. degree in Finance from the University of Houston. Greg, a native of Los Angeles, has eleven years banking experience, including four years as President and CEO of an independent Houston bank. Greg joined our company in 1988 to start our first research & development department, which was the beginning of today's Financial Strategies Department (FSD). Since that time, Greg has also served as assistant sales manager, compliance officer, SBA trade desk analyst and is now back heading up the department which he first started in 1988. As head of FSD, Greg works closely with his department people, merging their analytic and programming knowledge with the efforts of our various trading desks, our sales management staff and our sales representatives. Greg has a strong background in asset/liability management and has developed many programs to assist clients in their ALM tasks.

WILLIAM H. LATIMER

Senior Vice President – CIO/CTO Information Technology

Mr. Latimer earned a B.A. degree in Economics from Harvard College and an M.B.A. degree in Finance and Informational Systems from the Wharton School, University of Pennsylvania. Bill has been in the information systems field since the mid-1970s, having worked for Price Waterhouse, Proprietary Computer Systems and other firms. In 1983, he founded Micro Horizons, a Houston firm specializing in providing personal computer equipment, software and support services to companies. Mr. Latimer consulted with Coastal for six years, prior to joining the firm in 1993. He is responsible for the operations of the corporate computer network and has designed and implemented the Coastal Securities Security and Trading and Accounting System (COASTAS).

ALAN E. MAUK

Senior Vice President - Controller

Mr. Mauk joined Coastal Securities, Inc. in early 2007. He began his career in accounting in 1990 and has experience in the mortgage, banking and securities industries. Alan is a graduate of Oklahoma State University where he earned a bachelor's degree in Finance with minors in Accounting and Economics. Prior affiliations include Bank United of Texas FSB, Harbor Financial and Aegis Mortgage Corporation.

CHRISTOPHER L. LAPORTE

Head of GL Operations
&
Chairman of the Board
Coastal Financial Holdings, Inc.
Licenses – Series 7, 24 and 63

Mr. LaPorte co-founded Government Securities Corporation (GSC) in Houston, Texas in 1979, and served as its President and Chairman until 1996 when GSC consolidated operations with Coastal Securities. He has been extensively involved in the financial services industry through Citizens Bank, owned by the LaPorte family, GSC and Coastal for over thirty years. His banking background gives him excellent insight into the many concerns and objectives of Coastal's customers.

Mr. LaPorte's duties with Coastal include trading government guaranteed loans and pools. He is instrumental in the firm's overall inventory and pooling strategy in this market segment. Chris is currently Chairman of the Board of Coastal Financial Holdings, Inc., the holding company for Coastal Securities, Inc. In addition to his duties with Coastal, he is on the board of CITCO Bancshares, the holding company for his family's bank in Tennessee.

A native of Tennessee, Chris holds a B.S. degree from the University of Tennessee and a J.D. degree from the University of Tennessee Law School and is a member of the Tennessee Bar. He was elected in 1996 to a three-year term on the Board of Directors of the National Association of Government Guaranteed Lenders, the national trade association for government guaranteed lenders across the country.

CRAIG A. CLINE

Managing Director – Head GL Trader
Licenses – Series 3, 4, 7, 24 and 63

Mr. Cline has been in fixed income trading since 1986, and has twenty years experience with the MBS, CMO and ABS markets. Craig joined Coastal in 2002 after heading up the fixed income trading desk at Sanders Morris Harris. In 2005, he brought his analytical and prepayment expertise, as well as his cross-sector experience, to the government guaranteed loan desk, pioneering several break through prepayment models for SBA product. Craig is a former officer of the Houston Government Bond club and received his BBA in Finance from Texas A&M University. In addition to trading SBA and USDA loans and SBA pools, Craig also serves on the Government Loan Committee of Coastal.

SYLVIA E. MEROLA

Managing Director - GL Trading and Trade Desk Operations
Licenses – Series 7 and 63

Ms. Merola has been in the securities business since 1986, specializing in the government guaranteed loan products. Prior to joining Coastal's trading staff in 1989, Sylvia served in Coastal's operations department. Sylvia's primary functions are in the areas of trading and pricing of government guaranteed loans and pools, forming and structuring Coastal's SBA Pools, monitoring loan purchase and delivery, and working in conjunction with our sales staff to best fit the needs of our customers while overseeing and managing the daily function of our GL Trading Desk. Sylvia received her education from Corning University in upstate New York.

DAVID HOLLAND

Managing Director – Head of Public Finance, Muni Trading & Underwriting
Licenses – Series 24, 52, 53, 62 and 63

Mr. Holland graduated from Vanderbilt University, B.S. in 1977. He worked at Mercantile National Bank-Dallas (1977-1980). He was the Head Municipal Bond Trader and Senior Underwriter for Mercantile. Mr. Holland moved to Houston in 1980 and held the same position of Head Trader at Cullen Bank (1980-1984). In 1984, he co-founded Master Sanford Coon Ward & Holland (MSCWH). MSCWH was acquired by Lovett Mitchell Webb & Garrison where Mr. Holland served as Executive Vice President, Municipal Bonds until 1991. He also served on the Executive Committee. In 1991 Mr. Holland co-founded Coastal Securities and is currently head of all municipal activities (Trading, Underwriting & Public Finance). Mr. Holland served on the Board of the Municipal Advisory Council of Texas, from 2001-2004 and was Chairman in 2004.

DAVID B. CISARIK

Managing Director – Head Municipal Bond Trader
Licenses – Series 7, 53 and 63

Mr. Cisarik holds a BBA degree in Finance from the University of Texas at Austin. He has been with Coastal Securities since its inception in 1991 and was one of the original partners. His day to day activities at Coastal Securities involve municipal trading, competitive underwriting, and Texas negotiated underwriting. Prior to Coastal, David was a municipal bond trader with Lovett Mitchell Webb & Garrison in Houston (LMW&G), and Kemper Securities after they acquired LMW&G until 1991. Mr. Cisarik served on the Board of The Municipal Advisory Council of Texas from 2006-2008.

HAYDEN G. MORRIS

Managing Director – Head Fixed Income Trader

Licenses – Series 7, 24, 53, and 63

Mr. Morris has been in the securities business since the early 1980s. He has been specializing in the adjustable-rate mortgage backed product since the early 2000s. Prior to joining Coastal, Hayden was the manager of mortgage backed trading for Vining Sparks Investment Banking Group in Memphis, Tennessee from September 1990 to July 1996. Before Vining, he was head trader of all fixed income securities at Union Planters from August 1988 to September 1990 and head mortgage backed trader from March 1987 to August 1990. Hayden attended Brooklyn College, a member unit of the City University of New York.

ERIC JUPITER

Senior Vice President – Fixed Income Trading

Licenses – Series 7 and 63

Mr. Jupiter has been in the securities business since 1983, starting with Marcus, Stowell & Beye, then TMA, Westcap, Grigsby Branford and Duncan Williams before joining the Coastal Securities fixed income trading desk in 1999. Eric's primary function is to trade government and agency securities, as well as specializing in high-grade to high-yield corporates. Mr. Jupiter received his MBA at the School of Visual Arts in New York City.

BRIAN FADER

Senior Vice President – Fixed Income Trading

Licenses – Series 5, 7, 8 and 63

Mr. Fader has been in the securities business since 1979 and has been with Coastal Securities since 2006. Brian trades all types of fixed income products for Coastal, but specializes in Agency CMO trading. Prior to joining Coastal Securities, Brian was the senior fixed income trader for APS Financial, an Austin based broker-dealer. Mr. Fader also traded all mortgage securities for Suncoast Securities and Advest, Inc. Brian attended the University of Hartford.

FIXED INCOME CLEARING INSTRUCTIONS

CUSTOMER INSTRUCTIONS

GOVERNMENT – BOOK ENTRY

Bank of NYC/Pershing

ABA # 0210-0001-8

FFC – Customer A/C # 3TL -

PHYSICAL

Pershing

One Pershing Plaza (Lobby)

Grove Street PATH Station

Jersey City, NJ 07399

Customer Name

Customer A/C # 3TL -

MONEY WIRES

Bank of New York

ABA # 0210-0001-8

A/C Pershing LLC

A/C # 890-051238-5

Customer Name

Customer A/C # 3TL –

DEPOSITORY

DTC # 0443 / A/C # 3TL -

DTC/SDFS # 0443 / A/C # 3TL -

MIDWEST R, PRNGOG

MIDWEST B, HPRGOM

DEALER INSTRUCTIONS

GOVERNMENT – BOOK ENTRY

Bank of NYC/Pershing

ABA # 0210-0001-8

A/C Coastal Securities

PHYSICAL

Pershing

One Pershing Plaza (Lobby)

Grove Street PATH Station

Jersey City, NJ 07399

A/C Coastal Securities

MONEY WIRES

Bank of New York

ABA # 0210-0001-8

A/C Pershing LLC

A/C # 890-051238-5

Further Credit

Account Name

DEPOSITORY

DTC # 0443 / Coastal

DTC/SDFS # 0443 / Coastal

MIDWEST R, PRNGOG

MIDWEST B, HPRGOM

TAX ID NUMBER – COASTAL

20-8175595

NASDAQ DEALER SYMBOL

“COST”

Rev 11/11