



Dear Client, we understand that Premier has sent a rebuttal to the disclosure letter that we sent to our clients. With this in mind, I need to address the recurring false statements and provided as much detail as possible.

Below is the Premier letter that my staff has translated. Thank you to our clients that forward this to us. My response is in red.

Our initial letter was drafted on 8/25/16 (prior to Premier's letter) so to say our letter was to retaliate makes no sense. By the way, we are having our disclosure letter translated to Chinese which will take a few more days.

[PREMIER] *Dear Owner:*

The CEO, Paula Forshee, of Catalyst Property Solutions, which is your Houston property management company, has sent accusation toward our company to some of you, is far from the truth. Our company wants to clarify the situation and reveal the truth:

Just as the old saying goes, the man who comes to argue about rights and wrongs is usually the wrongdoer himself. On the one hand, Catalyst's accusation comes from many owners not able to collect the deserved rent after the guarantee period for the past year. On the other hand, Catalyst even claims some of the owners have owed thousands of dollars to the property management company. As a customer-oriented company, Premier has sent an auditor last week to do the audition under legal approval of the owners. Catalyst not only did not cooperate the auditor, but also called the police to deport our auditor. Moreover, our company has delegated Catalyst to manage near a hundred properties in Florida. They also suffered from major management issues. Under the management of Catalyst, the owners' rent has not been collected at all. It is after our company's several formal alert attempts did Catalyst pay some portions of the rent. Under this circumstance, Premier has terminated Catalyst's management in Florida last week. This is the reason Catalyst sent email to defame Premier's reputation.

[CATALYST] Catalyst letter to our clients was to fulfill our obligation to disclosure to our clients. We became aware of many of the described facts in the weeks prior to issuing our letter. After many attempts to get Premier to do the right thing, I had to take other measures. I had to disclose under the advice of my attorney.

- In May 2015, I gave Philip the opportunity to tell the truth and make this right to our clients. He rejected that offer in the presence of his secretary, Janet, his son, Keith, my staff, Marci, Jeff, Paula Roman and Antonio with Sterling LLC. This will prove up in court.
- Again in a telephone conversation with Philip in July 2016, I asked Philip to do the right thing. He refused to discuss further with me. He is always in too big of a hurry to complete our conversation.
- And finally on a telephone conversation with Philip on August 26th, I confronted him about the additional information that I had uncovered. He would not hear me out.

He concluded this conversation explaining that the management of properties in Florida would become "uncomfortable" and thought it was best to terminate the management agreements. I agreed provided that we reached a settlement agreement. This conversation was recorded and will be provided to the court. He followed up with the attached notice of termination.

Catalyst has found that the company called Overseas Asset Management, OAM is owned by Premier. Catalyst has found that houses it is managing for Premier or its affiliates are being sold to Chinese investor at prices substantially over U.S. market prices. See attached worksheet of sales comparables taken from the Polk County website that records sale prices (www.polkcad.org). We have grouped comparable locations together based on the size of the land included and other amenities. Fortunately, in Florida sell prices are recorded in deed records, unlike Texas. Based on this information, Premier is selling these homes at 74% greater than the average U.S. market price. If you allow a 20% margin for error based on age of property, it is still 54% greater than the average U.S. market price.

The only comparable sales prices to the houses Premier, et all are building and selling are those sold to uniformed Chinese investors. You may find sale prices at www.polkcad.org. Be sure to consider location and lot sizes. Dundee Station is located in a less desirable area than most of the comps listed.

Catalyst does not want to find itself in the middle of another bad situation with clients caused by misrepresentations of value.

I do not know what is being presented regarding operating expenses on the sales brochures. However, be aware that taxes increase substantially the second year, there will be maintenance, make ready, insurance, making and management expenses.

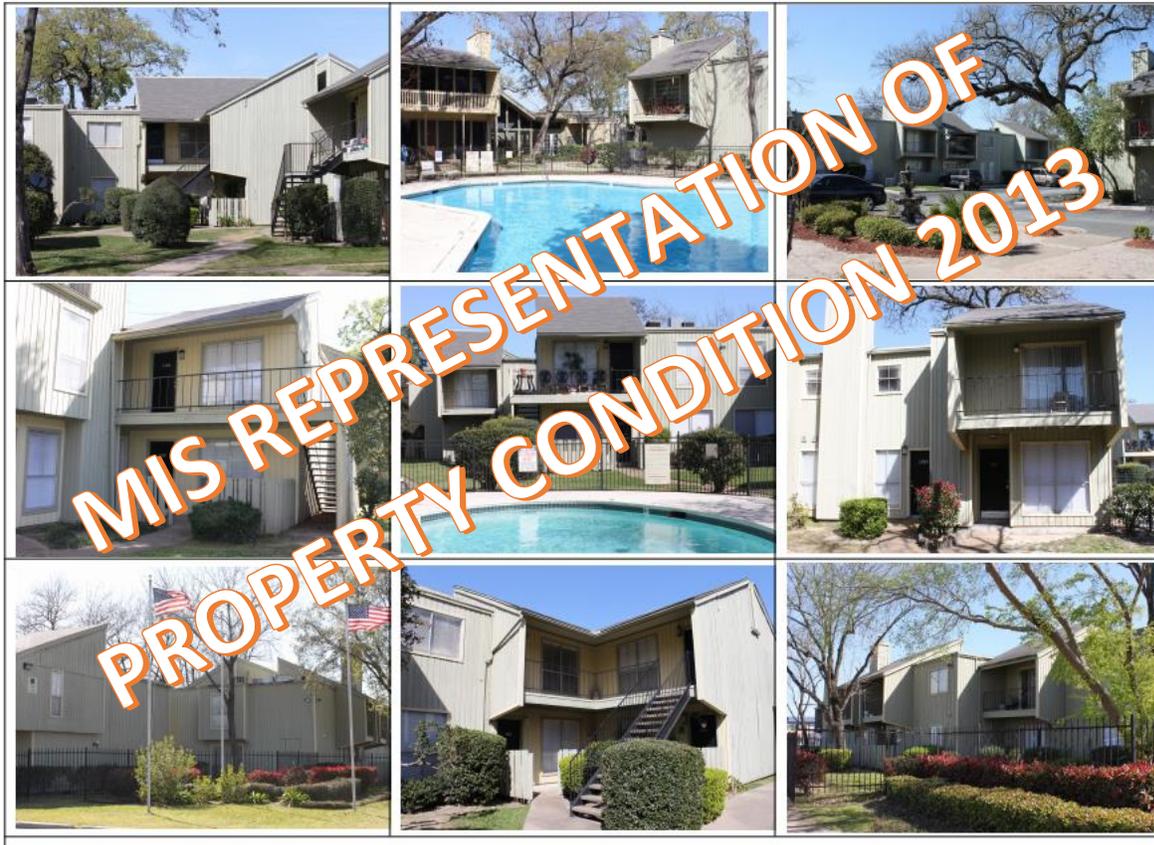
Chapter One

Delegated by Houston-based Sterling Income, Premier sent investigation teams to every single property to secure the condition and authenticity. The property ages are all over 20 years, but the condition is good when the investigation conducted. The interior of the properties are clean, which is not the bad case in Catalyst's accusation. It is because of the property management company's mismanagement and let the bad tenants to reside, that caused the properties' condition deteriorating and more frequent charges. Figure (1) is the same property (Oakwood Gardens) Catalyst refers to, please compare the pictures provided by the two sides. It is clear to see the severity of consequence when Catalyst takes over.

[CATALYST] The property condition was described as "deplorable" at the time the properties were sold. I am glad to see Philip put in writing is claim they were "god". Please study the facts that was provided in the Dropbox link. You will see photos provided by prior management from 2013; a number of emails from prior management to the board requesting funds due to the property condition; security officer reports about the crime concerns; police statistics report regarding the number of incidents in these areas. You will also see Catalyst request to board requesting funds to make the repairs after we got involved in 2015. You will see improved conditions upon touring the properties today (although more is needed). We have provided information on three of the locations. However, we have more information coming from residents and neighbors who lived at all the location in 2013. One client was sold a "maintenance shop" as a rentable condo. Because we were not involved in these properties back in 2012 and 2013, we are collecting factual data to support everything identified in our disclosures. We know how bad they were when I first saw them in the fall of 2014, still "deplorable"

Regarding the pictures provided in Philip's letter. I do not now when these picture were taken but we know these are **NOT** consistent with the property condition. In addition to the pictures provided by prior management, you can also go to www.googlemaps.com, chose satellite view and secure historical

satellite pictures of the properties to prove this point. I believe we can pay Google for an upgrade to get additional satellite images over time. I will be investigating this. Most importantly, the local residents will verify they have not seen Oakwood in this condition for years.



Below is from Catalyst's letter: [CATALYST] True pictures provided from personnel's telephone picture apps. See the video provided in Dropbox of the roofs at Oakwood.



Figure (1)

Figure (2) is Oakwood Garden's latest Zillow market price estimate (\$78,000). The properties' market price are \$50K to \$100K in 2009-2013, indicating the statement "the price of the property sold is higher than market price" is totally wrong. Moreover, as the property manager, Catalyst's email to owners showing the adverse circumstances of the community, provides the evidence of poor management.

[CATALYST] This information INCORRECT. The below location is a much improved property with pitched roofs, carports, well maintain and an HOA that has not been basically bankrupt for the past 4 years. This property is located 2.5 miles from Oakwood in a much better neighborhood. You will see from the below list of Oakwood condos that are on the market for the accurate comparable sales prices. Philip knows this to be true as he and I have discussed this. He has also heard from many of you the current values and from other brokers. I encourage you to call local brokers in the market place, (not TREP). Zillow is not a reliable indication. Actually, I wish the value Philip is indicating below were true. There would not be a problem if this were the case.

Here are the true sales comps as currently listed. Go to www.HAR.com or www.Realtor.com

More importantly, Sterling paid approximately \$17,000 per condo in 2013. Premier sold these to you all for \$57,000-\$62,000 just a few months later. No major capital improvements were made during this time.

ouston/realestate/for_sale?region_id=1&streetaddress=5625%20Antoine

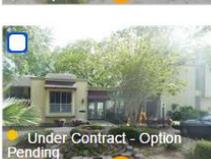
	<p>5625 Antoine Dr #1307, Houston, TX 77091</p> <p>Townhouse / Condo Property , Other Style Style in Oakwood Gardens Condo Subdivision in Oak Forest West Area (Market Area)</p> <p>MLS# 93714389 2 Beds, 2 Full Baths</p> <p>1 Stories 1,027 Bldg. Sqft. Built in 1972</p> <p>No Private Pool</p> <p>Carolyn Wolfe with Town & Country Parisher Properties</p> <p>For Sale \$29,999</p>
	<p>5625 Antoine Dr #601, Houston, TX 77091</p> <p>Townhouse / Condo Property , Other Style Style in Oakwood Gardens Condo Subdivision in Oak Forest West Area (Market Area)</p> <p>MLS# 20066866 1 Beds, 1 Full Baths</p> <p>1 Stories 725 Bldg. Sqft. Built in 1972</p> <p>No Private Pool</p> <p>James Lucas with The Real Estate People LLC</p> <p>Under Contract - Pending \$24,038</p>
	<p>5625 Antoine Dr #822, Houston, TX 77091</p> <p>Townhouse / Condo Property , Traditional Style in Oakwood Gardens Condo Lic Subdivision in Oak Forest West Area (Market Area)</p> <p>MLS# 50329335 2 Beds, 2 Full Baths</p> <p>1 Stories 1,027 Bldg. Sqft. Built in 1972</p> <p>No Private Pool</p> <p>Jason Gracey with Keller Williams Memorial</p> <p>For Sale \$23,000</p>
	<p>5625 Antoine #102, Houston, TX 77091</p> <p>Townhouse / Condo Property , Other Style Style in Oakwood Gardens Condo Lic Subdivision in Oak Forest West Area (Market Area)</p> <p>MLS# 32277937 1 Beds, 1 Full Baths</p> <p>1 Stories 725 Bldg. Sqft. Built in 1972</p> <p>No Private Pool</p> <p>James Lucas with The Real Estate People LLC</p> <p>For Sale \$20,000</p>
	<p>5625 Antoine Dr #608, Houston, TX 77091</p> <p>Townhouse / Condo Property , Other Style Style in Oakwood Gardens Condo Lic Subdivision in Oak Forest West Area (Market Area)</p> <p>MLS# 76355443 1 Beds, 1 Full Baths</p> <p>2 Stories 725 Bldg. Sqft. Built in 1972</p> <p>No Private Pool</p> <p>James Lucas with The Real Estate People LLC</p> <p>Under Contract - Option Pending \$20,000</p>



Figure (2)

Chapter Two

[CATALYST] The below address is my residential address. As mentioned in my letter, Jake the owner of Blue Marlin is my son. I have been very open and very proud of this fact. Philip has met him here in my office and was happy to see him working in the business. Our management agreements require us to attempt to use in-house and affiliated companies. Blue Marlin is not truly affiliated since we do not take any profits from Blue Marlin. Instead Blue Marlin bills Catalyst clients below prices offered to its other clients. Catalyst gets very discounted prices. Catalyst pays the added over head of insurance, administrative and processing personnel and bills that cost along with the Blue Marlin invoice. Our requirement is the maintain prices at or below market prices for our clients. When Blue Marlin has availability, their prices are well below any of the competitors. Also, it has been disclosed that Blue Marlin is an affiliate company. This is a well-known fact.

Blue Marlin only offers these prices to Catalyst clients because our combined goal is to provide the best service at the best prices for my clients. This only reason it cost so much to repair or make ready your condo is the property condition. Air conditioning units as much as 30 years old, on roof tops; make readies that require a great deal of work.

We have numerous quotes and other pricing to prove this fact up. Additionally, when I filed suit against Philip and Premier, I did so the stop these lies and have our books and records opened for the court to review.

Blue Marlin is a member of the local Houston Apartment Association and receives much of its referrals based on the good reputation of his mother in the business.

Blue Marlin's current business address is: 1919 W Sam Houston Pkwy N Ste 325, Houston TX 77043 which is a couple miles from our Catalyst office.

My son is 29 years old, he does not reside at my home address with me. The initial DBA was filed as he was starting his business and had not yet secured a business office.

He is a man of great integrity and honesty. He works hard for a living. As I explained in my letter many of his maintenance staff worked for Catalyst for years on the multi-family side and were offered employment with Blue Marlin because of their exceptional work experience.

About the property maintenance fee. Paula (Figure 3 is her resident address)'s son, Jacob Lee, founded the maintenance company, Blue Marlin. Catalyst arbitrarily assigned most of the maintenance and repair works to Blue Marlin and charged improper fees without informing the owners. Moreover, Catalyst paid Blue Marlin's maintenance and repair bills instead of paying the owners' HOA, which has put the owners in the risk of forfeit of properties by HOA owner association. Catalyst did not consider to guarantee the owners' benefits. It is clear to see Catalyst has integrity issue.

Owner and Property Information	
Owner Name & Mailing Address: FORSHEE PAULA M 17026 COPPER SHORE DR HOUSTON TX 77095-4328	Legal Description: LT 1 BLK 1 COPPER LAKES SEC 1 Property Address: 17026 COPPER SHORE DR HOUSTON TX 77095

Figure 3 CEO Paula Forshee Resident Address



OFFICE OF STAN STANART
COUNTY CLERK, HARRIS COUNTY, TEXAS

R231176
04/01/2015 CLAYROAD
\$16.00 ASSUMED

ASSUMED NAME RECORDS
CERTIFICATE OF OWNERSHIP FOR
UNINCORPORATED BUSINESS OR PROFESSION

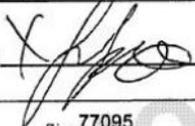
[A beginning character other than a letter or a number, or the last portion of a name that exceeds 57 characters, will not be reflected in the indices. Please print legibly.]

NAME IN WHICH BUSINESS IS OR WILL BE CONDUCTED: _____
BLUE MARLIN MAINTENANCE & SERVICES

BUSINESS ADDRESS 17026 COPPER SHORE DRIVE

CITY HOUSTON STATE TX ZIP 77095

Figure 4 Maintenance company Blue Marlin's business address is the same to Paula Forshee's address

-NAMES OF OWNERS-	
NAME <u>SCRUGGS, JACOB LEE</u> <small>(print or type)</small> Residence Address <u>17026 COPPER SHORE DRIVE</u> City: <u>HOUSTON</u> State: <u>TX</u> Zip: <u>77095</u>	SIGNATURE 
NAME _____ <small>(print or type)</small> Residence Address _____ City: _____ State: _____ Zip: _____	SIGNATURE _____
NAME _____ <small>(print or type)</small> Residence Address _____ City: _____ State: _____ Zip: _____	SIGNATURE _____

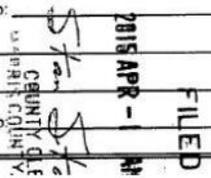


Figure 5 Blue Marlin's owner is Paula's son Scruggs, Jacob Lee

Chapter Three

Property is initially managed by Hot Ocean, then Hot Ocean and Catalyst merged and managed together. Thus, Catalyst explained it is because the poor management before, and it is hard to improve when they take over.

[CATALYST] **This is not true. We have made substantial improvements.** The problem is that it is not enough. And more importantly, the problem is that the owners did not know these were bad properties that needed improvements. We thought that would be happy to see their properties and the progress we made. We were shocked when owners would come here and be disappointed. It was not until we recently saw pictures of what was shown to these owners, that we realized the misrepresentations that had been made.

Furthermore, we have explained that the problems we found were from prior HOA Management. This was Creative Management. However, we have since learned that the problems were not with management, it was with lack of funds to make repairs. There are emails after emails from Creative to the Association Board of Directors asking for funds. Catalyst has the same evidence after we took over in Jan-Mar 2015. The problem was that the Association boards under funding the association. These boards were controlled by your seller, Sterling and your rental guarantor, Sterling. Clearly they had every reason to underfund the association because they had not long term interest in the property and the more they You can see from the documentation the problems go back even before Creative Management who did not get involved until mid to late 2013. There was yet a prior HOA management company that too struggled with problems of deferred maintenance and no funds. These associations have been improperly funded since before 2012. The financial statements, email complaints from residents, rental managers, the city inspection reports prove this fact. No point making accusations, the facts speak for themselves.

Chapter Four

The property rent and fee are all provided by Sterling Income, Premier did not have any joint venture with Sterling Income. The introduction commission is normal charge in the industry. Catalyst's soundless, exaggerated figure is far from the truth. Premier will pursue legal actions against Catalyst.

[CATALYST] **This is not true.** The brochure my clients purchased property from was published by Premier, much of this was written in Chinese. The commission paid to Sterling is NOT normal. It was against the law in many ways. You can call the title company that handled this transaction to confirm this. Had they known there was a fee paid, they would have insisted it be disclosed or would have withdrawn from handling the transaction. Additionally, Philip is required to have a Texas Broker's license, which he does not.

It is illegal to take this fee from the seller and not disclose this to the buyers. Many of my staff, including my attorney witnessed the open discussions about Sterling paying Premier a 25% commission. The only part of this that we did not realize was that it was not disclosed to you, the buyer and that you the buyer also paid Premier's affiliate a commission.



We expect to get a counter suit from Premier. This is often the case as the defendant tries to defend itself and negotiate a more favorable settlement. We are well prepared to be countersued by all defendants.

Chapter Five

From the 30-page letter, everyone can see that Catalyst CEO Paula aimed directly to Premier's president Philip. We believe that after you carefully analyze on all the unfounded accusations and Paula's final appeal, you will understand the purpose of Catalyst is to shirk its responsibility for mismanagement, thereby alienate the customer relationship, save the property management rights and continue to earn interests. As the owners required, Premier has taken actions to identify if Catalyst has charged possible improper fees and possibly to replace the management company. Therefore, Philip became Catalyst's target. Catalyst not only make up story without investigating the truth, but also conduct malicious personal attacks. These are really disappointing.

[CATALYST] Catalyst purposely provided facts and supporting documents, not just accusations. This is the reason the letter is so long. We stand behind these facts. After uncovering the numerous facts, I met with an attorney. He explained to me that I had an obligation to disclose to my clients the information I had uncovered and urged me to do so quickly. This is what I did. More information is coming.

Had we known in 2014 what we now know, we would have never gotten involved in this mess. We find ourselves in the middle of a three ring blame game. The truth will be exposed in court.

Chapter Six

About TREP Property Management in the letter. Premier hereby clarifies that the property management company is referred by one of our current owners, who is not satisfy with Catalyst's management, so the owner turns to TREP. The rent collection is stable. Premier and TREP do not have any interest relationship, the owners can choose the right property management company under your will.

[CATALYST] Premier provided Misty Lucas of TREP with copies of Catalyst proprietary documents. Premier helped encourage clients to list their properties with TREP to sell and list many of these at a loss (many of these are currently on the market prices 1/3rd the price of what Premier sold these properties for). It is easy to blame bad management, sell your property now so that the pressure is off of Premier.

TREP went to our residents telling residents that they were working with Premier and would soon be taking over the management of all Premier properties. I do not know who is lying here but we heard this from several residents on various locations.

I honestly do not know the "business" relationship between Premier and TREP. However, I can confirm that Premier signed a fake power of attorney giving authority to a criminal felon, Curtis Lucas related to TREP to come to our office and threaten our staff to hand over proprietary records of our clients to a TREP relative.

This was the last straw that required we file suit.



CATALYST
PROPERTY SOLUTIONS

Our records will be exposed to the courts as this lawsuit progresses. Catalyst is not hiding from the truth. We fully knew this would be the case when we filed the lawsuit. However, it will be handled the legal way.

Premier acts as an intermediary agent to assist owners purchasing properties many years ago, and all owners have received the concerted guarantee period rent by Sterling Income, which means that our responsibility has been completed.

[CATALYST] Please read the guarantee that Premier had you to sign. It is a very bad agreement. It does not hold Sterling adequately responsible.

Premier has been in the industry for 28 years, and is proud with our integrity, profession and service. We feel that our customers are unfairly treated, so we took the step out to fight for our customers' justice, which induces Catalyst's slander and attack.

[CATALYST] The truth will be exposed.

Regarding Catalyst's slander and false accusation, Premier has delegated attorney to related lawsuit. Please contact us if you have any questions.

[CATALYST] We expected Premier to file a counter suit. We wait for it to arrive any day. Good news is that this will require that Premier's books be exposed as well. We look forward to the next steps.

We feel deeply sorry for the inconvenience thus caused for our customers through purchasing properties from Sterling Income. Premier promises to continue serve our customers and fight for justice.

Premier Capital Limited
September 1, 2016

CATALYST
September 8, 2016