



investigations to determine whether the federal securities laws have been, are presently, or are about to be violated, and assisting in the Commission's litigation of securities laws violations. As part of my job, I routinely obtain and analyze bank records and other financial records typically maintained at financial institutions.

4. In connection with the Commission's investigation captioned *In re Rebuilding America LLC*, C-08374 (the "Investigation"), I have been asked to review and summarize certain bank records and financial transactions. Specifically, I have reviewed:

- a) bank records of Equitybuild, Inc. ("Equitybuild") which records included, but were not limited to: account opening documents, bank signatory forms, canceled checks, monthly statements, deposits, debit and credit memoranda, and wire transfer advices;
- b) bank records of Equitybuild Finance, LLC ("Equitybuild Finance") which records included, but were not limited to: account opening documents, bank signatory forms, canceled checks, monthly statements, deposits, debit and credit memoranda, and wire transfer advices;
- c) bank records of Jerome Cohen and Shaun Cohen which records included, but were not limited to: account opening documents, bank signatory forms, canceled checks, monthly statements, deposits, debit and credit memoranda, and wire transfer advices;
- d) bank records of affiliate entities of Equitybuild, Equitybuild Finance, Jerome Cohen, and/or Shaun Cohen which records included, but were not limited to: account opening documents, bank signatory forms, canceled checks, monthly statements, deposits, debit and credit memoranda, and wire transfer advices;

- e) documents produced to the Commission by Equitybuild, Equitybuild Finance, Jerome Cohen, Shaun Cohen, and their affiliate entities, including offering materials and internal records tracking the investments described herein;
  - f) other documents obtained by the SEC staff in the course of the Investigation, including materials provided by investors, property managers, and a public relations firm retained by Defendants; and
  - g) records of interviews and transcripts of testimonies conducted by the Commission's staff, including interviews and testimonies in which I personally participated.
5. Based upon the materials listed in paragraph 4 above and my participation in the Investigation, I am informed and believe and, therefore, state the information set forth below.
6. I have reviewed a Certificate filed by Equitybuild, Equitybuild Finance, Jerome Cohen, and Shaun Cohen (collectively, "Defendants") in litigation captioned *Markwell v. Equitybuild, Inc.*, Case No. 4:18-cv-1274 (S.D. Tex.), Docket No. 10. In that Certificate, Defendants certify that: (a) Equitybuild is a Florida corporation; (b) Equitybuild Finance is a Delaware limited liability company; (c) Equitybuild is the sole member of Equitybuild Finance; (d) Jerome Cohen is Equitybuild's sole shareholder and President; and (e) Shaun Cohen is Equitybuild's Vice President.
7. I participated in testimonies of the multiple Equitybuild employees who testified that Equitybuild has an office in Chicago.
8. I reviewed the testimony transcript of Jerome Cohen, who testified that he founded Equitybuild and Equitybuild Finance, and is Equitybuild's CEO. Jerome Cohen also testified that Shaun Cohen is President and the sole officer of Equitybuild Finance.

9. Based on my participation in the Investigation and review of the documents described above in Paragraph 4, it is my understanding that Jerome and Shaun Cohen control Equitybuild and Equitybuild Finance, including controlling the companies' operations, the content of the representations made to investors, and transactions to and from their bank accounts.
10. I reviewed the testimony transcript of Shaun Cohen, who testified that by 2010, Defendants had begun offering and selling promissory notes (the "Notes") to investors.
11. In the course of the Investigation, Defendants produced a spreadsheet purportedly listing their investors and the amount of their investments. According to that spreadsheet, Defendants sold securities to more than 900 investors throughout the United States, including investors located in the Northern District of Illinois, who invested at least \$135 million with Defendants.
12. When an issuer registers its securities or offerings, confirming that the registration occurred typically entails a routine search of SEC systems. After performing such a search, I found no record indicating that Equitybuild or Equitybuild Finance registered their securities or securities offerings with the SEC prior to the filing of this lawsuit.
13. In the course of the Investigation, I reviewed copies of Notes produced by Defendants or otherwise obtained by the SEC. A copy of one such Note is attached hereto as Exhibit 1.
14. My review of the Notes and other materials obtained by the SEC indicates that the Notes provided for interest rates ranging from 12% to 20%, with investors receiving higher interest rates for investing greater amounts of money. My review further indicates that the terms of the Notes ranged from six to 24 months.

15. According to the spreadsheet produced by Defendants referenced above, at the end of the Notes' terms, rather than receiving their principal, many investors rolled over their principal into a new Note.
16. My review of the Notes indicates that the parties to the Notes were: (a) the "borrower," which was usually Equitybuild, and (b) the investors, each of which the Notes described as a "lender."
17. My review of the Notes and related offering materials provided to investors indicates that each Note referenced a specific real estate property which investor funds would purportedly be pooled to purchase and renovate. Each Note also represented that the Note was secured by a fractional interest in a mortgage in the identified property.
18. My review of the Notes and agreements investors executed as part of their investments indicates the investors assigned to Equitybuild Finance, as the "Collateral Agent," all of their rights and powers under the Notes and mortgages. A copy of one such agreement is attached hereto as Exhibit 2. My review further indicates that Defendants structured the mortgages purportedly securing the Notes to be typically entered between: (a) Equitybuild, an affiliate entity, or, in some cases, a third-party purchaser; and (b) the investors "care of" Equitybuild Finance.
19. My review of the Notes indicates that Jerome Cohen generally signed the Notes and mortgages on behalf of Equitybuild (or its affiliates), while Shaun Cohen, having been delegated the ability to do so by the investors, generally signed the Notes on behalf of Equitybuild Finance.
20. Shaun Cohen and other Equitybuild personnel testified that to solicit investments in the Notes, Defendants utilized promotional methods including Equitybuild's website, emails to prospective investors, a call center and salespeople, in-person presentations, social media, and Google advertising.

21. Jerome Cohen testified that, as part of their promotional efforts, Equitybuild and Equitybuild Finance also issued and distributed to investors promotional booklets referred to as “white papers.” Copies of three such white papers are attached hereto as Exhibits 3, 4 and 5.
22. Shaun Cohen testified that Equitybuild’s salespeople reported to him. I reviewed Equitybuild employment agreements which state that the salespeople’s compensation includes commissions from the sale of Notes to investors.
23. The SEC obtained recordings of Shaun Cohen training Equitybuild’s salespeople. On certain of those recordings, Shaun Cohen instructs the salespeople to generate at least \$50,000 of new investments each day.
24. I have reviewed promotional materials Defendants provided to investors which describe the Note investments as “low risk.” Copies of such documents are attached hereto as Exhibits 3 (p. 5), 4 (p. 6), and 5 (p. 12).
25. Shaun Cohen testified that Defendants’ public relations firm was on the distribution list for mass emails sent to investors, such that the emails received by the firm would have also gone to investors. I have reviewed promotional materials Defendants provided to Note investors which represent that the investments were “secured” or “backed” by real estate. Copies of such documents are attached hereto as Exhibits 4 (p. 4), 6 (p. 3), 7 (p. 4), and 8 (p. 2). I also reviewed emails in which Shaun Cohen represents to investors that “All EquityBuild Finance private mortgage notes are 100% secured by real estate.” Copies of those emails are attached as Exhibits 6 (p. 3) and 8 (p. 3).
26. I have reviewed a white paper provided to investors which states: “Equitybuild is ushering in a new era by making real estate investing more secure and reliable than ever.” See Ex. 3, p. 4. That same white paper describes “Equitybuild’s Three Guarantees,” including representations

- that Equitybuild would compensate investors for any deficiencies in the real estate's operating income and declines in property values. *Id.* at 7. That white paper repeatedly references Equitybuild's "unparalleled operational mastery." *Id.* at 4, 7. That white paper additionally states: "Our investors receive impressive, double-digit returns that roll in month after month, regular as clockwork, but require absolutely no ongoing effort on their part. On the most fundamental level, this is an ideal path to passive income." *Id.* at 4.
27. I have reviewed another white paper provided to investors which states: "Private mortgages...are, in our opinion, much safer than paper investments because they are secured by real property. If the mortgage ever goes into default, private mortgage lenders simply sell the property in a quick sale and get their money out of the investment." See Ex. 4, p. 4. That white paper additionally states that Equitybuild and Equitybuild Finance "consistently deliver double-digit returns." Ex. 4, p. 8.
28. I have reviewed an email that Shaun Cohen sent to prospective investors which stated that Equitybuild had a "literally PERFECT payment track record." A copy of that email is attached as Exhibit 9.
29. I have reviewed multiple emails that Shaun Cohen sent to prospective investors which stated that "Equitybuild has Never Defaulted on a Loan and has Zero Foreclosures." Examples of such emails are attached as Exhibits 10 (p. 4) and 11 (p. 3).
30. I have reviewed Equitybuild's website, which states that Jerome Cohen is the "Creator of EquityBuild's proprietary econometric model that identifies undervalued and outperforming markets." A copy of a screenshot of that website, visited on August 7, 2018, is attached as Exhibit 12 (p. 8). Equitybuild's website further references Equitybuild's "Operational Mastery," which the website describes as "maximiz[ing] returns and minimiz[ing] risk at

every step” and “only invest[ing] in a property if we can confirm it will generate high satisfactory profits.” *Id.*, p. 5.

31. I have reviewed a marketing email in which Equitybuild claims that all of its third-party purchasers were “qualified” borrowers with “A-grade” credit. A copy of that email is attached as Exhibit 13 (pp. 3, 5).
32. I reviewed another white paper provided to investors which describes how Equitybuild Finance generates high returns by issuing private mortgages to third party buyers. A copy of that white paper is attached as Exhibit 14. That white paper states that the third property purchasers borrow on shorter terms and at higher rates than purchasers using traditional mortgages, and that Equitybuild Finance produces “High Returns That Beat the Stock Market.” *Id.* at 6. That white paper also describes the Notes as “fully secured instruments.” *Id.* at 3.
33. Based on my participation in the Investigation and review of the documents described above in Paragraph 4, it is my understanding that Equitybuild and Equitybuild Finance told investors that they earned their profits from the third party purchasers, but not from the investors.
34. I reviewed another document, which represents to investors that Equitybuild makes money by retaining as profits the difference between the mortgage payments received from the third party purchasers and the interest payments made to the Note investors. A copy of that document is attached as Exhibit 13.
35. I reviewed emails Shaun Cohen sent to prospective investors in which he represented that the properties collateralizing the investors’ Notes would generate “more than enough revenue to cover the borrower’s note payments [and] all of the property’s operating expenses, and still return positive cash flow.” Copies of those emails are attached as Exhibits 15 (p. 3), 16 (p. 3), and 17 (p. 3). Also, in a white paper, Equitybuild describes how it “has learned to structure

deals so they generate positive free cash flow after mortgage and all operating expenses are paid.” Ex. 3, p. 6.

36. Shawn Cohen and another Equitybuild employee testified that Equitybuild retained 15% to 30% of the Note investors’ investments as fees. Prior to 2017, the offering materials did not disclose to Note investors that Defendants would take 15% to 30% of their investments as fees.
37. I reviewed offering memoranda provided to the Note investors which typically listed a “sale price” or “purchase price” for the property purportedly securing the Note. For approximately 52 such properties, I compared the total sale/purchase prices listed in the offering memoranda with the total sale prices listed on either closing documents obtained by the SEC or on publicly available internet real estate search sites. My analysis shows that the total of the sale/purchase prices listed in the offering memoranda is 47% more than the total of the actual sale prices shown on the closing documents or real estate search sites.
38. My review and analysis of Defendants’ bank records shows that Equitybuild and Equitybuild Finance used proceeds of the investments described herein to make interest and principal payments to investors. My review and analysis also shows investor proceeds were used to make payments to Jerome Cohen, Shaun Cohen, and LLCs they own and control. Specifically, from September 1, 2013 to May 2018, Jerome Cohen and Shaun Cohen each received approximately \$1.5 million as a result of the investments described herein. Jerome Cohen received these funds through transfers from Equitybuild bank accounts to accounts in his name and the name of a company he owns and controls called Tikkun Holdings LLC. Shaun Cohen received his money through transfers from Equitybuild bank accounts to accounts in his name and the name of a company he owns and controls called 3400 Newkirk

LLC. The bank records reflect that Jerome Cohen and Shaun Cohen used the money to pay for living expenses.

39. Jerome Cohen testified that the real estate purchased with investor proceeds, in the aggregate, does not generate enough revenue to cover the properties' operating expenses and the payments due to investors.
40. I also reviewed and analyzed monthly owner statements produced by the property managers Defendants used to manage 40 of the properties purchased with investor funds. I analyzed the owner statements, which do not take into account interest payments due to investors, to determine the monthly net loss or net income for the properties. I then included in my analysis the monthly interest payments owed to investors, based on the terms of the Notes. When I took into account these monthly interest payments, the 40 properties yielded an average monthly net loss of \$23,385. Moreover, none of the 40 properties had an average monthly net income once interest payments were included. Even excluding the interest payments, my analysis shows that 17 of the 40 properties sustained average monthly net losses, before interest to investors were taken into account.
41. I also reviewed Equitybuild's 2015 financial statements, which show that in 2015 Equitybuild's net loss was \$11,963,944. I have seen no evidence that Defendants shared this information with investors.
42. Jerome Cohen testified that while Equitybuild initially sold properties acquired with investor proceeds to third-party buyers, by 2014 Equitybuild itself owned nearly all of the buildings acquired with investor funds. I also reviewed a draft letter to the SEC Shaun Cohen wrote in which he acknowledges that by 2015 Equitybuild was no longer utilizing third-party buyers.

43. My review and analysis of Equitybuild's bank records indicates that from January 2015 through February 2017, investors received approximately \$14.5 million in interest payments from Equitybuild. My analysis indicates that during the same period, the money transferred to Equitybuild from property managers and third-party buyers' monthly payments amounted to only \$3.8 million. Based on this analysis, it appears that Equitybuild used investor proceeds to make investor interest payments.
44. I am unaware of Defendants, in the course of the Notes offering, informing investors that their interest payments were being funded by investor proceeds.
45. I am unaware of Defendants providing investors with the contact information of the other investors who invested in the same property.
46. I reviewed Extension Agreements produced by Defendants. The Extension Agreements indicate that Equitybuild routinely extended the maturity date on investors' Notes, often for years. Equitybuild's sales manager testified that for the vast majority of investments, Equitybuild had to extend the maturity date.
47. I reviewed the spreadsheet Defendants produced purportedly listing Equitybuild's investors and the amount of their investments. That spreadsheet indicates that as of October 2017 there were investors in more than 1,200 Notes with outstanding principal totaling more than \$75 million.
48. Shaun Cohen testified that investors who did not agree to extend their investments were placed on a "buyout list" where Defendants would look for new investors to buy out the original investors. Defendants produced the buyout list to the SEC, which reflects that as of June 2018 Equitybuild had approximately \$3 million worth of investments waiting to be bought out.

49. Shaun Cohen testified that Equitybuild converted the investments of certain Note investors into unsecured promissory notes. I reviewed the spreadsheet Defendants produced purportedly listing their investors and the amount of their investments. That spreadsheet indicates that approximately 100 investors had their original note converted into unsecured promissory notes.
50. I am unaware of Defendants informing new prospective investors that previous investors had been compelled to extend their Notes' maturity dates, been placed on the buyout list, or had their secured Notes switched to unsecured notes.
51. Court records reflect that in 1994 Jerome Cohen filed for bankruptcy. See *In re Jerry H. Cohen*, Case No. 9:94-bk-09013-ALP (M.D. Fla 1994). Court records further reflect that in 2010 Shaun Cohen filed for bankruptcy. See *In re Shaun D. Cohen*, Case No. 9:10-bk-06615-ALP (M.D. Fla. 2010). I am not aware of Defendants disclosing these bankruptcy filings to prospective investors.
52. Jerome Cohen testified that the proprietary econometric model referenced in Equitybuild's offering materials actually consisted of "back of the envelope type of calculations." He also testified that selecting real estate was not a "core competency" of Defendants. I am not aware of Defendants disclosing these facts to investors.
53. Jerome Cohen testified that in early 2017, he and Shaun Cohen began making changes to the business model they presented to investors, by offering investments in real estate "funds."
54. I have reviewed the private placement memoranda ("PPMs") for seven of these funds, which are the "Chicago Capital Fund I," "Chicago Capital Fund II," "Southside Development Fund 1," "Southside Development Fund 4," "Southside Development Fund 6," "Southside

Development Fund 8,” and “Hybrid Capital Fund.” The PPMs reflect that in those seven offerings, beginning in May 2017, Defendants attempted to raise more than \$70 million.

55. The PPMs generally represent that Defendants would pool investor proceeds to purchase and renovate real estate, primarily on the South Side of Chicago. The PPMs for five of the seven funds represent that investors will receive double-digit annual returns, with the other two funds offering 8% returns. The PPMs describe the investments as “securities.”
56. The PPM for the Chicago Capital Fund II offers 17% annual returns for 24 months. The PPM for the Southside Development Fund 8 offers 14% annual returns for six months. The Southside Development Fund 8 PPM describes those 14% returns as a “Guaranteed Dividend.”
57. I visited Equitybuild’s website on approximately August 8, 2018. The website describes the following funds as currently being offered: Southside Development Fund 7, Southside Development Fund 8, Chicago Capital Fund I, Chicago Capital Fund II, and Equitybuild Hybrid Fund. A copy of this portion of the website is attached as Exhibit 18.
58. Jerome Cohen testified that Equitybuild uses certain proceeds of the fund offerings to make interest payments to prior Note investors. The PPMs include a section detailing how investor proceeds will be used, including the purchase and renovation of real estate, but do not disclose that investor proceeds will be used to repay earlier Note investors.
59. Based on my review of the Notes and the PPMs, it appears that many of the properties described in the PPMs as real estate that investor funds will be used to acquire and renovate are the same properties that purportedly secured the Notes. The PPMs do not disclose the fact that the properties were acquired by and secured prior investments. The PPMs also state that the title of the properties was transferred to special purpose entity LLCs owned by

Jerome Cohen. I am unaware of Defendants apprising Note investors before transferring the title of the properties supposedly securing their investments.

60. The PPMs also do not disclose that earlier Note investors had not been repaid, the number of delinquent Notes, or the amount of the delinquent Note payments.
61. My review of the bank records described above indicates that as of May 31, 2018, Equitybuild and Equitybuild Finance cumulatively had approximately \$75,000 in their bank accounts. The PPMs do not disclose this to prospective investors.
62. In the course of the Investigation, the SEC received declarations from Note investors Hans Blumberg, Debbie Lasley, and Reymone Randall. Copies of those declarations are attached as Exhibits 19 (Blumberg), 20 (Lasley), and 21 (Randall).
63. Ms. Lasley's declaration reflects that on May 24, 2018, Shaun Cohen emailed Ms. Lasley to inform her that Equitybuild had refinanced her investment and that her Note investment would be restructured into an investment in one of the funds. Ex. 20, ¶ 22.
64. Ms. Lasley's declaration further reflects that on June 4, 2018, Equitybuild emailed Ms. Lasley to inform her that Equitybuild had taken on a "debt load that is not sustainable" and that continuing to pay investor interest payments "would lead to an inevitable disaster that would put your investment at risk of significant loss." Ex. 20, ¶ 25. The email further stated that Equitybuild would convert her Note investment into an equity investment and would be unable to make her scheduled interest payment. (*Id.*)
65. Mr. Randall's declaration reflects that on May 24, Equitybuild emailed Mr. Randall to inform him that Equitybuild had taken on a "debt load that is not sustainable" and that continuing to pay investor interest payments "would lead to an inevitable disaster that would

put your investment at risk of significant loss.” Ex. 21, ¶ 22. The email further stated that Equitybuild has “no choice but to restructure and reduce the debt burden,” and that it was reducing Mr. Randall’s monthly interest payment from 16% to 6%. *Id.*, ¶¶ 10, 22.

66. Mr. Blumberg’s declaration reflects that on June 26, 2018, Equitybuild emailed Mr. Blumberg “to acknowledge that we recognize your payment is late.” The email continued: “The delay in your payment is related to project specific circumstances that we are diligently working to clarify and remedy.” Ex. 19, ¶ 20.
67. The declaration further reflects that on June 27, 2018, Shaun Cohen emailed Mr. Blumberg to inform him of the “need to restructure [Blumberg’s] investment.” Ex. 19, ¶ 21.
68. I am unaware of Defendants informing prospective fund investors of the recent above-described disclosures made to Mr. Blumberg, Ms. Lasley, and Mr. Randall.
69. As part of its investigation, the SEC obtained a video recording that Equitybuild emailed to Note investors on August 6, 2018. I have watched that recording. On the recording, Shaun Cohen: (a) states that Equitybuild’s properties are “negatively cash flowing,” (b) acknowledges that investor interest payments have stopped and that principal has not been returned, (c) discloses that Equitybuild had funded investor interest payments using “fee income” from later investors, but that the fee income could no longer satisfy the interest payments, (d) warns investors not to file lawsuits against Equitybuild because doing so would hinder the ongoing efforts to sell or refinance the properties acquired with investor funds, (e) states that investors will not receive payments until Equitybuild’s rental income exceeds its expenses, and (f) advises that Equitybuild was cutting staff down to a “skeleton crew” and would not be able to respond to investor inquiries. I am unaware of Defendants making these disclosures to prospective fund investors.

70. In the course of the Investigation, the SEC obtained an email from Jerome Cohen to Shaun Cohen, in which Jerome Cohen writes: “Actually, the lesson I learned was be very careful and always, if possible, use other people’s money.” A copy of that email is attached as Exhibit 22.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 15, 2018

  
ANN TUSHAUS

# EXHIBIT

1

<b>LENDER</b>	<b>BORROWER</b>
The persons listed on <b>Exhibit A</b> to the Note C/O EQUITYBUILD FINANCE, LLC 5068 WEST PLANO PKWY #300 PLANO, TX 75093	EQUITYBUILD, INC. 1083 N COLLIER BLVD. #132 MARCO ISLAND, FL 34145

**COMMERCIAL FLAT  
RATE PROMISSORY  
NOTE**  
With Balloon Payment  
Illinois

Interest Rate	Principal	Funding Date	Maturity Date	Loan Number
15% For 12 Months	\$1,250,000	12/30/2015	01/01/2017	N/A

THIS LOAN IS PAYABLE IN FULL ON OR BEFORE THE "MATURITY DATE" LISTED HEREIN. YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND ANY UNPAID INTEREST, AND FEES AND COSTS, THEN DUE TO THE LENDER. **LENDER IS UNDER NO OBLIGATION TO REFINANCE, EXTEND OR MODIFY THE LOAN AT THAT TIME.** YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER (WHICH MAY OR MAY NOT BE THE LENDER YOU HAVE THIS LOAN WITH), WILLING TO LEND YOU THE MONEY. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM THE SAME LENDER. FOR VALUE RECEIVED, the undersigned Borrower(s), Maker(s) and/or Guarantor(s) (hereinafter the "Borrower") promises to pay **The persons listed on Exhibit A to this Note C/O EquityBuild Finance, LLC** (hereinafter collectively referred to as the "Holder" or "Lender"), at **5068 West Plano Pkwy. #300 Plano, TX 75093**, the principal sum of **ONE MILLION TWO HUNDRED FIFTY THOUSAND and 00/100 DOLLARS (\$1,250,000.00)**, together with interest from the above date at the interest rate of **FIFTEEN PERCENT (15.0%)** per annum on the unpaid principal balance until paid. The principal of this Note, plus accrued interest at the rate aforesaid, shall be due and payable in **TWELVE (12)** installments as follows:

- a) ONE (1) interest payment in the amount of **SIXTEEN THOUSAND ONE HUNDRED FORTY-FIVE and 83/100 DOLLARS (\$16,145.83)**, beginning on or before **DECEMBER 30, 2015**; and
- b) TEN (10) equal and consecutive interest only payments in the amount of **FIFTEEN THOUSAND SIX HUNDRED TWENTY-FIVE and 00/100 DOLLARS (\$15,625.00)**, beginning on or before **MARCH 01, 2016**; and continuing each and every month thereafter; and
- c) One (1) final balloon payment on or before **JANUARY 01, 2017**, at which time the entire principal balance, together with accrued but unpaid interest thereon, and any costs and expenses, shall be due and payable.

Anything in this Note contrary notwithstanding, the entire unpaid balance of the principal sum and all unpaid interest accrued thereon shall, unless sooner paid, be and become due and payable on **JANUARY 01, 2017** ("Maturity Date").

1. **Application of Payments.** All payments on this Note shall be made in lawful money of the United States of America and shall be applied first to any late charges due hereunder, second to the payment of accrued but unpaid interest and the remainder to the reduction of principal. The Borrower shall make all payments when due,

without set-offs of any nature.

2. **Late Charge/Dishonored Check.** There shall be a grace period of five (5) days for any payment due under this Note. The Borrower shall pay a late charge of 5% of the monthly payment amount, or \$50.00, whichever is greater, if such payment is received by Lender after the grace period. If the Maturity Date of the Note has expired the late fee will be at the rate of 1.5% per month plus the face amount of the Note.

In the event any check given by Borrower to Lender as a payment on this Note is dishonored, or in the event there are insufficient funds in Borrower's designated account to cover any preauthorized monthly debit from Borrower's checking account, then, without limiting any other charges or remedies, Borrower shall pay to Lender a processing fee of \$50.00 (but not more than the maximum amount allowed by law) for each such event.

3. **Security.** To secure the payment and performance of obligations incurred under this Note, this Note shall be secured by and subject to the terms of a Mortgage of even date herewith from the Borrower which encumbers real property and improvements located at

**5955 S SACRAMENTO AVE., CHICAGO, IL 60629**, and the maturity hereof is subject to acceleration as therein set forth. Both this Note and the Mortgage are given in consideration of a loan of even date herewith in the amount of the principal sum by the Lender to the Borrower.

In addition to the property described above, Borrower grants Lender a security interest in all of Borrower's right, title and interest in all monies and instruments of Borrower that are now or in the future in Lender's custody or control.

4. **Events of Default.** An Event of Default will occur under this Note in the event that Borrower any guarantor or any other third party pledging collateral to secure this Note:

- a. Fails to make any payment of principal and/or interest or any other sum due hereunder when the same is due pursuant to the terms of this Note;
- b. If Borrower, guarantor or such third party:
  - i. Applies for or consents to the appointment of a receiver, trustee or liquidator of Borrower, guarantor or such third party or of all or a substantial part of its assets;
  - ii. Files a voluntary petition in bankruptcy, whether by the Federal Bankruptcy Act or any similar State statute, or admits in writing its inability to pay its debts as they come due;
  - iii. Makes an assignment for the benefit of creditors;
  - iv. Files a petition or an answer seeking a reorganization or an arrangement with creditors or seeking to take advantage of any insolvency law;
  - v. Performs any other act of bankruptcy; or
  - vi. Files an answer admitting the material allegations of a petition filed against Borrower, guarantor or such third party in any bankruptcy, reorganization or insolvency proceeding; or
- c. Permits the entry of any order, judgment or decree by any court of competent jurisdiction adjudicating Borrower, guarantor or such third party a bankrupt or an insolvent, or approving a receiver, trustee or liquidator of Borrower, guarantor or such third party or of all or a substantial part of its assets; or
- d. There otherwise commences with respect to Borrower, guarantor or such third party or any of its assets any proceeding under any bankruptcy, reorganization, arrangement, insolvency, readjustment, receivership or like law or statute, and if the order, judgment, decree or proceeding continues unstayed for any period of 60 consecutive days, or continues in effect for more than 10 days after any stay thereof.
- e. Fails to perform or violates any obligations or covenants under the terms of this Note or any Mortgages or any additional loan documents or any other present or future written agreements regarding this Note or any other indebtedness or obligations between Borrower, guarantor or such third party and Lender;
- f. Defaults under the terms of any note, mortgage, security instrument, or any other loan documents or written agreements for any other loans secured by the property representing the collateral for this Note;
- g. Permits the entry of any judgment or lien, or the issuance of any execution, levy, attachment or

garnishment proceedings against Borrower, guarantor or such third party;

h. Sells or otherwise conveys any property which constitutes security or collateral for the payment of this Note without the prior written consent of the Lender and/or the destruction, loss or damage to such collateral in any material respect and/or the seizure, condemnation or confiscation of the collateral;

i. Provides or causes to be provided any false or misleading signature or representation to be provided to Lender;

j. Has a garnishment, judgment, tax levy, attachment or lien entered or served against Borrower, any guarantor, or any third party pledging collateral to secure this Note or any of their property;

k. Dies, becomes legally incompetent, is dissolved or terminated, or ceases to operate its business;

l. Fails to provide Lender evidence of satisfactory financial condition;

m. Has a majority of its outstanding voting securities sold, transferred or conveyed to any person or entity other than any person or entity that has the majority ownership as of the date of the execution of this Note;

n. Causes Lender to deem itself insecure due to a significant decline in the value of any real or personal property securing payment of this Note, or Lender, in good faith believes the prospect of payment or performance is impaired;

o. Fails to keep an insurance policy in place on the subject property being used as collateral for this loan with Lender as the mortgagee and/or as the loss payee including its successor and/or assigns;

p. Fails to keep property taxes current on property used as security for this Note.

5. **Rights of Lender On Event of Default.** In the Event of Default as set forth herein, or in the event of the breach of any covenant or obligation contained in the herein referred to Mortgage or Loan Documents on the part of the undersigned to be kept, observed or performed, the Lender, at its sole and absolute discretion, may exercise one or more of the following remedies without notice or demand (except as required by law):

a. Declare the entire unpaid balance of principal of this Note, along with accrued and unpaid interest thereon and all other charges, costs and expenses, provided for herein and in the Mortgage immediately due and payable. Such acceleration shall be automatic and immediate in the Event of Default is a filing under the Bankruptcy Code;

b. Collect the outstanding obligations of Borrower with or without judicial process;

c. Cease making advances under this Note or any other agreement between Borrower and Lender;

d. Take possession of any collateral in any manner permitted by law;

e. require Borrower to deliver and make available to Lender any collateral at a place reasonably convenient to Borrower and Lender;

f. Sell, lease or otherwise dispose of any collateral and collect any deficiency balance with or without resorting to legal process;

g. Assume any and all mortgages/deeds of trust in existence at the time of default on all collateral securing loans made to Borrower;

h. Set-off Borrower's obligations against any amounts due to Borrower including, but not limited to, monies and instruments, maintained with Lender; and

i. Exercise all other rights available to Lender under any other written agreement or applicable law.

At any time an Event of Default shall have occurred and be continuing and/or after maturity of the Loan, including maturity upon acceleration, the unpaid principal balance, all accrued and unpaid interest and all other amounts payable under the Note shall bear interest at the "Default Rate" set forth in this Note. The unpaid principal balance shall continue to bear interest after the Maturity Date at the Default Rate set forth in this Note until and including the date on which it is paid in full. Any regularly scheduled monthly installment of interest that is received by Lender before the date it is due shall be deemed to have been received on the due date solely for the purpose of calculating interest due. Any accrued interest remaining past due for 30 days or more shall be added to and become part of the unpaid principal balance and shall bear interest at the rate or rates specified in this Note, and any reference herein to "accrued interest" shall refer to accrued interest which has not become part of the unpaid principal balance. Interest under this Note shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Borrower shall make all payments of

principal and interest under this Note without relief from valuation and appraisal laws.

Lender's remedies in this Section are in addition to any available at common law and nothing in this Section shall impair any right which the Holder has under this Note, or at law or in equity, to accelerate the debt on the occurrence of any other Event of Default, whether or not relating to this Note. Lender's rights or remedies as provided in this Note shall be cumulative and concurrent and may be pursued singly, successively, or together against Borrower or any guarantor or third party (without first having to proceed against Borrower), at Lender's sole and absolute discretion. Borrower shall pay to Lender on Lender's demand the amount of all expenses incurred by Lender (a) in enforcing its rights under this Note, or (b) as the result of a default by Borrower under this Note, including but not limited to the cost of collecting any amount owed hereunder, and any reasonable attorney's fees. The failure by Lender to exercise any of its options contained herein shall not constitute a waiver of the right to exercise such option in the event of any subsequent default.

6. **Costs and Expenses.** To the extent permitted by law, Borrower agrees to pay any and all reasonable fees and costs, including, but not limited to, fees and costs of attorneys and other agents (including without limitation paralegals, clerks and consultants), whether or not such attorney or agent is an employee of Lender, which are incurred by Lender in collecting any amount due or enforcing any right or remedy under this Note, whether or not suit is brought, including, but not limited to, all fees and costs incurred on appeal, in bankruptcy, and for post-judgment collection actions. Said collection fees shall be in the minimum amount of Fifteen Percent (15%) of the amount of the judgment as collected (or, if collected without judgment, a minimum fee of Fifteen Percent (15%) of the amount collected), which attorney's fee shall not be diminished by any other fees, costs or damages, but in no event shall the attorney's fees be less than \$3,000.00.

7. **Extensions.** The Borrower shall remain liable for the payment of this Note, including interest, notwithstanding any extension or extensions of time of payment or any indulgence of any kind or nature that the Lender may grant or permit any subsequent owner of the encumbered property, whether with or without notice to the Borrower and the Borrower hereby expressly waives such notice.

8. **Confessed Judgment.** UPON ANY DEFAULT BY THE BORROWER AS SET FORTH IN THIS NOTE, AND TO THE EXTENT PERMITTED BY LAW, THE BORROWER HEREBY AUTHORIZES ANY ATTORNEY AT LAW TO APPEAR FOR THE BORROWER IN ANY COURT OF COMPETENT JURISDICTION AND WAIVE THE ISSUANCE AND SERVICE OF PROCESS AND CONFESS A JUDGMENT AGAINST THE BORROWER IN FAVOR OF THE LENDER FOR SUCH AMOUNTS AS MAY THEN APPEAR TO BE UNPAID HEREON TOGETHER WITH COSTS, EXPENSES AND ATTORNEY'S FEES IN THE MINIMUM AMOUNT OF FIFTEEN PERCENT (15%) OF THE AMOUNT DUE FOR COLLECTION (BUT IN NO EVENT SHALL SUCH FEES BE LESS THAN \$3000.00), AND TO RELEASE ALL PROCEDURAL ERRORS AND WAIVE ALL RIGHTS OF APPEAL. IF THE CONFESSION OF JUDGMENT ABOVE PROVIDED FOR IS AUTHORIZED OR RECOGNIZED BY THE LAW OF THE JURISDICTION CONTROLLING BUT SUCH LAW REQUIRES SPECIAL FORMALITIES AND PROCEDURE, THEN THE SAID ATTORNEY IS EMPOWERED TO EXECUTE THE NECESSARY FORM AND COMPLY WITH SUCH SPECIAL PROCEDURES. THIS POWER OF CONFESSION OF JUDGMENT SHALL NOT BE EXHAUSTED BY ANY ONE OR MORE EXERCISES, AND THE POWER SHALL CONTINUE UNDIMINISHED AND MAY BE EXERCISED FROM TIME TO TIME AS OFTEN AS LENDER SHALL ELECT UNTIL ALL AMOUNTS PAYABLE TO LENDER UNDER THIS NOTE SHALL HAVE BEEN PAID IN FULL.

9. **Forbearance.** The Lender shall not by any act or omission to act be deemed to waive any of its rights or remedies hereunder unless such waiver is in writing and signed by the Lender and then only to the extent specifically set forth therein. A waiver on one occasion shall not be construed as continuing or as a bar to or waiver of such right or remedy on any other occasion. All remedies conferred upon the Lender by this Note or any other instrument or agreement connected herewith or related hereto shall be cumulative and none is exclusive, and such remedies may be exercised concurrently or consecutively at the Lender's option.

10. **Modification and Waiver.** Borrower and/or every person at any time liable for the payment of the debt evidenced hereby, waives the exercise of all exemption rights which it holds at law or in equity concerning to the debt evidenced by this Note whether under state constitution, homestead laws or otherwise. Borrower and any endorsers or guarantors hereof severally waive valuation and appraisal, presentment and demand for payment, notice of intent to accelerate maturity, notice of acceleration of maturity, protest or notice of protest and nonpayment, bringing of suit

and diligence in taking any action to collect any sums owing hereunder or in proceeding against any of the rights and properties securing payment hereof, and trial by jury in any litigation arising out of, relating to, or connected with this Note or any instrument given as security hereof.

From time to time, without affecting Borrower's obligation to pay any sums due under this Note and perform Borrower's covenants herein, without affecting the obligations of any endorser hereto or guarantor hereof, without giving notice to or obtaining the consent of Borrower or any endorser hereto or guarantor hereof, and without liability on the part of the Holder, Holder may, acting at its sole and absolute discretion, extend the Maturity Date or any other time for payment of interest hereon and/or principal hereof, reduce the payments hereunder, release anyone liable under this Note except a renewal of this Note, modify the terms and time of payment of this Note, join in any extension or subordination or exercise any option or election hereunder, modify the rate of interest or period of amortization or principal due date of this Note, or exercise any option or election hereunder. No one or more such actions shall constitute a novation.

#### 11. Voluntary and Involuntary Prepayments.

(a) A prepayment premium shall be payable in connection with any prepayment made under this Note as provided below:

(i) Borrower may voluntarily prepay all of the unpaid principal balance of this Note on a Business Day designated as the date for such prepayment in a Notice from Borrower to Lender given at least 30 days prior to the date of such prepayment. Such prepayment shall be made by paying (A) the amount of principal being prepaid, (B) all accrued interest, (C) all other sums due Lender at the time of such prepayment, and (D) the prepayment premium calculated pursuant to Section 11(f) of this Note. For purposes of this Note, a "Business Day" means any day other than a Saturday, Sunday or any other day on which Lender is not open for business. For all purposes including the accrual of interest, but excluding the determination of the prepayment date under Section 11(f) of this Note, any prepayment received by Lender on any day other than the last calendar day of the month shall be deemed to have been received on the last calendar day of such month.

(ii) Borrower may voluntarily prepay less than all of the unpaid principal balance of this Note (a "Partial Prepayment") at any time. Upon delivery of the Partial Prepayment, a prepayment premium calculated pursuant to Section 11(f) of this Note, based on the amount being prepaid, shall be due and payable to Lender upon demand.

(iii) Upon Lender's exercise of any right of acceleration under this Note, Borrower shall pay to Lender, in addition to the entire unpaid principal balance of this Note outstanding at the time of the acceleration, (A) all accrued interest, (B) and all other sums due Lender, and (C) the prepayment premium calculated pursuant to Section 11(f) of this Note, to the extent such prepayment premium does not exceed the maximum rate permitted by applicable law.

(iv) Any application by Lender of any proceeds of collateral or other security to the repayment of any portion of the unpaid principal balance of this Note prior to the Maturity Date and in the absence of acceleration shall be deemed to be a partial prepayment by Borrower, requiring the payment to Lender by Borrower of a prepayment premium. The amount of any such partial prepayment shall be computed so as to provide to Lender a prepayment premium computed pursuant to Section 11(f) of this Note without Borrower having to pay out-of-pocket any additional amounts.

(b) Notwithstanding the provisions of Section 11(a), no prepayment premium shall be payable with respect to (A) any prepayment made after the expiration of the Prepayment Premium Period (as defined in Section 11(f) of this Note), or (B) any prepayment occurring as a result of the application of any insurance proceeds or condemnation award under the Security Instrument.

(c) Any permitted or required prepayment of less than the unpaid principal balance of this Note shall not extend or postpone the due date of any subsequent monthly installments or change the amount of such installments, unless Lender agrees otherwise in writing.

(d) Borrower recognizes that any prepayment of the unpaid principal balance of this Note, whether voluntary or involuntary or resulting from a default by Borrower, will result in Lender's incurring loss, including reinvestment loss, additional expense and frustration or impairment of Lender's ability to meet its commitments to third parties. Borrower agrees to pay to Lender upon demand damages for the detriment caused by any prepayment, and agrees that it is extremely difficult and impractical to ascertain the extent of such damages. Borrower therefore acknowledges and agrees that the formula for calculating prepayment premiums set forth in Section 11(f) represents a reasonable estimate of the damages Lender will incur because of a prepayment.

(e) Borrower further acknowledges that the prepayment premium provisions of this Note are a material part

of the consideration for the Loan, and acknowledges that the terms of this Note are in other respects more favorable to Borrower as a result of the Borrower's voluntary agreement to the prepayment premium provisions.

(f) Any prepayment premium payable under this Section 11 shall be computed as follows:

(i) If the prepayment is made between the date of the initial funding of the loan evidenced by this Note and the last day of **JANUARY 2016** (the "**Prepayment Premium Period**"), the prepayment premium shall be the interest at the Note rate herein that would be earned on full loan amount for the balance of the Prepayment Premium Period.

(ii) If the prepayment is made after the expiration of the Prepayment Premium Period, there shall be no prepayment premium due.

12. **Default Rate.** So long as (a) any monthly installment under this Note remains past due for thirty (30) days or more or (b) any other Event of Default has occurred and is continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at a rate (the "**Default Rate**") equal to the lesser of **seven (7)** percentage points above the rate stated in the first paragraph of this Note or the maximum interest rate which may be collected from Borrower under applicable law. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate. Borrower acknowledges that (a) its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan, (b) during the time that any monthly installment under this Note is delinquent for thirty (30) days or more, Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Lender's ability to meet its other obligations and to take advantage of other investment opportunities; and (c) it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment under this Note is delinquent for thirty (30) days or more or any other Event of Default has occurred and is continuing, Lender's risk of nonpayment of this Note will be materially increased and Lender is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of the Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan. During any period that the Default Rate is in effect the additional interest accruing over and above the rate stated in the first paragraph of this Note shall be immediately due and payable in addition to the regularly scheduled principal and interest payments. Lender shall impose the Default Rate without any notice requirement to Borrower, guarantor or any third party pledging collateral as security for this Note.

13. **Loan Charges/Maximum Rate Permitted By Law.** Neither this Note nor any of the other Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the maximum interest rate permitted to be charged under applicable law. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower in connection with the Loan is interpreted so that any interest or other charge provided for in any Loan Document, whether considered separately or together with other charges provided for in any other Loan Document, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Lender in excess of the permitted amounts shall be applied by Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all indebtedness that constitutes interest, as well as all other charges made in connection with the indebtedness that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of the Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of the Note. If Lender reasonably determines that the interest rate (together with all other charges or payments that may be deemed interest) stipulated under this Note is or may be usurious or otherwise limited by law, the unpaid balance of this Note, with accrued interest at the highest rate permitted to be charged by stipulation in writing between Lender and Borrower, at the option of Lender, shall immediately become due and payable.

14. **Waiver of Jury Trial.** THE BORROWER WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF, OR IN ANY WAY PERTAINING TO, THIS NOTE OR ANY DEED OF TRUST/MORTGAGE ARISING FROM THIS NOTE. THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY

OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE BORROWER, AND THE BORROWER HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT.

15. **Notices.** Any Notice or other communication required, permitted or desirable under the terms of this Note shall be sufficiently given if sent to each party as follows:

Lender: The persons listed on Exhibit A to this Note  
C/O EquityBuild Finance, LLC  
5068 West Plano Pkwy, #300  
Plano, Texas 75093  
Fax: 239-244-8666  
Email: shaun.d.cohen@gmail.com

Borrower: EquityBuild, Inc.  
1083 N Collier Blvd. #132  
Marco Island, FL 34145  
Fax: 202-204-8423  
Email: jerry@equitybuild.com

Any notice, demand, consent, approval, request or other communication or document to be given hereunder to a party hereto shall be (a) in writing, and (d) deemed to have been given (i) on the 3<sup>rd</sup> business day after being sent as certified or registered mail in the United States mails, postage prepaid, return receipt requested, or (ii) on the next business day after being deposited (with instructions to deliver it on that business day) with a reputable overnight courier service, or (iii) (if the party's receipt thereof is acknowledged in writing) on being sent by telefax or another means of immediate electronic communication, in each case to the party's address set forth above or any other address in the United States of America which it designates from time-to-time by notice to each other party hereto, or (iv) (if the party's receipt thereof is acknowledged in writing) on being given by hand or other actual delivery to the party.

16. **Entire Agreement/Severability.** The terms and conditions of this Note together with the terms and conditions of the Mortgages which are incorporated herein by reference as if set forth fully herein contain the entire understanding between the Borrower and Lender with respect to the indebtedness evidenced hereby. Such understanding may not be modified, amended or terminated except in a written document duly executed by Borrower and Lender. In the event that any one or more of the provisions set forth in this Note or any accompanying Arbitration Agreement is determined by law to be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired hereby, and each provision in this Note shall be construed liberally in favor of Lender to the fullest extent of the law.

17. **Joint and Several Liability/Credit Reporting.** The liability of the undersigned, as well as any endorsers and/or guarantor(s), shall be both joint and several. This Note shall be binding upon the heirs, successors and assigns of Borrower and Lender. Information concerning this Note may be reported to credit reporting agencies and will be made available when requested by proper legal process.

18. **Governing Law.** This Note is delivered and made in, and shall be construed pursuant to the laws of the State of Illinois Unless applicable law provides otherwise, Borrower consents to the jurisdiction and venue of any court of competent jurisdiction located in **Cook County**, Illinois.

19. **Construction.** As used herein, Person means a natural person, trustee, corporation, partnership, limited liability company or other legal entity, and all references made (a) in the neuter, masculine or feminine gender shall be deemed made in all genders, (b) in the singular or plural number shall also be deemed made in the plural or singular number, and (c) to any Section, subsection, paragraph or subparagraph shall, unless therein expressly indicated to the contrary, be deemed made to that part of the Note. The headings of those parts are provided only for convenience of reference, and shall not be considered in construing their contents. Each document referred to herein

as being attached hereto as an exhibit or otherwise designated herein as an exhibit hereto shall be a part hereof.

20. **Time of Essence.** Time shall be of the essence of this Note, but (other than as to payment of principal and/or interest) if the last day for a Person to exercise a right or perform a duty hereunder is a Saturday, Sunday or statutory holiday, it shall have until the next day other than such a day to do so.

21. **Assignment.** Borrower agrees not to assign any of Borrower's rights, remedies or obligations described in this Note without the prior written consent of Lender, which consent may be withheld by Lender in its sole discretion. Borrower agrees that Lender is entitled to assign some or all of its rights and remedies described in this Note without notice to or the prior consent of Borrower.

22. **Commercial Purpose.** It is expressly stipulated, warranted and agreed that the loan evidenced by this Note and any Loan Documents is a "commercial loan" under applicable State or Federal law, and all proceeds shall be used for business, commercial or investment purposes and expressly not for personal, family or household purposes.

23. **Extension.** Intentionally omitted.

24. **Arbitration.** If arbitration has been agreed to, Borrower(s) and Lender have entered into a separate Arbitration Agreement on this date, the terms of which are incorporated herein and made a part hereof by reference.

25. **Contingency Funds.** Intentionally omitted.

26. **Demand Feature.** Intentionally omitted.

27. **Consent To Relief From Automatic Stay.** Borrower hereby agrees that if any of them shall (i) file with any bankruptcy court of competent jurisdiction or be the subject of any petition under Title 11 of the U.S. Code, as amended; (ii) be the subject of any order for relief issued under such Title 11 of the U.S. Code, as amended; (iii) file or be the subject of any petition seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or other relief for debtors; (iv) seek, consent to or acquiesce in the appointment of any trustee, receiver, conservator or liquidator; (v) be the subject of any order, judgment or decree entered by any court of competent jurisdiction approving a petition filed against Borrower for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or relief for debtors, Lender shall thereupon be entitled to relief from any automatic stay imposed by Section 362 of Title 11 of the U.S. Code, as amended, or from any other stay or suspension of remedies imposed in any other manner with respect to the exercise of the rights and remedies otherwise available to Lender under the Loan Documents.

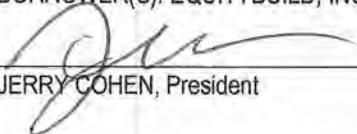
28. **Financial Information.** Borrower will at all times keep proper books of record and account in which full, true and correct entries shall be made in accordance with generally accepted accounting principles and will deliver to Lender, within ninety (90) days after the end of each fiscal year of Borrower, a copy of the annual financial statements of Borrower relating to such fiscal year, such statement to include (i) the balance sheet of Borrower as at the end of such fiscal year (ii) the related income statement, statement of retained earnings and statement of cash flow of Borrower for such fiscal year, prepared by such certified public accountants as may be reasonably satisfactory to Lender. Borrower also agrees to deliver to Lender within fifteen (15) days after filing same, a copy of Borrower's income tax returns and also, from time to time, such other financial information with respect to Borrower as Lender may request.

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THE PERSONS SIGNING BELOW ACKNOWLEDGE THAT THEY HAVE BEEN GIVEN AMPLE OPPORTUNITY TO READ THIS AGREEMENT AND SEEK INDEPENDENT LEGAL COUNSEL AND ACKNOWLEDGE THEY HAVE COMPLETELY READ AND UNDERSTAND AND AGREE TO THE TERMS AND CONDITIONS OF THIS NOTE AND THE ACCOMPANYING ARBITRATION AGREEMENT (IF APPLICABLE), AND FURTHER ACKNOWLEDGE RECEIPT OF AN EXACT COPY OF THIS NOTE AND THE ARBITRATION AGREEMENT.

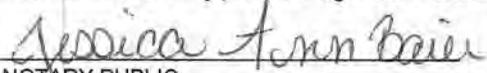
DATED: 12/30/15

BORROWER(S): EQUITYBUILD, INC.

 (SEAL)  
JERRY COHEN, President

STATE OF Florida, COUNTY OF Manatee : ss:

On this 30<sup>th</sup> day of December, 2015, before me, a notary public, personally appeared Jerry Cohen, to me known (or proved to me on the basis of satisfactory evidence) to be the person(s) who executed the foregoing instrument and acknowledged the same for the purpose therein contained and in my presence signed and sealed the same.

  
NOTARY PUBLIC

My Comm. Expires: July 26, 2017

Exhibit A

<u>Lender Name</u>	<u>Principal Amount</u>	<u>Percentage of Loan</u>
Diana Johan	\$25,000	2.00%
iPlanGroup Agent for Custodian FBO Alcalli Sabat traditional IRA	\$5,000	0.40%
VIP Plus Money Purchase Plan DTD 02/14/09	\$37,481	3.00%
Robert A. Demick DDS PA 401k	\$29,000	2.32%
The Moore/Ferrer family 2004 trust	\$50,000	4.00%
Shelton Family Trust	\$25,000	2.00%
1839 Fund I, LLC	\$42,330	3.39%
Liberty Quest Investment Group, LLC	\$210,000	16.80%
Vartan Tarakchyan, Trustee for Defined Benefits Pension Plan	\$50,000	4.00%
John McDevitt	\$20,000	1.60%
Steven Bald	\$40,000	3.20%
iPlanGroup Agent for Custodian FBO Jacqueline Rowe IRA	\$22,000	1.76%
DVH Investment Trust	\$198,500	15.88%
James Factor	\$17,832	1.43%
Timothy Sharp	\$50,000	4.00%
Matthew T. Boyd	\$40,698	3.26%
Lawrence Daly a married man as his sole and separate property	\$50,000	4.00%
Dennis & Mary Ann Hennefer	\$332,334	26.59%
Arthur Bertrand	\$4,825	0.39%

# EXHIBIT

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**COLLATERAL AGENCY AND SERVICING AGREEMENT**

**among**

**EQUITYBUILD FINANCE, LLC,**

**as Collateral Agent and Loan Servicer,**

**and**

**EACH OF THE LENDERS PARTY HERETO**

**DATED AS OF** 3/14/2015

## COLLATERAL AGENCY AND SERVICING AGREEMENT

This **COLLATERAL AGENCY AND SERVICING AGREEMENT** (as amended, supplemented or otherwise modified from time to time, this “**Agreement**”) is made as of 3/14/2015, by and among (i) EquityBuild Finance, LLC, a Florida limited liability Borrower (in its individual capacity, “**EBF**”, and in its capacity as collateral agent for the Lenders (as defined below), and in its capacity as loan servicer for the Lenders, the “**Collateral Agent**” or the “**Servicer**”), and (ii) each of the Lenders party hereto (together with their respective successors and assigns as beneficiaries of the Note (as defined below), the “**Lenders**”), and is acknowledged, consented and agreed to by EquityBuild, Inc. (the “**Borrower**”).

### RECITALS

**A.** Reference is made to that certain Note, dated 07/09/2013 (as the same from time to time hereafter may be amended, restated, supplemented or otherwise modified, the “**Note**”) by the Borrower in favor of the Lenders, pursuant to which, subject to the terms and conditions set forth therein, the Lenders shall make individual investment loans (each an “**Investment**”) to the Borrower as a collective secured loan (the “**Loan**”).

**B.** The Lenders have agreed to make the Loan to the Borrower, but only upon the condition, among others, that the Borrower grant to the Collateral Agent, for the benefit of the Lenders, as security for the Borrower’s obligations to the Lenders and the Collateral Agent under or in respect of the Note and the Mortgage (as defined below), a perfected lien on, and security interest in, the Collateral (as defined below).

**C.** The Lenders desire that EBF act as the collateral agent for and on behalf of all of the Lenders regarding the Collateral, all as more fully provided herein; and the Collateral Agent and the Lenders have entered into this Agreement to, among other things, further define the rights, duties, authority and responsibilities of the Collateral Agent and the relationship among the Lenders regarding their *pari passu* interests in the Collateral.

**D.** The Lenders also desire to retain EBF as the loan servicer to act as their agent to employ commercially reasonable and prudent practices to collect all scheduled payments on the Loan, and to protect to the best of the Servicer’s ability, the security for the Loan.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, EBF and the Lenders agree as follows:

## 1. DEFINED TERMS.

As used in this Agreement, and unless the context requires a different meaning, the following terms have the respective meanings indicated below, all such definitions to be equally applicable to the singular and plural forms of the terms defined.

**Actionable Default** – means the existence and continuance of any Event of Default (as defined in the Note) beyond any grace period in respect thereof provided in the Note or the acceleration of the maturity of the Note.

**Affiliate** – means, with respect to any specified Person, any other Person that directly or indirectly, through one or more intermediaries, has control of, is controlled by, or is under common control with, such specified Person. For these purposes, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management of any Person, whether through the ownership of voting securities, by contract or otherwise.

**Agent Professionals** – means attorneys, legal counsel, accountants, appraisers, business valuation experts, environmental engineers, turnaround consultants, or other professionals or experts at any time retained by EBF in the discharge of its duties hereunder or under any of the Collateral Documents.

**Agent-Related Persons** – means EBF, in its capacity as Collateral Agent or Servicer, and any successor collateral agent or loan servicer, and any co-agents or separate agents appointed pursuant to Section 5, together with their respective Affiliates, and the officers, directors, employees, representatives, agents and Agent Professionals of such Persons and Affiliates.

**Agreement** – has the meaning specified for such term in the Preamble hereto.

**Business Day** – means a day (i) other than Saturday or Sunday and (ii) on which commercial banks are open for business in New York, New York.

**Collateral** – has the meaning specified for such term in Mortgage.

**Collateral Agent** – has the meaning specified for such term in the Preamble hereto.

**Collateral Documents** – means the Mortgage and any other document now or hereafter evidencing a security interest, lien or other encumbrance granted to secure the obligations payable under the Note or any guarantee thereof.

**Enforcement Notice** – means a written notice given by the Required Lenders to the Collateral Agent stating that an Actionable Default exists.

**EBF** – has the meaning specified for such term in the Preamble hereto.

**Lenders** – has the meaning specified for such term in the Preamble hereto.

**Liens** – means any pledges, liens, claims, encumbrances or security interests.

**Mortgage** – has the meaning specified for such term in Note.

**Obligations** – means and includes all present and future indebtedness, obligations and liabilities of every kind and nature of the Borrower from time to time owed to any Lender under the Note arising from, evidenced by or relating to the Note or the Mortgage.

**Note** – has the meaning specified for such term in Recital A hereto.

**Person** – means any individual, partnership, corporation, limited liability Borrower, unincorporated organization or association, trust or other entity.

**Required Lenders** – means the Lenders acting by a majority of principal advanced by the Lenders under the Note.

**Servicer** – has the meaning specified in the Preamble hereto.

**Total Investments** – means, with respect to Investments that remain outstanding in whole or in part, the total original amount of Investments a Lender has loaned to the Borrower; provided that for purposes of Section 10(e) hereof, such amounts shall be rounded down to the nearest whole \$25,000 increment. By way of example only, if actual Total Investments equaled \$176,000, for purposes of Section 10(e), such Total Investments would equal \$175,000.

## **2. APPOINTMENTS; IRREVOCABLE DELEGATION OF AUTHORITY.**

### **(a) Appointment as Collateral Agent and Loan Servicer.**

The Lenders hereby appoint and designate EBF as collateral agent on their behalf hereunder and under the Mortgage. The Lenders hereby also appoint and designate EBF as the loan servicer with respect to the Loan. EBF hereby accepts such appointments on the terms and conditions set forth herein and acknowledges that it holds the Collateral and acts under the Mortgage as agent for and on behalf of the Lenders. The Lenders hereby authorize and direct the Collateral Agent to (a) enter into the Mortgage and the Note for and on behalf of and for the benefit of the Lenders in accordance with the terms hereof and thereof, (b) exercise such rights and powers under this Agreement, the Note or the Mortgage as the case may be, as are specifically granted or delegated to the Collateral Agent by the terms hereof and thereof, together with such other rights and powers as are reasonably incidental thereto or as are customarily and typically exercised by agents performing duties similar to the duties of the Collateral Agent hereunder and under the Collateral Documents, subject, however, to any express limitations set forth herein or in the Mortgage, and (c) perform the obligations of the Collateral Agent thereunder. The Lenders hereby agree to be bound by the provisions of the Mortgage and the Note. The duties of the Collateral Agent and the Servicer shall be deemed ministerial and administrative in nature, and neither the Collateral Agent nor the Servicer shall have, by reason of this Agreement or either of the Mortgage or the Note, a fiduciary relationship with any Lender and/or any Affiliate thereof.

**(b) Irrevocable Delegation of Authority.**

Each Lender does hereby irrevocably delegate to the Collateral Agent all of each such Lender's rights and powers under the Note and the Mortgage and agrees for the benefit of the Collateral Agent and the other Lenders not to exercise any right or power of such Lender under the Note or the Mortgage.

**3. LIMITATIONS ON DUTIES AND ACTIONS OF COLLATERAL AGENT AND THE SERVICER.**

Neither the Collateral Agent nor the Servicer shall have any duties or responsibilities except those expressly set forth in this Agreement and the Mortgage. Neither the Collateral Agent nor the Servicer shall be liable for any action taken or omitted by it, or any action suffered by it to be taken or omitted, excepting only its own gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction. IN THE ABSENCE OF WRITTEN INSTRUCTIONS FROM THE REQUIRED LENDERS, NEITHER THE COLLATERAL AGENT NOR THE SERVICER SHALL FORECLOSE UPON ANY LIEN WITH RESPECT TO ANY OF THE COLLATERAL OR TAKE ANY OTHER ACTION WITH RESPECT TO THE COLLATERAL OR ANY PART THEREOF.

**4. RECOURSE THROUGH COLLATERAL AGENT; SHARING OF COLLATERAL.**

**(a) Recourse Through Collateral Agent.**

Each of the Lenders acknowledges and agrees that (i) it shall only have recourse to the Collateral through the Collateral Agent and that it shall have no independent recourse to the Collateral and (ii) the Collateral Agent shall have no obligation to, and shall not, take any action hereunder or under the Mortgage except upon written instructions from the Required Lenders in accordance with Section 6(a).

**(b) Sharing of Collateral.**

No Lender shall contest the validity, perfection, priority or enforceability of, or seek to avoid, any Lien securing any Obligation, and each party hereby agrees to cooperate, at no cost to the Collateral Agent, in the defense of any action contesting the validity, perfection, priority or enforceability of any such Lien. No Lender shall have the right to obtain any of the Collateral or the benefit of any Lien on any property of the Borrower solely in respect of Obligations owing to such Lender or any group of Lenders comprised of less than all the Lenders.

**5. CO-AGENTS; COLLATERAL AGENT'S AND SERVICER'S USE OF PROFESSIONALS.**

**(a) Co-Agents.**

Each of the Collateral Agent and the Servicer shall have power to appoint one or

more Persons to act as a co-agent or co-agents, jointly with the Collateral Agent and/or the Servicer, or to act as a separate agent or separate agents, with respect to all or any part of the Collateral or to enforce the Lender's rights under the Note, and to vest in such Person or Persons, in such capacity, such rights, powers, duties and obligations of the Collateral Agent and/or the Servicer, with the consent of the Required Lenders (such consent not to be unreasonably withheld or delayed), in any case only as may be necessary or desirable for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Collateral may at the time be located. Absent any specific agreement to the contrary, any co-agent or co-agents or separate agent or separate agents so appointed shall, to the extent applicable, have the rights, powers, obligations and duties of the Collateral Agent and/or the Servicer hereunder. Neither the Collateral Agent nor the Servicer shall be responsible for the negligence, default or misconduct of any such co-agent or separate agent selected by it with reasonable care nor for any fees or expenses of such co-agent or separate agent.

**(b) Agent Professionals.**

The Collateral Agent and the Servicer may employ one or more Agent Professionals to advise or assist it from time to time, but shall not be responsible for the negligence, default or misconduct of any such Agent Professionals selected by it with reasonable care. The Collateral Agent and the Servicer shall be entitled to rely on the advice and statements of Agent Professionals so selected. The Borrower shall pay reasonable remuneration for all services performed by Agent Professionals for the Collateral Agent and the Servicer in the discharge of its duties hereunder and under the Collateral Documents in accordance with Section 11(b) hereof.

**6. INSTRUCTIONS FROM LENDERS; ENFORCEMENT NOTICE.**

**(a) Instructions from Lenders.**

Unless otherwise excused as provided herein, both the Collateral Agent and the Servicer shall act on all written instructions received from the Required Lenders, with respect to any action to be taken or not to be taken in connection with this Agreement, the Mortgage or the Note, including, without limitation, actions to be taken in connection with an insolvency proceeding in respect of the Borrower; *provided, however*, that the Collateral Agent shall act only on written instructions from all Lenders with respect to the amendment or termination of the Mortgage, or, except as provided in the Mortgage, any Lien on property of the Borrower granted under the Mortgage. If either the Collateral Agent or the Servicer shall request instructions from the Lenders with respect to taking any particular action in connection with this Agreement, the Mortgage, the Note or any such Lien, the Collateral Agent and the Servicer shall be entitled to refrain from taking such particular action unless and until it shall have received written instructions from the Required Lenders (in which event it shall be required to act in accordance with such written instructions unless otherwise excused as provided herein), and neither the Collateral Agent nor the Servicer shall incur any liability to any Person for so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Collateral Agent or the Servicer as a result of the Collateral Agent or the

Servicer taking or not taking any action hereunder or pursuant to or in accordance with the written instructions of such Required Lenders, except for the Collateral Agent's or the Servicer's own gross negligence or willful misconduct in connection with any action taken or not taken by it, as finally determined by a court of competent jurisdiction. Notwithstanding anything to the contrary contained in this Agreement or any of the Collateral Documents, (i) the failure of the Collateral Agent or the Servicer to take any action shall not constitute gross negligence or willful misconduct by the Collateral Agent or the Servicer hereunder (A) following a request by the Collateral Agent or the Servicer for the Required Lenders' consent to such action and the failure of the Required Lenders to respond to such request or (B) in the absence of written instructions from the Required Lenders and (ii) neither the Collateral Agent nor the Servicer shall be required to take any action that is, in its opinion (which may be, but is not required to be, based on the advice of legal counsel), contrary to applicable law or the Note or the Mortgage or that would, in its reasonable opinion, subject it or any Agent-Related Persons to liability or that would require it to expend or risk its own funds.

**(b) Enforcement Notices.**

The Collateral Agent shall, as soon as practicable but in any event, if applicable, within ten (10) Business Days following receipt thereof, furnish to each of the Lenders:

- (i) a copy of each Enforcement Notice received by the Collateral Agent;
- (ii) a copy of each certificate or other written notice received by the Collateral Agent rescinding or withdrawing an Enforcement Notice;
- (iii) a copy of any written notice or other written communication given or received by the Collateral Agent under the Note or the Mortgage; and
- (iv) such other written notices required by the terms of this Agreement to be furnished by or to the Collateral Agent.

Any Enforcement Notice shall be deemed to have been given when actually received by the Collateral Agent and to have been rescinded or withdrawn when the Collateral Agent has actually received from the notifying party a written notice rescinding or withdrawing such Enforcement Notice. Any Enforcement Notice shall be deemed to be outstanding and in effect at all times after such notice has been given until such time, if any, as such notice has been rescinded or withdrawn.

**7. NO RESPONSIBILITY OF COLLATERAL AGENT OR SERVICER FOR CERTAIN MATTERS.**

Neither the Collateral Agent nor the Servicer shall be responsible in any manner whatsoever for the correctness of any recitals, statements, information, representations or warranties contained herein or in the Mortgage except for those made by it herein. Neither the Collateral Agent nor the Servicer makes any representation or warranty as to, and is not responsible in any way for: (i) the description, value, location, existence, or condition of any Collateral; (ii) the financial condition of the Borrower or the title of the

Borrower to any of the Collateral; (iii) the sufficiency of the security afforded by this Agreement, the Note or the Mortgage or whether registration in respect thereof has been properly effected or maintained; (iv) the validity, genuineness, correctness, perfection, or priority of any Lien with respect to the Collateral; (v) other than in respect of itself as to the Collateral Agent's and the Servicer's representations in Section 15(p) hereof, the validity, proper execution, enforceability, legality, or sufficiency of this Agreement, the Note, the Mortgage or any instrument deposited with the Collateral Agent or the Servicer; (vi) the identity, authority or right of any Lender executing any document; or (vii) the filing or renewal of any registration of the Mortgage or any public filing required under applicable law to perfect any of the Collateral Agent's Liens, for the benefit of the Lenders, in any of the Collateral. Neither the Collateral Agent nor the Servicer shall be required to ascertain or inquire as to the performance by the Borrower of any of its covenants or obligations hereunder or under the Mortgage or the Note. In no event shall either the Collateral Agent or the Servicer be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Collateral Agent or the Servicer has been advised of the likelihood of such loss or damage and regardless of the form of action.

#### **8. LIMITED DUTIES OF COLLATERAL AGENT REGARDING COLLATERAL; FURTHER ACTS WITH RESPECT TO COLLATERAL.**

(a) The Collateral Agent shall not be responsible for insuring any of the Collateral or for the payment of taxes, charges, fines, levies, assessments or for ensuring or protecting the validity, genuineness, correctness, perfection, or priority of any Lien upon any of the Collateral, and shall be indemnified therefor as provided in Section 12. Furthermore, the Collateral Agent shall not be responsible for the maintenance or safeguarding of any Collateral, except as provided in the immediately following sentence when the Collateral Agent has actual possession of any Collateral. The Collateral Agent shall not have any duty to any of the Lenders with respect to any Collateral, including, without limitation, any Collateral in its possession or control or in the possession or control of any agent or nominee of the Collateral Agent selected by it with reasonable care, or any income therefrom or for the preservation of rights against prior parties or any other rights pertaining to the Collateral, except as stated in the next succeeding paragraph.

(b) Beyond the exercise of reasonable care in the custody thereof and the duty to account for monies actually received by it, the Collateral Agent shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and the Collateral Agent shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property and shall not be liable or responsible for any loss or diminution in the value of any of the Collateral, by reason of the act or omission of any carrier, forwarding agency or other agent or bailee selected by the Collateral Agent with

reasonable care. The Collateral Agent shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes gross negligence, bad faith or willful misconduct on the part of the Collateral Agent, or for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity of the title of the Borrower to the Collateral, for insuring the Collateral or for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral.

## **9. DUTIES AS LOAN SERVICER.**

### **(a) Specific Loan Services/Functions.**

In its capacity as the Servicer, EBF shall: (a) issue payment coupons or monthly statements to the Borrower directing Loan repayment to the Lenders or the Servicer; (b) issue payoff demands, beneficiary statements and mortgage ratings; (c) demand, receive and collect all Loan payments, deposit them by the next business day into the Servicer's trust account and/or facilitate having them paid directly to Lender, in each case within 25 days of the date due; (d) issue annual Form 1099 income tax statements to the Borrower and Lenders; (e) answer Borrower inquiries, demands and requests; (f) grant appropriate payment deferrals, but not of the maturity of the Loan unless approved by the Required Lenders; (g) monitor the continued effectiveness and claims on any property insurance listed in the Loan escrow instructions; (h) request and receive notices of default on senior liens; (i) receive notices of property tax delinquencies, should a tax service be ordered through escrow or subsequently; and (j) execute and deliver on Lenders' behalf and in Lenders' name any documents necessary or convenient for the purpose of maintaining or enforcing the Loan.

### **(b) Protective Advances.**

Upon request of the Servicer, Lenders shall make such advances as approved by the Required Lenders to be necessary and prudent to protect and to collect Lenders' interest in the Loan. If any Lender fails to make advances approved by the Required Lenders, the other Lenders are authorized to advance the amount the non-paying Lender failed to advance and to receive payment in full with interest at 10% per annum before any further payments are made to the non-paying Lender and, the non-defaulting Lenders shall also have the option, exercisable within 30 days after Lender's failure to pay, to purchase such Lender's interest in the Loan for the outstanding principal balance and any accrued interest, fees and costs owed to the defaulting Lender, payable within 15 days after the election to purchase is made. The Servicer, in its absolute discretion, may advance its own funds to protect the security of the Loan, including advances to cure senior liens, property insurance, foreclosure expenses, repair, advertising, litigation expenses and similar items, but not Loan payments. The Servicer shall be reimbursed such advances, with interest at the interest rate then payable with respect to the Loan, from the next Loan payment, or within 10 days after a written request to Lenders. To secure the Servicer's

advances, Lenders hereby irrevocably assign to the Servicer, to the extent of advances owed to the Servicer, the first Loan payments received after an advance is made. A defaulting or non-paying Lender will be liable to the remaining Lenders for all damages incurred as result of his/her/their failure to act or failure to advance funds including, but not limited to, actual attorneys' fees, court costs and fees, or any damages related to loss of the security for the Loan.

**(c) Loan Documents.**

To the extent not maintained by the Collateral Agent, the Servicer shall retain custody as agent for Lenders of the original Note and Mortgage.

**(d) Real Estate Owned.**

The Servicer is also Lenders' agent (in conjunction with the Collateral Agent) to liquidate any real estate acquired by Lenders in foreclosure of the property securing the Loan (the "**Property**"). During the foreclosure process, the Servicer's servicing fee shall continue as set forth in Section 12 herein. Additionally, at the option of Lenders and by separate fee agreement to be signed by the parties, the Servicer shall: (i) arrange appropriate property insurance; (ii) manage the Property, including arranging maintenance and construction, tenant relations, repair and security; (iii) arrange for the valuation and resale of the Property, including hiring a Realtor® or broker to list, show and sell the Property; and (iv) accept reasonable offers on the Property, at the price and terms approved by the Required Lenders and execute all necessary and appropriate documentation to carry out the sale.

**(e) Servicing Fees.**

The Servicer's fee to each Lender to service any Loan shall be up to 3% interest per annum on the Investment made by such Lender in the Loan, as such amount may adjust from time to time upon making an Investment in the Loan (or upon making Investments in any other Loan) in accordance with this Section 10(e). The Servicer's fee to a Lender in respect of its Investment is calculated as follows:

- (i) 0% interest per annum on the Investment if either: (a) the original Investment in the Loan exceeds \$350,000; or (b) the original amount of the Total Investments exceed \$1,000,000; or
- (ii) For so long as clause (i) is not applicable, 1% interest per annum on the Investment if either: (a) the original Investment in the Loan exceeds \$200,000; or (b) the original amount of the Total Investments exceeds \$500,000; or
- (iii) For so long as clauses (i) or (ii) are not applicable, 2% interest per annum on the Investment if either: (a) the original Investment in the Loan exceeds \$100,000 or (b) the original amount of the Total Investments exceeds \$250,000; or
- (iv) For so long as clauses (i), (ii) or (iii) are not applicable, 3% interest per annum

on the Investment in the Loan.

The fee is deducted from the interest payment payable by the Borrower under the Note. The Servicer shall be further compensated for work in respect of delinquent payments or other default by Borrower by assessing and receiving late charges, and by collecting an additional 2% of the principal amount of the Loan of any payments (whether interest or late fees) made to Lenders (or for their benefit) after the assessment of default interest on the Borrower under the Note that equal or exceed 2% interest per annum of the principal amount of the Loan. Said additional amounts shall only be collected if default interest is, in fact, charged to the Borrower. Lenders shall receive any benefit of the default interest rate and late fee payments in excess of the 2% interest per annum on the principal amount of the Loan collected by the Servicer.

#### **10. RELIANCE ON WRITINGS.**

Both the Collateral Agent and the Servicer shall be entitled and fully authorized to rely and act, and shall be fully protected in relying and acting, upon any writing, instruction, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or other document believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and statements of the Borrower (including, without limitation, counsel to the Borrower) or the Lenders. Neither the Collateral Agent nor the Servicer shall have any duty to verify or confirm the content of any writing, instruction, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or other document.

## **11. RESIGNATION AND REMOVAL OF COLLATERAL AGENT AND/OR SERVICER.**

### **(a) Resignation or Removal.**

Both the Collateral Agent and the Servicer may at any time resign, effective upon 30 days prior written notice (or such shorter period as may be agreed to by the Required Lenders and such party) to the Lenders and the Borrower, and either may be removed for or without cause at any time by the Required Lenders, effective upon 30 days' notice. In the event of any resignation or removal, the Required Lenders shall have the right to appoint a successor Collateral Agent and/or Servicer (which successor Collateral Agent and/or Servicer may be one of the Lenders or a financial institution that is engaged in the provision of agency services in syndicated commercial loan transactions or a trust Borrower that is engaged in the provision of trust services in secured private placement transactions), but, if the Required Lenders have not appointed a successor Collateral Agent and/or Servicer, as the case may be, within 30 days after the resigning Collateral Agent's and/or Servicer's giving of notice of resignation or its removal, the retiring Collateral Agent and/or Servicer, as the case may be, shall, at the expense of the Borrower, on behalf of the Lenders, subject to the above provision regarding the identity and nature of a permissible successor Collateral Agent and/or Servicer, either appoint a successor Collateral Agent and/or Servicer or apply to the appropriate court to make such appointment. Upon the acceptance of any appointment as a Collateral Agent and/or Servicer, as the case may be, hereunder by a successor, to be evidenced by the successor Collateral Agent's or Servicer's, as the case may be, execution and delivery to the Borrower, the Lenders and the retiring Collateral Agent and/or Servicer, as the case may be, of a counterpart of this Agreement, such successor Collateral Agent and/or Servicer, as the case may be, shall thereupon succeed to and become vested with all the rights, powers, privileges, duties and obligations of the retiring Collateral Agent and/or Servicer, as the case may be, and the retiring Collateral Agent and/or Servicer, as the case may be, shall be discharged from any further duties and obligations as Collateral Agent and/or Servicer, as the case may be, as appropriate, under this Agreement, the Note and the Mortgage. The payment and indemnity obligations of the Borrower provided for in Section 12 shall survive any such removal or resignation in favor of the retiring Collateral Agent and/or Servicer, as the case may be, in respect of any matter arising during or after its tenure as Collateral Agent and/or Servicer, as the case may be. For the avoidance of doubt, removal hereunder of EBF as the Collateral Agent in no way constitutes a removal of EBF as the Servicer and vice versa.

### **(b) Vesting.**

Upon the request of any successor Collateral Agent and/or Servicer, at the expense of the Borrower, the Lenders, the Borrower and the predecessor Collateral Agent and/or Servicer, as the case may be, shall promptly execute and deliver such instruments, conveyances, and assurances reflecting terms consistent with the terms hereof, the Mortgage and the Note for the purpose of more fully and certainly vesting and confirming in such successor Collateral Agent and/or Servicer, as the case may be, its

interest in, and Liens upon, the Collateral and all rights, powers, duties, and obligations of the predecessor Collateral Agent and/or Servicer, as the case may be, hereunder and under the Mortgage and the Note, and the predecessor Collateral Agent and/or Servicer, as the case may be, shall also promptly assign and deliver to the successor Collateral Agent and/or Servicer, as the case may be, any Collateral subject to the Liens of the Mortgage that may then be in its possession, as applicable.

**(c) Successors.**

Any entity into which a Collateral Agent or Servicer may be amalgamated or merged, or with which it may be consolidated, or any entity resulting from any amalgamation, merger or consolidation to which a Collateral Agent or Servicer shall be a party, as a whole or substantially as a whole, shall be the successor of such Collateral Agent or Servicer hereunder if legally bound hereby as such successor, without the necessity for execution or filing of any paper or any further act on the part of any of the parties hereto, anything to the contrary contained herein notwithstanding.

**12. FEES TO COLLATERAL AGENT; PAYMENTS; INDEMNITY.**

**(a) Fees.**

The Borrower shall pay all fees required to be paid to the Collateral Agent under the Fee Schedule attached hereto as Schedule I with respect to this Agreement at the times and in the amounts set forth therein.

**(b) Payment by the Borrower.**

The Borrower agrees that it will pay all of the Collateral Agent's and the Servicer's fees, as applicable, for its respective services hereunder and will pay or reimburse the Collateral Agent and the Servicer upon its request for all of their respective expenses, disbursements and advances incurred or made in the administration of their respective duties hereunder and under the Note and the Mortgage, as applicable (including, without limitation, reasonable legal fees and expenses and the reasonable compensation of all Agent Professionals, Agent-Related Persons and other advisers, agents or experts employed or retained by the Collateral Agent or the Servicer pursuant to this Agreement). In addition to and without limiting any other protection of the Collateral Agent and/or the Servicer hereunder or otherwise by law, the Borrower shall indemnify the Agent-Related Persons for any and all liabilities, obligations, losses, damages, penalties, actions, claims, demands, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be suffered by, imposed on, incurred by or asserted against any Agent-Related Person, whether groundless or otherwise, howsoever arising from or out of, or in any way related to the subject matter of, this Agreement, the Note, the Mortgage or any of the Collateral or the performance or enforcement of any of the terms of any thereof, including fees and expenses of special counsel; *provided* that the Borrower shall not be liable for any such payment to any Agent-Related Person to the extent the obligation to make such payment has been caused by such Agent-Related Person's own gross negligence or willful misconduct, as finally determined by a court of competent

jurisdiction. All statements from the Collateral Agent, the Servicer or any other Person for obligations owing by the Borrower pursuant to the preceding sentence shall be sent to the Borrower. Any amount due under this Section 12(b) and unpaid 10 Business Days after request for such payment will bear interest from the expiration of such 10 Business Days at a rate per annum equal to two percent (2%) above the rate of interest publicly announced by JPMorgan Chase Bank, N.A. from time to time in New York City as its prime rate, payable on demand. If not timely paid by the Borrower, at the Collateral Agent's or the Servicer's election, all amounts so payable and the interest thereon will be payable out of any assets in the possession of the Collateral Agent and/or the Servicer and any other Collateral in priority to amounts owing to any and all other parties to this Agreement.

**(c) Survival.**

The obligations of the Borrower under this Section 12 shall survive the payment in full of all of the other Obligations, the resignation or removal of the Collateral Agent and/or the Servicer and the termination of this Agreement.

**13. COLLATERAL AGENT'S AND SERVICER'S FUNDS NOT AT RISK.**

For purposes of clarity, no provision of this Agreement or the Mortgage, and no request of any Lender or other Person shall require either the Collateral Agent or the Servicer to expend or risk any of its own funds, or to take any legal or other action under this Agreement, the Note or the Mortgage which might, in its reasonable judgment, involve any expense or any financial or other liability unless the Collateral Agent or the Servicer shall be furnished with indemnification acceptable to it, acting reasonably, including the advance of funds sufficient in the judgment of the Collateral Agent or the Servicer, as applicable, to satisfy such liability, costs and expenses.

**14. INDEPENDENT CREDIT DECISIONS.**

Each Lender acknowledges that it has, independently and without reliance upon the Collateral Agent, the Servicer or any other Lender and based upon such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any of the Collateral Agent, the Servicer or any other Lender and based upon such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

**15. DETERMINATION OF LENDERS; SUBSEQUENT LENDERS BOUND.**

The Collateral Agent and the Servicer may deem and treat the payee of any promissory note or other evidence of indebtedness or obligation relating to any Obligation as the owner thereof for all purposes hereof unless and until (i) a written notice of the assignment or transfer thereof signed by such payee and (ii) a written acknowledgment agreeing to be bound by the terms hereof and such other documents required by Section 16(d), each signed by the assignee or transferee, and in form

reasonably satisfactory to the Collateral Agent and/or the Servicer, shall have been filed with the Collateral Agent and/or the Servicer, as applicable. Any request, authority or consent of any Person who at the time of making such request or giving such authority or consent is the holder of any such note or other evidence of indebtedness or obligation, shall be conclusive and binding on any subsequent holder, transferee or assignee of such note or other evidence of indebtedness or obligation and of any note or notes or other evidences of indebtedness or obligation issued in exchange therefor.

## **16. MISCELLANEOUS.**

### **(a) Notices.**

All notices, requests and other communications shall have been duly given and shall be effective (a) when delivered by hand, (b) when transmitted via telecopy or email (or other facsimile device) with receipt confirmed with respect to telecopy, (c) the Business Day next following the day on which the same has been delivered prepaid to a reputable national overnight air courier service, or (d) the third Business Day next following the day on which the same is sent by certified or registered mail, postage prepaid, in each case to the respective parties at the address, telecopy number or email address as provided in the immediately succeeding sentence; provided, however, that if any notice is delivered on a day other than a Business Day, or after 5:00 P.M. (Eastern time) on any Business Day, then such notice shall not be effective until the next Business Day. For purposes hereof, the address of each party hereto and its facsimile number or email address (until written notice of a change thereof is delivered to the Collateral Agent, the Servicer, the Borrower and each Lender) shall be as set forth in Schedule II hereto, or at such other address as such party may specify by written notice to the other parties hereto. Notices to any Person that becomes a holder of Obligations after the date hereof shall be given to such address or facsimile number or email address of which such Person shall have given written notice to the Collateral Agent, the Servicer and the Borrower.

### **(b) Amendments.**

No provision of this Agreement may be amended or waived except by a writing signed by the Required Lenders, the Collateral Agent and the Servicer; provided, however, that any amendment expanding the obligations or liabilities of the Borrower either hereunder or thereunder shall require the Borrower's consent.

### **(c) Conflicts with Collateral Documents and other Transaction Documents.**

The Collateral Agent, the Servicer and the Lenders agree that, if any provision of this Agreement is inconsistent with or contrary to any provisions in the Note or the Mortgage, the provisions of this Agreement shall prevail as between and among the Collateral Agent, the Servicer and the Lenders.

### **(d) Successors and Assigns.**

This Agreement shall be binding upon, and inure to the benefit of, the Collateral Agent, the Servicer and the Lenders and their respective successors and assigns. If any

Lender shall assign or transfer the Obligations owing to it, it shall promptly so notify the Collateral Agent and the Servicer in writing. No Lender which assigns or transfers any Obligations owing to it shall assign or transfer its benefits under the Collateral Documents without obtaining from the assignee or transferee and delivering to the Collateral Agent, the Servicer and the Lenders a joinder agreement and an executed acknowledgment of the assignee or transferee agreeing to be bound by the terms hereof to the same extent as if it had been a Lender on the date hereof. Each assignee or transferee of any Obligations shall take such Obligations subject to the provisions of this Agreement and to any request made, waiver or consent given or other action taken or authorized hereunder by each previous holder of such Obligations prior to the receipt by the Collateral Agent and the Servicer of written notice of such assignment or transfer; and, except as expressly otherwise provided in such notice, the Collateral Agent and/or the Servicer shall be entitled to assume conclusively that the assignee or transferee named in such notice shall thereafter be vested with all rights and powers as a Lender under this Agreement (and the Collateral Agent and the Servicer may conclusively assume that no Obligations have been subject to any assignment or transfer other than transfers of which the Collateral Agent and the Servicer have received such a notice). Upon the written request of any Lender or the Borrower, the Collateral Agent and the Servicer will provide such Lender and the Borrower with copies of any written notices of transfer received pursuant hereto.

**(e) Continuing Effectiveness.**

This Agreement shall continue to be effective among the Collateral Agent, the Servicer and the Lenders even though a case or proceeding under any bankruptcy or insolvency law or any proceeding in the nature of a receivership, whether or not under any insolvency law, shall be instituted with respect to the Borrower or any portion of the property or assets of the Borrower, and all actions taken by the Collateral Agent with respect to the Collateral or by the Collateral Agent, the Servicer and the Lenders with regard to such proceeding shall be determined by the Required Lenders; provided, however, that nothing herein shall be interpreted to preclude any Lender from filing a proof of claim with respect to its Obligations or from casting its vote, or abstaining from voting, for or against confirmation of a plan of reorganization in a case of bankruptcy, insolvency or similar law in its sole discretion.

**(f) Further Assurances.**

Each party and the Borrower agrees to do such further acts and things and to execute and deliver such additional agreements, powers and instruments as necessary or as any Lender or the Collateral Agent or the Servicer may reasonably request to carry into effect the terms, provisions and purposes of this Agreement or to better assure and confirm unto the Collateral Agent or the Servicer or any of the other Lenders their respective rights, powers and remedies hereunder.

**(g) Counterparts.**

This Agreement may be executed in any number of counterparts, all of which taken

together shall constitute one and the same agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. Delivery of an executed counterpart of a signature page to this Agreement by fax or pdf shall be effective as delivery of a manually executed counterpart of this Agreement.

**(h) Effectiveness.**

This Agreement shall become effective immediately upon execution hereof by the Collateral Agent, the Servicer, the Required Lenders and the Borrower, and shall continue in full force and effect until 91 days following the date upon which all Obligations are irrevocably paid and satisfied in full; provided that, if the Obligations due and owing to a Lender have been paid and satisfied in full, then such Lender shall be deemed released from this Agreement without any further action being necessary. Any such released Lender shall give the Collateral Agent notice of such release but the failure to give such notice shall not affect such release.

**(i) Governing Law.**

**THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE INTERNAL LAW OF THE STATE OF ILLINOIS, EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD PERMIT THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.**

**(j) Jurisdiction.**

(i) Each party hereto irrevocably submits to the non-exclusive jurisdiction of any Illinois state or federal court sitting in Cook County, Illinois, over any suit, action or proceeding arising out of or relating to this Agreement or any of the agreements, documents or instruments delivered in connection herewith or therewith. To the fullest extent permitted by applicable law, the parties hereto irrevocably waive and agree not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(ii) Nothing in this Section 16(j) shall affect the right that the Collateral Agent, the Servicer or any of the Lenders to serve process in any manner permitted by law, or limit any right that any party hereto may have to bring proceedings against the Borrower in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(iii) THE PARTIES HERETO IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER AGREEMENT,

DOCUMENT OR INSTRUMENT DELIVERED IN CONNECTION HEREWITH OR THEREWITH OR THE ACTIONS OF THE LENDERS, THE COLLATERAL AGENT OR THE SERVICER IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF.

**(k) Headings; Sections.**

Headings of Sections of this Agreement have been included herein for convenience only and should not be considered in interpreting this Agreement. Unless stated otherwise in this Agreement, references in this Agreement to Sections are references to Sections of this Agreement.

**(l) No Implied Beneficiaries.**

Nothing in this Agreement (except Section 16(b)), expressed or implied, is intended or shall be construed to confer upon or give to any Person, other than the Lenders, the Collateral Agent and the Servicer, any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation herein contained.

**(m) Severability.**

If any provision of this Agreement shall be held or deemed to be, or shall in fact be, inoperative or unenforceable as applied in any particular case in any jurisdiction, or because it conflicts with any other provision or provisions hereof or with any constitution or statute or rule of public policy, or for any other reason, such circumstance shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or rendering any other provision herein contained invalid, inoperative or unenforceable to any extent whatsoever. Upon the determination that any term or other provision of this Agreement is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to give effect to their original intention as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the maximum extent possible.

**(n) Obligations Individual.**

The obligations and representations and warranties of the Collateral Agent, the Servicer and each of the Lenders herein are made by each of them individually. Nothing herein contained shall be construed as creating among the Lenders, or among the Collateral Agent, the Servicer and the Lenders, a partnership, joint venture or other joint association.

**(o) No Obligation to Extend Credit.**

No provision of this Agreement shall be construed as obligating the Collateral Agent, the Servicer or any Lender to advance any monies or otherwise extend credit to the Borrower at any time.

**(p) Representations of Parties.**

Each of the Lenders, the Collateral Agent and the Servicer, severally and not jointly, represents and warrants to the other parties hereto that such party has all requisite power and capacity to execute, deliver and perform this Agreement and that the execution, delivery and performance of this Agreement has been duly authorized by all necessary action on the part of such party and that this Agreement constitutes the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or law).

**(q) Limitation of Liability Due to Forces Beyond Collateral Agent's or Servicer's Control.**

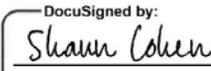
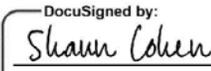
In no event shall the Collateral Agent or the Servicer be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Collateral Agent and the Servicer shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

*[Remainder of page intentionally left blank; next page is signature page.]*

**IN WITNESS WHEREOF**, the Collateral Agent, the Servicer and the Lenders have executed or caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized, all as of the date first above written.

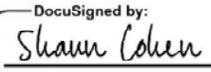
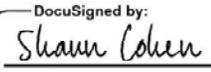
**COLLATERAL AGENT:**

**EQUITYBUILD FINANCE, LLC**, as Collateral Agent on behalf of the Lenders listed below

By:  DocuSigned by:  
Name:  \_\_\_\_\_  
89C771AC65FF4E8...  
Shaun Cohen  
Title:  
President

**SERVICER:**

**EQUITYBUILD FINANCE, LLC**, as Servicer

By:  DocuSigned by:  
Name:  \_\_\_\_\_  
89C771AC65FF4E8...  
Shaun Cohen  
Title:  
President

[Signature Page to Collateral Agency and Servicing Agreement]

**LENDERS:**

By:   
Name: D08CE183C74C4AE...  
Equity Trust Company Custodian FBO John B Allred IRA  
Title:

By: \_\_\_\_\_  
Name:  
Title:

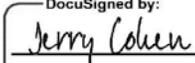
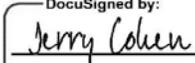
By:  
Name:  
Title:

[Signature Page to Collateral Agency Agreement]

ACKNOWLEDGED, CONSENTED AND AGREED TO:

**BORROWER:**

**EquityBuild, Inc.**

By:  \_\_\_\_\_  
Name:   
Jerry Cohen

Title:  
President

[Signature Page to Collateral Agency Agreement]

SCHEDULE I

COLLATERAL AGENT FEE SCHEDULE

**Section 1: Payouts**

All payouts paid by check.

If Lender requests different method, fees are as follows:

- Wire funds: \$50
- Overnight check: \$50
- Direct deposit: No fee

**Section 2: Buyouts**

If Lender requests principal back prior to Loan's maturity date (and request granted), Lender must pay an early liquidation fee equal to 3% of the amount being returned. This fee is not intended to be a penalty but is an estimate, and indicative, of the actual cost and expenses EBF will incur in conjunction with such request.

EBF reserves the right to extend the maturity date on any Loan at the request of the Borrower. At that time, anyone who wishes to not participate in the extension may receive a return of their Investment and no fee will be charged in respect thereof.

SCHEDULE II

ADDRESSES FOR NOTICES

If to EquityBuild Finance, LLC, as either Collateral Agent or Servicer:

EquityBuild Finance, LLC  
[Address] 5068 West Plano Pkwy. #300  
Plano, TX 75093  
Attention: [Shaun Cohen]  
Facsimile: [\_\_\_\_\_]   
E-mail: [shaun@equitybuildfinance.com]

If to the Lenders:

[Name] Equity Trust Company Custodian FBO John B Allred IRA  
[Address] 10033 E. 98th Place  
Attention: [\_\_\_\_\_] Tulsa, OK 74133  
Facsimile: [\_\_\_\_\_]   
E-mail: [ba010486@yahoo.com]

[Name]  
[Address]  
Attention: [\_\_\_\_\_]   
Facsimile: [\_\_\_\_\_]   
E-mail: [\_\_\_\_\_]

[Name]  
[Address]  
Attention: [\_\_\_\_\_]   
Facsimile: [\_\_\_\_\_]   
E-mail: [\_\_\_\_\_]

If to the Borrower:

EquityBuild, Inc.  
[Address] 1083 N Collier Blvd. #132  
Marco Island, FL 34145  
Attention: [Jerry Cohen]  
Facsimile: [\_\_\_\_\_]   
E-mail: [Jerry@equitybuild.com]

# EXHIBIT

3



# REVERSING YOUR RISK

Prospering with EquityBuild's  
Operational Mastery and Three Guarantees<sup>1</sup>

COMMISSION  
EXHIBIT  
91



EQUITYBUILD

# Reversing Your Risk



## WHY DON'T MORE PEOPLE INVEST IN REAL ESTATE?

Think about it. Throughout history, real estate has proven to be the best way to build and retain wealth for the vast majority of people. Using other people's money in the form of a mortgage loan, investors can leverage a relatively small down payment to buy a property. They can then use the rents they receive from their tenants to make their mortgage payments and thereby build equity in the property — again, using other people's money. Additionally, there are numerous tax advantages from which to benefit. If the deal is properly researched and structured, then positive, free cash flow is generated for the investor after the mortgage payments and all operating expenses are paid. And, the process can be repeated over and over again.

So again we ask, why don't more people do it? For most investors it comes down to perceived risk.

## RISK

People know how to make money. They have become skilled in their chosen fields. But, while they trusted their own expertise when it came to first earning the money, they feel the risk is too high to rely strictly on themselves when it comes to investing. To offset this risk and fear of losing the money for which they have worked so hard, they turn to "experts" for direction, advice and even control.

Many engage stockbrokers, financial planners and money managers in hopes of finding the expertise they lack. All the while hoping that they can trust these advisors to be both competent and trustworthy.

As a result, most investors settle for a traditional mix of stocks, bonds and treasuries, even though from 2001-2010 large stocks averaged only 1.4% in annual returns, costing investors billions during the "Lost Decade." EquityBuild, however, consistently delivers double-digit returns to our investors. Why do so many investors settle for so much less, and what exactly is the perceived risk that they look to offset?

These fears are not overblown. They represent a healthy appreciation for the complexity and hard work required to successfully invest in real estate. If any one of these factors listed above are not understood properly, once-excited investors may find themselves mired in a money pit that went from strong, positive returns to seemingly endless negative returns.

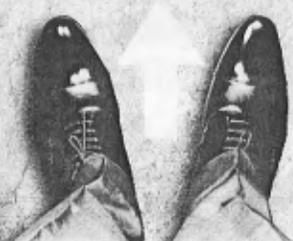
## FEAR can be a Good Thing

Perceived risk is rooted in fear. When it comes to real estate investing, investors have many fears including, but not limited to, understanding how to select the right property, how to deal with contractors that may deliver a subpar product or go over budget or time, and how to select the right tenants and then manage them well.

To mitigate these risks, investors need a trusted partner with the knowledge and experience they lack to answer their questions and to respond to their worries. Those worries are valid — without EquityBuild's expertise, efficiency and effectiveness, they would face potentially devastating obstacles:

- Financial projections for their rental operation would not hold up. Instead of receiving excess cash month after month, they will be out of pocket for their property's operating expenses.
- Not understanding the details about rental real estate as an asset class, and therefore, being at risk in ways they can't even imagine.
- Buildings not holding their value due to low occupancy rates, selecting the wrong tenants, ineffective property management and misunderstanding the effects of a volatile real estate market.

RISK ← → SECURITY



# EquityBuild Answers the Call

**EQUITYBUILD WAS FOUNDED** for the express purpose of bringing real estate investing to regular people. Our company was built in order to finally give clients access to the best way to build and retain wealth, rather than allowing proven wealth creation to remain in the private domain of the elite few. The company was created with the express purpose of helping everyday, hard-working individuals, who don't have the time or experience to invest in real estate, be able to do so without having to think and worry about their investments.

EquityBuild is ushering in a new era by making real estate investing more secure and reliable than ever. We help people achieve their dreams of a lasting legacy of wealth and security through passive real estate investments made possible by our unparalleled operational mastery and continual innovation.

## Operational Mastery

**THROUGH OUR DECADES OF EXPERIENCE** investing in real estate, we have developed operational mastery of the real estate investing process. This makes us an invaluable resource and partner to our clients.

We begin by finding exactly the right properties. This involves not only underwriting markets, but also underwriting submarkets within those markets and then underwriting individual assets within those submarkets. To do this we develop extensive networks

**Only 1 in 10 properties analyzed by EquityBuild meets our rigorous standards established through decades of real estate investing**

of subject matter experts who live and work in our investment regions. They provide us with real-time, accurate data for the market as a whole — all the way down to street and block level. Only after our underwriting experts approve a property for investment consideration does it progress to the next phase of EquityBuild's operational mastery system. It is important to note that only 1 in 10 properties analyzed by EquityBuild meets our rigorous standards established

through decades of real estate investing.

The next phase of EquityBuild Operational Mastery is driven by skilled and dedicated personnel working alongside local market teams of top professionals — each bringing excellence to every step of our proven real estate investing process. Our vast network of local market professionals includes experts in inspection, title, escrow and legal services, along

with construction and property management. These proven market professionals are even more effective in their roles in our process thanks to the strong relationships we develop with city officials and decision makers, allowing us to produce results that others cannot.

The result is expertise, economies of scale and purchasing power far beyond the capabilities of not only individual investors

**We help people achieve their dreams of a lasting legacy of wealth and security through passive real estate investments made possible by our unparalleled operational mastery and continual innovation.**



but the vast majority of developers as well.

In practice, our unique knowledge and systems enable us to optimally structure deals and then quickly and efficiently stabilize a property, at which point we refinance the initial purchase. Our investors receive impressive, double-digit returns that roll in month after month, regular as clockwork, but require absolutely no ongoing effort on their part. On the most fundamental level, this is an ideal path to passive income.

EquityBuild's operational mastery gives our investors insider access to real estate investing and exceptional wealth creation. We help people achieve their dreams of a lasting legacy of wealth and security through passive real estate investments made possible by our unparalleled operational mastery and continual innovation. Instead of fearing for their financial future, our clients invest with confidence, insight and ease. Our innovations are changing the industry.

# The EquityBuild System

THE REAL ESTATE INVESTMENT MARKETPLACE is incredibly dynamic. Success demands continual innovation in response to market changes. Knowing how, where and when to invest can be daunting. EquityBuild gives people access to the knowledge and experience they must have in order to succeed, but can't get anywhere

**We ask the right questions and avoid making painful mistakes. We understand tax implications and carefully plan exit strategies. We analyze and leverage a vast amount of information, and we move fast when the time comes to make a deal.**

else. Over decades, we have earned the expertise to make real estate investing produce returns, which we have systematized with a total operational mastery model that will work over and over again for our investors. We deliver a low-risk, hassle-free, turnkey experience to

investors who want to acquire income-producing real estate.

We ask the right questions and avoid making painful mistakes. We understand tax implications and carefully plan exit strategies. We analyze and leverage a vast amount of information, and we move fast when the time comes to make a deal. EquityBuild only closes 1 of every 10 deals initiated. Our expertise prevents EquityBuild from selling you a property that does not meet our exacting standards.

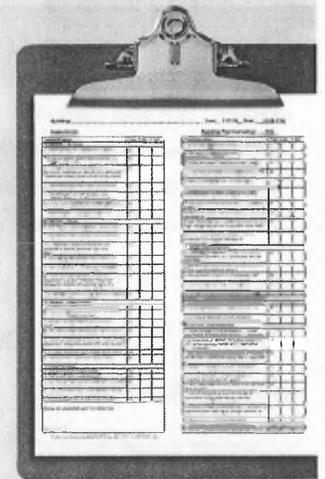
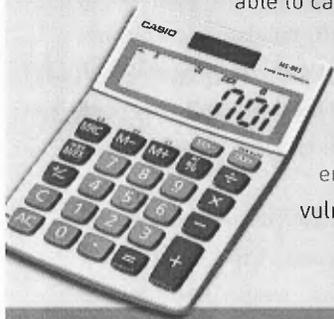
We use our extensive knowledge and operational mastery on our investors' behalf to maximize their returns and minimize their risk at every step:



- Our rigorous, three-stage underwriting process, paired with our demonstrated ability to effectively plan and execute affordable rehab work, combine to produce strong, positive cash flow while locking in the resale value of EquityBuild properties.
- Because of our experience in properly structuring deals and our exacting attention to detail, we are able to calculate and predict a given property's future Net Operating Income with great precision.
- Our meticulous inspection process ensures that we discover faults and vulnerabilities in major building systems

before a purchase is completed, greatly reducing the risk of having to replace an expensive major building system.

- The extensive background checks used by the licensed property managers we engage include getting references from multiple previous landlords in order to better understand a potential renter's behavior patterns as a tenant.
- Property managers conduct ongoing site inspections to ensure tenants are properly caring for properties.



**WE HAVE SUCCEEDED IN CONTROLLING RISK** to the point that our investments meet the heightened oversight and performance standards for government pension and retirement funds. EquityBuild can be used in self-directed retirement accounts including IRAs and 401(k)s.



# Reversing the Risk

**WE DECIDED IT WAS TIME TO REVERSE THE RISK.** By using our deep and expansive knowledge gained over decades in the industry we can turn the odds in favor of our investors. We also provide our unique, operational mastery of real estate investing to our clients, allowing them a huge competitive advantage.

**The concept is simple. The execution is really hard.**

Through more than 700 successful real estate transactions, EquityBuild has learned how to structure deals so they generate positive free cash flow after mortgage and all operating expenses are paid. To do so, Net Operating Income must meet or exceed projections. The EquityBuild model of success requires our enormous expertise and attention to these guidelines:

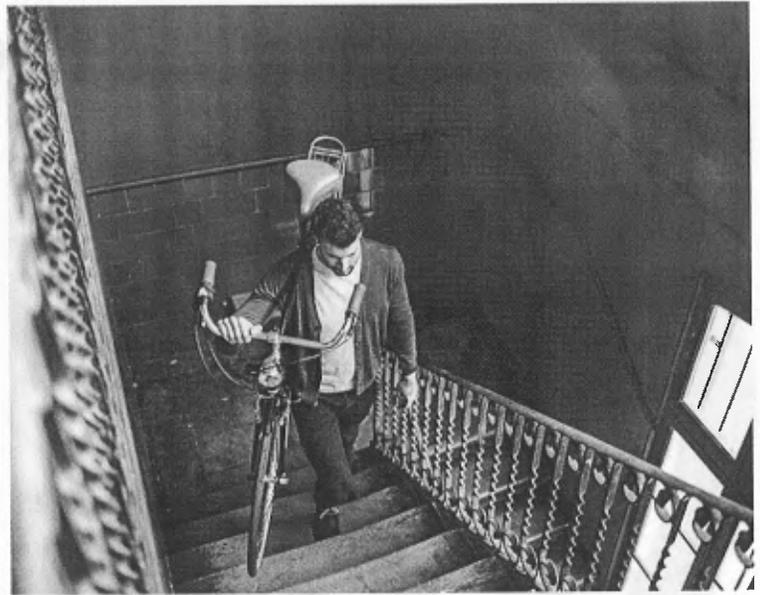
- Units must be consistently rented out with little time lost to vacancy: The condition of the units must be kept distinctly appealing to desirable renters. This reduces both turnover and repair expenses.



- Rents received must meet projections: Rates must be kept at or above market. We actively structure the most profitable mix of private renters and those with housing vouchers. This careful balance often delivers payment stability at higher overall rates.

• Building management must be effective: Units must be kept filled with paying tenants. Tenants must be screened and selected for their positive rental history. Rent collections must be timely. Also property and unit condition must be maintained to standards through ongoing and affordable maintenance and repairs.

- Expenses must be carefully monitored and kept as low as possible: This begins with thoroughly inspecting properties before purchase to ensure their major systems are in solid working order, while maintaining control of operating expenses, including property management. Because of our power in the market, EquityBuild is able to source top quality, licensed property managers for 45% below the going market rate.



**By reducing the risk our investors face, we are able to bring the exceptional benefits of real estate investing to regular people.**



**BY REDUCING THE RISK OUR INVESTORS FACE,** by eliminating their uncertainty and fear, we are able to bring the exceptional benefits of real estate investing to regular people.

# EquityBuild's Three Guarantees<sup>2</sup>



**EQUITYBUILD'S RISK-REVERSAL** goes beyond our *operational mastery* and real estate investing expertise. We are raising the bar by proudly providing three unique, industry-leading guarantees on every property we sell covering the factors we control directly. These guarantees are straightforward, clear and available to you so that the risks of the past are now met with guarantees that are changing real estate investing from this day forward.

▶ **GUARANTEE 1:**

## Net Operating Income

On a quarterly basis, investors will be compensated for any deficiency between the represented net operating income and the actual net operating income (1) through the stabilization period, and (2) once stabilization has been achieved to the point of refinance eligibility.

▶ **GUARANTEE 2:**

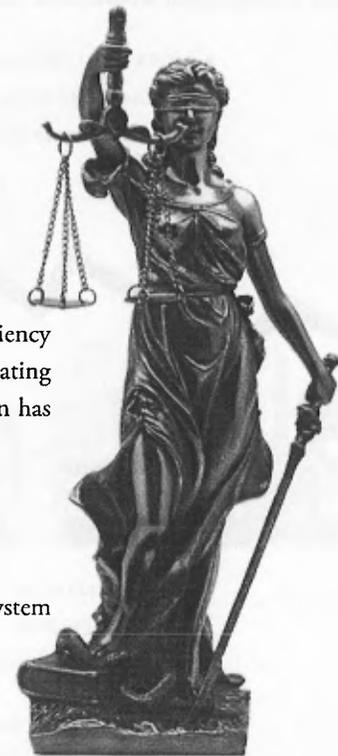
## Major Systems

We will repair or replace your plumbing, electrical, roofing or HVAC system if it fails during the first two years of ownership.

▶ **GUARANTEE 3:**

## Property Value

The value of your EquityBuild property will not drop below the cost of purchasing and renovating the property. Should you incur a loss, EquityBuild will reimburse you the difference.



**IT IS TIME TO PUT REAL ESTATE TO WORK FOR YOU** by reversing the risk and putting our operational mastery on your side. We are here for you. Call us now at 877-978-1869.

<sup>1</sup>EquityBuild is providing this white paper for informational purposes only and nothing herein should be construed as an offer to buy or sell any product or service. All opinions and forecasts are subject to change. Nothing herein should be deemed to be personalized advice or a recommendation. Guarantees described herein are subject to the terms and conditions of the written guarantees provided to each buyer.

<sup>2</sup>This is a general summary of guarantees offered to future buyers of certain properties. All guarantees are subject to the actual written terms of the guarantees which are subject to limitations, including, but not limited to, refinance eligibility, force majeure, and specific carveouts. All decisions to repair or replace major systems are subject solely to the discretion of EquityBuild. Property Value guarantees are subject to conditions over which EquityBuild had control at the time the property was sold as well as other limitations outlined in the specific written guarantee for each buyer.

# EXHIBIT

4

## THE POWER OF PRIVATE MORTGAGE INVESTING



EQUITYBUILD FINANCE, LLC.

[WWW.EQUITYBUILDFINANCE.COM](http://WWW.EQUITYBUILDFINANCE.COM)

877-978-1916



# EQUITYBUILD

F I N A N C E

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## The Basics of Private Mortgages

### What is a Private Mortgage?

Private mortgages provide investors substantial returns while remaining one of the most stable investment vehicles available.

But isn't the combination of high returns and stability too good to be true?

While home buyers traditionally seek a bank or mortgage company to finance the purchase of new homes, investors targeting 1-4 unit residential properties and commercial multi-family housing frequently look for other sources of capital. This is particularly true in this era of post sub-prime free lending, as banks and mortgage companies are refusing more borrowers than ever. Investors are coming in droves to private lenders to find the capital they need to buy properties.

It is completely legitimate for an individual to offer a private mortgage to fund the purchase of a property, giving an investor a non-bank option for financing. All the lender needs is enough money to lend to a borrower who is looking to purchase and/or rehab a property.

Private mortgages (also called hard money loans, trust notes, private notes, etc.) are, in our opinion, much safer than paper investments because they are secured by real property. If the mortgage ever goes into default, private mortgage lenders simply sell the property in a quick sale and get their money out of the investment. The collateral property is backed by title insurance and hazard insurance as additional levels of protection, and the loan is further secured by the borrower's personal guarantee. These multiple levels of protection cannot be found in any other investing instrument.

### Why Would Someone Borrow From a Private Individual?

Banks are in the business of making money. Many banks really only want to make long-term loans. They don't want to deal with short-term or rehab lending. Ultimately, a bank wants a constant flow of money that lasts for years, providing it with a regular income stream that requires little additional effort.

This leaves lots of hidden real estate gems for EquityBuild Finance from which to choose.

As banks and mortgage companies turn down potential loans in ever-increasing numbers, EquityBuild Finance has the opportunity to pick up some great deals on investment real estate while still making highly secure investments (as we'll demonstrate in a bit).

Banks are also extremely slow to process loans. They have multiple channels and endless red tape they require before completing a loan application. In most cases, sellers are in a hurry to sell their properties and don't want to wait for a bank mortgage to process a mortgage application. The best deals are fought over and won by cash buyers or investors who have access to quick capital. Speed of Capital is why real estate investors pay higher interest rates: there is so much profit that can be stabilized. Often high-interest borrowing is the only path to accessing all the other profit that can't be had any other way.

There are other reasons why borrowers might prefer the speed of working with EquityBuild Finance over the slow process of bank financing. Sometimes, a borrower just needs short-term financing, or to pay off creditors in order to get their monthly expenditures under control, or simply to free up equity for family needs such as unexpected hospital bills.

Or, a borrower might have the short-fuse opportunity to invest in another property and need quick cash in order to move on the deal. These are just a few of the many reasons why borrowers look to private lenders to provide financing.

### **Typical Rates of Return**

Every mortgage is unique. The situation, property condition and location all factor into the mortgage structure and affect the rate of return. EquityBuild Finance turns down most deals because they simply don't produce strong enough returns for our investors.

However, the flip side is that deals that do qualify for EquityBuild Finance's turnkey system provide an excellent return for our clients.

Other factors that determine the return an investor will receive from a private mortgage are:

- Term of the note
- Quality of the borrowers
- Quality of the underlying asset
- Quantity of invested holdings
- Loan-to-Value ratio
- Purpose of the loan
- Borrower's exit strategy
- Direct lending, rather than lending through a mortgage pool

These factors make some deals better than others, but private mortgages offer considerably higher returns than traditional loans, and they outperform the stock market over the long term.

Through years of experience, the EquityBuild Finance team has identified ways to improve rates of return by adjusting terms of the note and other strategies that are seldom used by other private mortgage companies.

At EquityBuild Finance, we pair superior returns with low risk. The interest rate you receive depends on the amount of funding you commit: in short, *The More You Invest, The More You Earn*. Returns are paid monthly, another advantage over equities, where investors must wait to see most of their returns upon ultimate sale of their stock.

Low risk investments which offer such superior returns are rare. EquityBuild Finance rewards our clients with *The EquityBuild Finance Up Front Advantage Incentive Program* and *Totally Transparent Double-Digit Returns Policy* on both total holdings with us and the amount they invest in a specific deal.

# The Advantages of Private Mortgage Lending

## Advantages of Private Mortgages as an Investment Vehicle

EquityBuild Finance creates private mortgage notes for one reason: their advantages far surpass paper investments.

- Less fluctuation than the stock market
- Greater control over when and how much you invest
- Easier to understand than other investing vehicles
- More predictable than the stock market
- Real estate is a tangible asset, unlike paper investments

The last reason is the most important. EquityBuild Finance believes so strongly in private mortgages because, unlike paper investments, private mortgages are backed by tangible assets that will always have value. If an investor owns stock in a company and that company folds, they're out of luck. Sure, if they own preferred stock they'll get a place in line to get paid ahead of common stock holders. That is if there's any money left after liquidating the company's assets and paying off its debts.

But should a borrower default on a private mortgage, EquityBuild Finance would liquidate the property through a quick sale. They can then roll their money into another private mortgage note quickly and start earning returns once again.

## Stability of Private Mortgages

Despite the upheavals in the real estate marketplace during the great recession, the CoStar Commercial Repeat Sale Indices (CCRSI) show that commercial multi-family housing prices having recovered and passed their pre-recession peak in the vast majority of metro areas, and are within 8 points of their all-time highs nationwide. Plus, multi-family housing has outperformed all other classes of commercial real estate since 2011.

In summary, the selling price of a commercial multi-family housing property is unlikely to go down. And, if the price does drop, it won't drop far and it won't stay down for long. Properties backing private mortgages can be sold quickly and usually above their previous selling prices. This stability is great protection for an investor's nest egg.

The stability of property value isn't the only reason why private mortgages backed by property are such a stable investment:

- Demand for housing is increasing at an astounding rate. Yet the supply of housing available is not keeping up with this growing demand. Every new child born will need housing.
- High school graduates will find their own homes and start their own families. This pressure on the housing industry means that there will always be a demand for new homes.

In short, if properties are well maintained and kept in good condition, their value will continue to rise. Of course, some factors can cause real estate value to decline. A property in need of repair, for instance, will have a lower value than that same property in good condition.

EquityBuild Finance's private mortgage notes finance properties that are carefully identified, sold, rehabbed and managed by our sister company EquityBuild, based on its proprietary econometric model that identifies properties with strong upside and minimal risk. EquityBuild has quality contractors on call to rehabilitate distressed commercial multi-family properties. They make the necessary improvements to bring the value of the property up to EquityBuild requirements before finding renters. The property value returns to where it was before falling into disrepair and continues rising above that value. A renting family gets a home that has been substantially improved, while the investor gets a solid return backed by a valuable property.

Everyone wins.

Having the knowledge, experience and resources to offer both sides of the equation is a unique and enormous competitive advantage in the industry that reduces risk even further. The EquityBuild Finance/EquityBuild partnership creates an advantage for our investors from the very start, since all of EquityBuild Finance's hard money lending opportunities are carefully designed to succeed, not fail. This is accomplished with thorough underwriting to ensure the deal has the best prospect for success. If a deal is not strong enough, EquityBuild and EquityBuild Finance will not present it to our customers. We are a client advocate, building life-long relationships to create turn-key solutions that consistently deliver double-digit returns and improved neighborhoods.

## Keeping Risk Under Control

The fact that private mortgages are an incredibly stable investment doesn't completely negate all risk. It is important to remember that any investment carries some risk. Borrowers sometimes default on loans due to loss of employment, the value of the property cannot be assured, a title may be defective, and private mortgages are not insured by any government agency.

At EquityBuild Finance we are constantly looking for ways to reduce the already minimal risk of private mortgages. Each mortgage is unique, which is why private lending through EquityBuild Finance is much safer than trying to do it yourself. Our trained professional underwriters analyze each property in great detail to find the risks, and then determine how those risks can be minimized or removed altogether.

On the other hand, some standard risks are common to private mortgages, and the EquityBuild Finance team has a system of due diligence that makes every private mortgage as secure as possible.

First, we make sure the underlying property meets our qualifying criteria. Private mortgages are secured by the property itself. We have to be able to sell that property at a profit regardless of how well the borrower handles the loan, and do so quickly. We first engage a team of assessors to thoroughly investigate the property. This team is not only looking for the minor repairs that identify a sleeper property, but also for structural conditions that might be a deal breaker. In the end, we only consider a property if we know we can turn it around quickly and get our clients a profit.

Once we've ensured that the property qualifies as a great deal, we investigate the borrower for red flags. A private mortgage lender is acting as a private banker, and as such, we investigate borrowers with the same scrutiny a large national bank would. However, because EquityBuild Finance's docket of mortgage requests is much smaller than a national bank's, we can get far more detailed in our investigations than a large bank does. Borrowers cease to be just numbers; they become an opportunity for EquityBuild Finance to introduce a highly qualified borrower to an investor looking for a substantial return.

The third way EquityBuild Finance minimizes risk is by creating airtight paperwork. Since your money is secured by the property, we first need to ensure that the title is clear. We run a title search on the property, unlike some private lenders who try to cut costs by forgoing the title search in hopes that nothing will turn up. Title search fees can be stiff, and they reduce the amount of money an investor is able to offer on a private mortgage. But, rather than cut corners, we simply link the service fees to the mortgage. Investor costs are minimized, as well as the risk.

In addition to ensuring the title is clear, we also want to protect against the possibility that the property might be damaged or destroyed. The seller will, of course, have insurance on the property, but their policy will be cancelled as soon as the property is sold. So, we set up a hazard insurance policy to protect the property against natural and other disasters.

Finally, we require the borrower to sign a personal guarantee. This, along with our extensive investigation into the borrower's ability to handle the mortgage payments, gives us one final level of security against our investors losing money.

This multi-layer approach means that EquityBuild Finance is able to help a qualified buyer purchase a great property while giving private investors a considerable return on their investment. Everyone wins. That's the EquityBuild way.

## Getting Started in Private Mortgages

### Two Main Lending Strategies

There are two methods of getting started in private mortgages: direct lending and mortgage pools.

Think of mortgage pools as the mutual funds of private mortgages. Each investor's money is pooled with the other investors' funds, and the combined pot of money is used for private lending.

Over the years, pros and cons of investing in a mortgage pool have become evident. The main benefit is that pool managers are able to reduce risk by diversifying loans over many different properties. However, the trade-off for mortgage pool investors is reduced returns. Because the mortgage pool manager draws pay directly from the pool's profits, it substantially lowers the return. Even so, some investors chose the mortgage pool option over direct lending because it was easier and involved less risk.

The EquityBuild Finance strategy of investment overcomes the downside of direct private mortgage lending, giving direct private mortgages the advantages of mortgage pools without the challenges associated with direct private mortgages.

Direct lending typically has been reserved for seasoned real estate professionals, due to the level of expertise needed to identify undervalued properties and go through the appropriate steps to protect their investment and assure a top return. Through direct lending they are able to gain direct access to the collateral, if needed.

Direct lenders typically have a property appraised, analyze its value and the upgrades it will need, work the numbers to determine a break-even point, and then calculate what kind of offer can be made to earn a good return on investment. At that point they find a qualified buyer to purchase the property, and draw up paperwork that protects them against the possibility of default on the mortgage.

We find it to be very satisfying work, though it takes a great deal of expertise. EquityBuild Finance has made direct private mortgage lending a real possibility for even the average investor. You don't need any expertise in the real estate market to take advantage of the combination of good returns and stability that private mortgages offer. EquityBuild Finance does all the groundwork for you. All you need to do is invest the money.

As a direct investor, you'll receive higher returns than mortgage pools offer, without having to acquire the years of expert knowledge required.

Investing always involves risk, but the EquityBuild Finance system is easy to use (since we do the work for you) and takes a multi-tier approach to minimizing the small risk involved in private mortgage investing.

### **Lending From Your Retirement Account**

If you're excited about the opportunity of private mortgages, but concerned that you're going to miss out on a chance to invest, we have good news for you.

People can invest their self-directed retirement accounts such as IRAs, 401(k)s and SEPs in private mortgages. EquityBuild Finance works with self-directed custodians who handle retirement account investments, and we can recommend some to you. The money is invested directly into EquityBuild Finance properties from the investor's retirement account. The process is too complex to cover in a few short paragraphs, but, when handled correctly, the profits from the private mortgage are rolled back into the retirement account tax-free. If the account in question is a Roth IRA, then the money is also tax-free when withdrawn at retirement.

Lending from a retirement account can be an outstanding way to get higher returns than the account would otherwise achieve, while still having all the tax benefits of an IRA, 401(k) or SEP.

Because of the complexity of investing retirement account funds in private mortgages, please contact EquityBuild Finance to discuss this option.

## EquityBuild Finance Returns Policy

***Totally Transparent Double-Digit Returns Policy = Base Returns of 12-15%! When You Add in the Up Front Advantage Incentive Bonus of 1/2 -3<sup>1/2</sup> Bonus Points, You Can Earn Up to 19%!***

### Per Deal Returns

Per deal returns are defined as the amount of money you earn by investing in a single note on a particular property. The more you commit to a single property, the more you can make.

We also recognize and respect the commitment many of our clients make to a specific property. To reflect this reality and active wisdom, the policy going forward on a per deal basis for lending with the EquityBuild family of companies is 12% for investments of \$50,000-\$100,000. Lending investments on a single property up to \$200,000 are 13%, or you can earn more at 14% with lending investments up to \$350,000 on a single property. To reward lending investors who see the full potential of a particular deal, EquityBuild Finance will reward such proactive positions with 15% returns on investments of \$360,000+. Consistent with policy, the minimum investment is \$50,000. To discuss your double-digit upside in detail for Per Deal Returns, please call 877-978-1916.

Per Deal Returns with EquityBuild Finance	Interest, Paid Monthly (APR)
Up to \$100,000*	12%
\$110,000** - \$200,000	13%
\$210,000 - \$350,000	14%
\$360,000+	15%

\* Please note new clients must invest a minimum of \$50,000.

\*\*After minimums have been met, all additional investments must be in \$10,000 increments.

**Policy Benefits Apply to Existing and New Clients, Here's How:** If you are an existing client and have \$200,000 in total holdings invested as a lender with EquityBuild Finance, by adding \$75,000 you will earn 13% paid monthly going forward on all the notes you have with EquityBuild Finance (unless you were one of the few who took action on rare deals that paid more than 13% in the past). Please note increased interest is not retroactive. If you are a client that is invested in a legacy product at a higher rate that is no longer offered, the new rate will not apply to those funds - although those funds will apply towards the Total Holdings to raise the rate of only the new funds to the respective tier.

Alternatively, if you are a new client with EquityBuild Finance and invest \$300,000 on a note for a single property, you will earn 14% going forward on that particular deal, or 12% to 13% on lending for multiple properties based on total holdings. In all cases, double-digit returns are paid monthly.

**Total Holdings**

Total Holdings are defined as the total amount of money invested with EquityBuild Finance on lending projects\*. Specifically, for total holdings invested with EquityBuild Finance under \$250,000 there is a 12% return. Funds invested up to \$500,000 earn 13%, while funds invested up to \$1M earn 14%. For loyal investors that lend EquityBuild Finance over \$1,010,000, returns are 15% on total holdings.

Minimum investments are \$50,000 for new clients and \$25,000 for existing clients. Note that when the next rate level is achieved, the new rate is applied to all Total Holdings from that point in time moving forward. To discuss your double-digit upside for Total Holdings in detail, please call 877-978-1916 today.

Total Holdings with EquityBuild Finance	Interest, Paid Monthly (APR)
\$50,000 - \$250,000**	12%
\$260,000*** - \$500,000	13%
\$510,000 - \$1,000,000	14%
\$1,010,000 +	15%

*\*With respect to calculating APR's, all IRA vs. non-IRA holdings will be tallied separately, in compliance with IRS commingling rules concerning IRA's.\*\* Please note new clients must invest a minimum of \$50,000. Any new investments for existing clients must be a minimum of \$25,000.\*\*\*After minimums have been met, all additional investments must be in \$10,000 increments.*

**Bottom Line:** Now more than ever before, procrastination doesn't pay anymore at EquityBuild. This policy rewards early investing and loyalty instantly and enables lenders to see how they can make the most out of their participation with EquityBuild Finance, both in terms of total holdings and on a per deal basis, especially in the first week of a new note. As many of you already know, slots on EquityBuild deals fill up quickly, so by acting early you can be confident this is the most effective way to earn totally passive double-digit returns that are paid monthly.

## **BONUS PROGRAM: The EquityBuild Finance Up-Front Advantage Incentive Program**

### **OVERVIEW**

Up-Front Advantage Incentive Program rewards EquityBuild Finance clients in two very simple yet powerful ways.

- First, when you invest anywhere from 25%, 50% or 100% of the note total, you are immediately rewarded with ½-3½ points depending on the size of the note.
- Secondly, when you invest in a note in the first week it is available, you gain another ½ point.

When you combine the advantages of this program with our double-digit returns policy documented below, you can earn 12%-19% on private mortgage notes that are 100% backed by real estate.

### **FULL PROGRAM – UP-FRONT ADVANTAGE INCENTIVE PROGRAM**

In addition to our Totally Transparent Double-Digit Returns Policy for investors, EquityBuild Finance rewards clients with higher returns the more you invest on larger deals. Also, we help clients act early by paying a bonus half point in the first week the note is available. This policy and incentive program only applies to investments going forward for lending purposes only.

*Up-Front Advantage Incentive Program = Extra 1/2– 4 Points Bringing Returns to 12%-19% for 1st Year*

EquityBuild Finance wants to give decisive and committed investors tremendous value. This is solid proof that procrastination does not pay. Specifically, in the first week when a new EquityBuild Finance private note is issued, there is an automatic half-point bonus for all investments where the minimum investment is \$50,000. Additionally, the more you invest in a specific note, the more points you earn on top of the first week half point. For example, if you invest in 25% (which is \$187,500) of a \$750,000 note, you will earn an additional half point. For 50% on the same note you would earn another 1 point, and at 100% of the note you would earn an additional 2.5 points. Keep in mind that if you acted in the first week, the 2.5 points is on top of the half point you earned for acting early. Which means you would earn a 3-point bonus, making the returns on this note 18%, paid monthly, for the first year thanks to the Totally Transparent Double-Digit Returns Policy detailed in the section below.

For notes of \$750,000-\$1,500,000 the Up-Front Incentive Program gets even better with a 1 point bonus for clients that invest in 25% of the note. At 50% there is a 2-point bonus, and at 100% of the note there is a 3-point bonus. Also, by acting in the first week, returns are half a point higher at all investment levels.

For notes above \$1,500,000, there is an across-the-board 1-point bonus at each of the levels, where 25% investments in these larger notes are rewarded with 1.5 bonus points. 50% merits 2.5 bonus points, and 100% delivers 3.5 bonus points. Think about that, by investing in a full private note in the first week it is available, you instantly earn 4 extra points. This delivers 19% returns, paid monthly, in the first year when coupled with EquityBuild's industry-leading Totally Transparent Double-Digit Returns Policy, which is detailed below.

**Up-Front Advantage Incentive Program with EquityBuild Finance**

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% of Note Investment	Note = Up to \$750,000	Note = \$750,0001-\$1.5M	Note = \$1,500,001+
100%	2.5	3	3.5
50%	1.5	2	2.5
25%	0.5	1	1.5
+ First Week Bonus, Half-Point	.05	.05	.05
Range of Returns	12-18%	15-18.5%	15-19%

*Please note: Proof of wire transfer must be in by the end of the seventh day of the private note being available, and all necessary steps must be taken for an IRA custodian to send wire at that time.*

To discuss your double-digit upside in detail, please call **877-978-1916**.

**Benefits of Working With EquityBuild Finance**

Working with EquityBuild Finance can be your key to minimizing your risk in private mortgage investing. We have decades of experience in real estate investing. We have completed deals on more than 1,000 properties, and have analyzed thousands more.

We have spent years devising a system that allows average people to invest in solid and secure private mortgages without having to become real estate experts themselves. Now, we're able to offer our turn-key operation to you.

With EquityBuild Finance, it really is that easy. Call us today at (877) 978-1916 to find out how you can get started in private mortgage investing.

# EXHIBIT

5

# REAL ESTATE INVESTING **SIMPLIFIED**



*EquityBuild's Investor Advocacy System:  
The Easy Way to Own Rental Real Estate*

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# EQUITYBUILD

COMMISSION  
EXHIBIT

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## REAL ESTATE INVESTMENT

### *The Stable Route to High Net Worth*

#### **The #1 Wealth Tool**

For centuries, real estate has been a means to attaining high net worth, and a preferred vehicle for holding on to accumulated wealth.

Most people know of real estate mogul Donald Trump, but few are aware that many other famous people either made their money in real estate or used real estate as a stable vehicle for holding on to the money they had accumulated.

For instance, you probably have heard of Ray Kroc. Kroc bought a restaurant from the McDonald brothers and turned it into the biggest franchise in the history of the world. However, you probably don't realize that Kroc never thought of himself as a restaurant owner, or even a franchisor. Had you asked Ray Kroc himself where his wealth came from, he would have told you:

#### *Real Estate*

The real money-making power of Kroc's empire isn't the cheap burgers it sells. It's the prime real estate those restaurants sit on.

#### **High Stability Investment**

Real estate is a stable investment. While the stock market has its ups and downs, real estate values tend to continue their steady climb upward.

Because of this, many people use real estate to secure the wealth they've established, even if they didn't earn that wealth from real estate in the first place. Whether gained through hard work in their own businesses or through a lucky strike on a stock gamble, countless millionaires roll their money into real estate investments as a means of keeping what they have.

Unfortunately, real estate investing has been out of reach for the average investor.

Until now...

# CRUISE THE HIGHWAY OR NAVIGATE THE JUNGLE

## *The Easy Way and the Hard Way to Wealth*

### Standard "Wealth" Building

How long do you think it takes to amass a nest egg of \$1 million by saving money through stocks, bonds, CDs, gold, 401(k)s, etc.? The following is a list of the average returns those investments typically achieve:

- 👤 Stocks: 7-10%
- 👤 Bonds: 1-4%
- 👤 CDs: 1-3%
- 👤 Gold: 2-9%
- 👤 401(k)s: 5-10%

Now look at the following chart to find out just how long it would take to develop a nest egg of \$1 million. Even if you're getting a solid 10% return from your stock investment or your 401(k), it will take a minimum of 10 years to accumulate a million dollars of net worth. And, that's only if you can pump \$5,000 a month into your retirement.

SAVINGS	2 %	4 %	6 %	8 %	10 %	12 %	14 %	16 %
\$50	177	105	77	61	51	44	39	35
\$100	144	88	66	53	44	39	34	31
\$150	125	79	59	48	40	35	31	28
\$200	112	72	54	44	38	33	29	26
\$250	102	67	51	42	35	31	28	25
\$300	94	62	48	39	34	30	26	24
\$400	82	56	43	36	31	27	24	22

SAVINGS	2 %	4 %	6 %	8 %	10 %	12 %	14 %	16 %
\$500	73	51	40	33	29	25	23	21
\$750	58	42	34	29	25	22	20	18
\$1,000	49	37	30	25	22	20	18	17
\$1,250	42	32	27	23	20	18	17	15
\$1,500	37	29	24	21	19	17	16	14
\$2,000	30	25	21	18	16	15	14	13
\$2,500	26	21	18	16	15	13	12	12
\$3,000	22	19	16	15	13	12	11	11
\$4,000	17	15	14	12	11	10	10	9
\$5,000	14	13	12	11	10	9	9	8

### The Real Estate Difference

Now let's take a look at what it takes to accumulate a million dollars of net worth through real estate.

If you were to find a commercial, multi-family rental property that has six units, each valued at \$167,000, you could purchase \$1 million in real estate. Of course, you wouldn't pay for the property out of your own pocket. You'd find a mortgage lender to provide the money for the purchase and work out terms to pay the lender back. Depending on the terms of the mortgage, you might very well own this million dollar property outright in 10 to 15 years, and be earning \$9,000 cash flow every month from the property.

It gets even better.

You see, with rental properties, the owner of the property is not the one who pays the mortgage. No, *the rental income actually pays the mortgage, and provides the owner with additional cash flow.*

EquityBuild takes this outstanding investment opportunity a step further.

EquityBuild's proprietary system leverages real estate investment in two critical ways that make it accessible to the average investor. We'll discuss these in more detail later on, but they are key factors in creating your \$1 million nest egg rapidly:

First, when a property of yours qualifies for Section 8 housing vouchers, the government drops sizable chunks of money into your nest egg every month. This is in addition to all the tax breaks that come from owning property.

Second, lack of real estate investment knowledge has made real estate investing a challenge for average investors, and for many of them, that lack has led to their demise. EquityBuild solves this problem by allowing investors to take advantage of our team's knowledge and experience.

(More about this in "What You Need to Know.")

### **Real Estate vs. Paper Investing**

In reality, matching the speed with which real estate can build a \$1 million nest egg would require you to roll at least \$2,500 a month into a paper investment. Average investors don't have that kind of money. Besides, they really shouldn't use their own money when they can leverage other people's money by investing in real estate.

Rental real estate investment is like someone giving you \$150,000 worth of stocks for free, and then simply expecting you to hold onto it for 15 years. Once the 15 years has passed, you collect 12% on that investment free and clear.

While nobody is going to give you a stock portfolio worth \$150,000, lenders are lining up to hand you money for real estate. And you can repeat the process over and over again, adding 4, 6, 10 properties – or more – to your investment portfolio.

## THE EQUITYBUILD SYSTEM

### *Introducing the EquityBuild Proprietary Investor Advocacy System*

The EquityBuild system involves four steps. Three of those steps are handled by EquityBuild's team of professionals, leaving only a single step for an investor to take to become the owner of an income-producing property.

1. Find great deals
2. Protect the investor
3. Find a renter
4. Add the property to the investor's portfolio

#### **Discovering Sleeper Properties**

Finding distressed properties for sale takes little effort or experience. The expertise comes in finding the diamonds among rest of the rocks.

This is the first step in the EquityBuild system. Our team of underwriters thoroughly analyzes markets around the country, investigates distressed properties, and then works the financials until they're confident that a particular investment will lead to a good return.

#### **Protecting Your Investment with the Right Paperwork**

Proper paperwork is one of the big keys to protecting an investor from losing money. If done right, commercial multi-family rental properties can have all the security that investors expect from a bond, while still producing returns higher than the stock market.

EquityBuild's team of professionals has seen countless deals and knows where all the loose ends may be. We're second to none at tying up those loose ends.

#### **Instant No-Vacancy**

One of the great things about the EquityBuild system is that our investors don't even have to find their own renters. If our investors had to find their own tenants to occupy the new rental property, they could spend months covering the cost of the mortgage while the property sits vacant.

EquityBuild not only finds qualified properties with renters for our investors, we also assess whether it would be advantageous to qualify a property to accept Section 8 vouchers and have the government guarantee that a portion of the rent is paid (more on this later).

## Finding the Right Investor (You)

Once we've completed the first three steps of our proprietary system – scouting the property, drawing up the paperwork, and finding renters – all that remains is for us to help turn qualified investors into real estate investors. There's nothing you have to do except close on the deal. And we'll help manage that process, too.

EquityBuild is a true, turn-key experience. We handle ALL aspects of the transaction for you: from finding the property, to helping you get financing, to the renovations, to property management. Ready-made real estate investing where we serve as your investor advocates at every step of the way.

## WHAT YOU NEED TO KNOW

### *By Far the Easiest Way to Invest in Real Estate*

At EquityBuild, we're proud to have created a system of real estate investing that makes it possible for anyone to invest in real estate without the need for specialized knowledge or training.

D O N ' T N E E D	D O N E E D
Down Payment	Good Credit
Special Skills	10% Liquid Equity
Special Knowledge	Documented Income

#### **No Specialized Knowledge**

Normally, in order to intelligently invest in income producing properties, you would have to spend countless hours educating yourself. There are a lot of great books on real estate investing, but how long do you think it would take you to learn everything you need to know to effectively invest in real estate? In his book *Outliers*, Malcolm Gladwell claims that an essential key to success in any field is to practice a specific task for at least 10,000 hours. The EquityBuild team has put in that time, and much more. When you work with us you get the benefit of our knowledge, expertise and vast experience. So, you don't need to spend your precious time poring over texts, tables and econometric models – time that could be better spent earning more money, traveling, relaxing, volunteering in your community, or best of all, enjoying your family. We have already done the work (and the studying) for you.

#### **No Specialized Training**

It's also true that no matter how many books you read, you still need actual experience before you start to become a success. For virtually every solo real estate investor, this means slogging through several poor or failed deals before learning what works and what doesn't.

EquityBuild's owner and founder has been in real estate since 1984. He has completed more than 1,000 deals, and has looked at and rejected countless many more. Since founding EquityBuild, the company has closed more than 600 deals. We have all the experience you need. And we let you avoid the pain of failed real estate deals altogether, by finding the great deals for you.

#### **Out-of-the-Box Real Estate Investing**

If you have good credit, good equity, and a good job, you have everything you need to become a real estate investor using the EquityBuild system.

## CONTROLLING RISK

### *Making a Safe Investment Even Safer*

Real estate is one of the safest investments around, but EquityBuild goes above and beyond to remove as much of the risk for you as possible. We take an investment vehicle that already returns double-digits annually and we add extra safety measures.

#### **EquityBuild's Due Diligence**

When we find a potential investment property, we dig deep to determine the actual value. Plumbers, electricians and other tradespeople thoroughly investigate the property, looking for hidden issues and problems. We do whatever it takes to know everything we need to make a smart offer on a property.

#### **Air-Tight Paperwork**

EquityBuild handles all the paperwork required for a given real estate transaction. We make sure there are no loopholes in the mortgage, lease agreement, insurance paperwork, etc. that would leave our investors in the lurch.

#### **Getting the Government to Pay the Rent**

Qualifying properties for Section 8 housing vouchers is a critical risk control technique we help many EquityBuild investors use.

One of the primary risks in owning rental property is for tenants to miss their rent payments, leaving you to pay the entire mortgage. While there are formal channels that property owners can go through to resolve these problems, those channels take time. But under Section 8, the government continues to subsidize your rents even if your renters aren't holding up their end of the deal.

## PROFITS

### *Outstanding Returns on Low Risk Investments*

#### **Instant Cash Flow**

Becoming an EquityBuild investor will bring you the enormous benefit of instant cash flow. The amount of cash flow from a rental property depends, in part, on the extent of repairs that are required. Such rehab activities increase the value of the property. EquityBuild's "no maintenance" guarantee ensures that all repair work has been done completely and properly, so you don't run into unexpected rework or forced vacancy costs that eat into your cash flow during your first year of ownership.

#### **Return on Investment**

Monthly cash flow isn't the only return EquityBuild investors see. As the property's mortgage is paid down every month, your equity in the property rises.

## GIVING BACK TO THE COMMUNITY

### *Socially Responsible Investing*

#### **Rescuing and Renovating Properties**

While one of the motives EquityBuild has for renovating properties is to provide investors with a superior return on their money, the other is simply to provide the community a property it can be proud of. Nice, new renovations not only increase the value of a specific building, but those positive changes often improve the value of other properties around it. A building receiving a facelift can bring a sense of relief to its neighbors and help generate pride in a neighborhood.

#### **Comfortable Homes for Low Income Families**

The number of low income families in the United States is growing at an alarming rate. At EquityBuild, we take pride in knowing that we (and our investors) are doing our part in offering comfortable places for these families to live. They, in turn, take greater pride in, and better care of the buildings in which they live in.

#### **Good Returns for the Investor**

EquityBuild is proud to offer solid real estate investment opportunities to average people who otherwise couldn't break into the lucrative real estate market.

## THE EQUITYBUILD DIFFERENCE

### *Why EquityBuild Stands Out in Real Estate Investing*

#### **Completely Turn-key Real Estate Investment**

Most investors don't have the time or interest to learn all there is to know about investing in real estate, even though many of them want to benefit from the great returns that rental property investments offer. That's why the EquityBuild team has designed a system that puts the world of real estate investing into the hands of average investors. What used to be the domain of real estate moguls is now an investment opportunity for hard-working, regular people.

It's really just as simple as signing on the dotted line.

#### **Government Guaranteed Rents**

As we have already mentioned, qualifying a property for Section 8 housing vouchers is a great way to ensure that a portion of the rent will be paid – on time – by the government.

## EQUITYBUILD GUARANTEES

*Adding Guarantees on Top of Risk Management*

### **No Maintenance Guarantee**

EquityBuild guarantees the scope of work for one calendar year from the date third party inspection confirms completion.

## GETTING STARTED

*You're About to Take Your First Step*

### **Contact Us Today**

If you're ready to take the first step on your way to high net-worth, all you have to do is contact us and we'll chat with you about the opportunity.

Telephone: (877) 978-1869

Email: [info@equitybuild.com](mailto:info@equitybuild.com)

If you'd like to look into the EquityBuild opportunity further, you can visit our website at [www.equitybuild.com](http://www.equitybuild.com)

# EXHIBIT

6

**To:** Missy Shorey[missy@shoreypr.com]  
**From:** Shaun Cohen  
**Sent:** Wed 4/15/2015 7:01:36 AM  
**Importance:** Normal  
**Subject:** Make up for Lost Taxes with this New EBF Note, 1st Week Bonus

**Act Now and Claim Your First Week Bonus On Top of Double-Digit Returns!**

To view this email as a web page, go [here](#).

[480-large-2-2-EBF-temp-logo-300dpi](#)

Missy, We know Tax Day makes us think about what is really happening with our money. With this brand new note from EquityBuild Finance you can earn first week bonuses and have the security of a first lien position 100% backed by real estate. This is how we help your money work for you.

We're adding 1/2 - 3 bonus points for the first year to the already remarkable 12-15% APR base rate of return on this low-risk investment. Don't wait - call us at (877) 978-1916 today!

This EquityBuild Finance private mortgage note is backed by a fully operational, professionally managed, 17-unit, mixed-use building in Chicago's South Shore neighborhood.

The total note is for \$594,000 and minimum investments start at \$50,000. EquityBuild note holders are always protected with first lien position.

Just look at these remarkable returns - including spectacular bonus opportunities. But only if you act fast:

[1-starting-790](#)

With EquityBuild Finance, *The More You Invest, The More You Earn.*

As you can see, the note earns a spectacular base rate of 12-15% APR, paid monthly for 24 months. But when you act now, during this first week that the property is available, you'll earn an additional half-point, first year bonus. On top of that, our Up Front Incentive Plan pays you an increasing first year bonus of 1-3 percentage points as you invest in progressively larger portions of the note. [Look here](#) to see all the details of the base rates and bonus tiers you can choose from.

**Take the Edge off of Tax Day  
with a New Note,**

# Be Sure to Get in Now!

## Don't Miss Your Chance To Pile Bonus on Top of Bonus!

### Call Us Today (877) 978-1916

All EquityBuild Finance private mortgage notes are 100% secured by real estate. This note is backed by this 17-unit, mixed-use building located at 2220 E. 75th Street in Chicago:

[2220-E-75th-Street-525](#)

The corner lot building contains 13 studio apartments and four storefront retail units on the ground floor. In recent years, nine of the apartments have been nicely rehabbed with finished hardwood floors, cabinets, countertops, new lighting and fixtures. EquityBuild's warrantied contractor team will renovate the remaining four apartments with new kitchens, new bathrooms, new floors and new paint. The building is now a stable asset, with excellent management in place that will be retained, given their proven success with rehabbing and stabilizing the building.

The property's South Shore neighborhood is starting to generate a lot of interest. New construction is going up, and the building is very near [Chicago's planned massive new \\$4 billion Lakeside Development Project](#). The property is only ten blocks from Rainbow Beach on Lake Michigan with its 60 acre waterfront park. The property is surrounded by shops and restaurants, schools, churches and is just seven blocks from South Shore Golf Course and five blocks to nearby Rosenblum Park. There is a bus stop on the corner, and the building is less than eight miles from downtown via Lakeshore Drive or the Windsor Park Metrail station, which is easy walking distance.

Market cap rates in the neighborhood currently range between 7.00 - 7.50%, right in line with this property's projected refi/resale cap rate of 7.50%, based on the studio apartments renting for \$573, and the ground floor retail storefronts renting

for \$500-\$700, which combine for an annual gross rent of \$121,260. Factoring roughly 51% for all expenses, the property is expected to produce net income of \$59,392.

Our projections indicate that the revenues generated by the apartment building will be more than sufficient to support the borrower's obligations under this offering.

To ensure that the rehab process proceeds without delay, the initial borrower will be EquityBuild. Private note investors will be able to review and approve the future borrower on this property. All borrowers are A-paper and fully vetted with the takeout lender.

In the past couple of weeks, you have seen how fast investment slots fill up in EquityBuild deals. There's no time to wait. Call us at (877) 978-1916 and lock in the interest rate of your choice today! The minimum investment amount for these opportunities starts at just \$50,000. Attaining the next higher interest rate tier requires an additional \$10,000. All of EquityBuild Finance's double-digit returns are paid monthly.

## Summary

april-24

Call **(877) 978-1916** today before somebody else claims your slot!

Remember, when it comes to performance and security:

EquityBuild has had Zero Foreclosures on 600+ Deals Closed!

**Call 877-978-1916 or visit EBF to find out more.**

**Thank you,**

Shaun Cohen, M.A., Economics  
President  
EquityBuild Finance, LLC  
[info@equitybuildfinance.com](mailto:info@equitybuildfinance.com)  
Tel: (877) 978-1916  
Fax: (239) 244-8666

*This is not a specific offering, an offer to sell securities or an invitation for offers to purchase securities. Securities may only be sold by exemption or registration.*

This email was sent to: [missy@shoreypr.com](mailto:missy@shoreypr.com)

This email was sent by: EquityBuild Finance LLC

5068 W Plano Pkwy, #300 Plano, TX 75093

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# EXHIBIT

7

**To:** Jim Alamia[jim@equitybuild.com]; Missy Shorey[missy@shoreypr.com]  
**From:** Shaun Cohen  
**Sent:** Thur 8/25/2016 1:10:41 PM  
**Importance:** Normal  
**Subject:** Fwd: 627,500 In Your Pocket

Any clue what this is about?

Thanks,

**Shaun Cohen** *President, EquityBuild Finance*

Tel: (877) 978-1916 x 1807 | Mobile: (215) 407-5777 | Fax: (239) 244-8666

[shaun@equitybuildfinance.com](mailto:shaun@equitybuildfinance.com) | [www.equitybuildfinance.com](http://www.equitybuildfinance.com)

This email is intended only for the person or entity to which it is addressed and may contain information that is confidential, privileged, or otherwise protected from disclosure under applicable law. Dissemination, distribution or copying of this email including the information contained herein or any attachments hereto (the "message") by anyone other than the intended recipient, or an employee of agent responsible for delivering the message to the intended recipient, is strictly prohibited. If you received this email in error, please immediately contact the sender and destroy the material in its entirety whether in electronic or hard copy format.

----- Forwarded message -----

**From:** Laurie Post <kLRPOST@msn.com>  
**Date:** Thu, Aug 25, 2016 at 12:06 PM  
**Subject:** Re: 627,500 In Your Pocket  
**To:** Shaun Cohen <shaun.cohen@equitybuildfinance.com>

Shaun, I have been a member of the Investor Real Estate Group on LinkedIn since I joined LinkedIn. I just emailed one of "OUR" members who had written a short article on LinkedIn and it was bounced back as undeliverable since I was not a member of the group????? I am still listed on the site. Please advise how to correct this. This article however was not of any comparison to what you and I have discussed in the past. That is not how I "operate"! The writer of the article had mentioned on LinkedIn of using the a good Excel model to define the value of an investment of any type of real estate and I was asking him which version of Excel he was using since the last time I tried to use the newest one (as compared to one two years old), I gave up the attempt in total frustration!

Can you look into this for me?

Laurie Post

P.S. How do you like the new LinkedIn format or even worse, how do you like what it has done with Outlook? So far today, I have accomplished absolutely nothing!!!!

Laurie Post

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**From:** Shaun Cohen <[shaun.cohen@equitybuildfinance.com](mailto:shaun.cohen@equitybuildfinance.com)>  
**Sent:** Friday, June 24, 2016 10:47 AM  
**To:** [klrpost@msn.com](mailto:klrpost@msn.com)  
**Subject:** Re: 627,500 In Your Pocket

What does 17 percent look like? Slots on this note are going even faster than before

## **EBF**

Laurie -- This note is selling out fast. We have a rare opportunity for you to make up to 17% on this EquityBuild Finance note. That means for a qualified investor, by the end of the 18-month note, you will have \$627,500 back in your pocket.

The total note is for \$2,250,000 and minimum investments start at \$50,000.

Here is an example of the remarkable returns EquityBuild Finance is paying on this private mortgage note:

All EBF notes are 100% backed by income-producing real estate. And, EquityBuild Finance returns are always paid monthly. This 18-month note will fund the purchase of a 27-unit apartment building located at 701 S. 5th Avenue in a western suburb of Chicago.

Let us know that you'd like a slot today before this chance is gone. Call EquityBuild Finance today to get all the details.

## **Your 13-17% Payout is Waiting**

## **Contact**

**[info@equitybuildfinance.com](mailto:info@equitybuildfinance.com)**

**or**

**(877) 978-1916**

### **Summary**

Remember, when it comes to performance and security:

EquityBuild has had Zero Foreclosures on 700+ Deals Closed!

**Call 877-978-1916 and reserve your slot today, or look here to find out more.**

**Thank you,  
Shaun Cohen, M.A., Economics**

President  
EquityBuild Finance, LLC  
[info@equitybuildfinance.com](mailto:info@equitybuildfinance.com)  
Tel: (877) 978-1916  
[www.equitybuildfinance.com](http://www.equitybuildfinance.com)

This is not a specific offering, an offer to sell securities or an invitation for offers to purchase securities. Securities may only be sold by exemption or registration. Incentive applies to accredited investors only. \*There is a standard deviation of 10% on NOI (net operating income). NOI is a projection based on knowledge at the time of its preparation that may deviate 10% from the represented value to account for market fluctuation in rents and expenses correlated with commodity pricing.

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**Our mailing address is:**

EquityBuild  
5068 W Plano Pkwy, #300  
Plano, TX 75093

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# EXHIBIT

8

From: **Shaun Cohen** shaun@equitybuildfinance.com  
 Subject: Closing Tomorrow! Great Opportunity with Remarkable Double-Digit Returns!  
 Date: April 29, 2015 at 5:34 AM  
 To: christiandeskmate@me.com



To view this email as a web page, go [here](#).



Eric, It's literally now or never on this outstanding opportunity.

EquityBuild Finance has a private mortgage note backed by a fully operational, professionally managed, two story mixed-use building located in Chicago's South Shore neighborhood. The total note is for \$594,000 and minimum investments start at \$50,000. Our note holders are always protected with first lien position, and EquityBuild Finance's double-digit returns are paid monthly.

The deal closes tomorrow - Thursday, April 30 - so you must act now if you want to claim your share of this note.

Just look at these remarkable rates and returns you can claim. But only if you act by tomorrow:

Starting Investment	APR	Return – Year 1	Total Return – Year 2	Balloon Payment Back to You	Total back in your pocket
\$ 50,000	12%	\$ 6,000	\$ 12,000	\$ 50,000	\$ 62,000
\$ 100,000	13%	\$ 13,000	\$ 26,000	\$ 100,000	\$ 126,000
\$ 148,500 (25% of note)	13.5%/13%	\$ 20,048	\$ 39,353	\$ 148,500	\$ 187,853
\$ 200,000	14.5%/14%	\$ 29,000	\$ 57,000	\$ 200,000	\$ 257,000
\$ 297,000 (50% of note)	15.5%/14%	\$ 46,035	\$ 87,615	\$ 297,000	\$ 384,615
\$ 350,000	16.5%/15%	\$ 57,750	\$ 110,250	\$ 350,000	\$ 460,250
\$ 500,000	16.5%/15%	\$ 82,500	\$ 157,500	\$ 500,000	\$ 657,500
\$ 594,000 (100% of note)	17.5%/15%	\$ 103,950	\$ 193,050	\$ 594,000	\$ 787,050

As you can see, the note earns a remarkable base rate of 12-15% APR, paid



As you can see, the note earns a remarkable base rate of 12-13% APY, paid monthly for 24 months. Attaining the next higher interest rate tier requires an additional \$10,000. Our *Up Front Incentive Plan* pays you an increasing first year bonus of 1/2 - 2 1/2 percentage points as you invest in progressively larger portions of the note. [Look here](#) to see all the details of the base rates and bonus tiers you can choose from.

## **This Deal Closes for Good TOMORROW**

**Don't Miss Out!**

**Call Us Today (877) 978-1916**

All EquityBuild Finance private mortgage notes are 100% secured by real estate. This note is backed by the 17-unit, mixed-use building located at 2220 E. 75th Street in Chicago:



This corner lot building contains 13 studio apartments and four ground floor storefront retail units. In recent years, nine of the apartments have been rehabbed and nicely finished with hardwood floors, cabinets, countertops, new lighting and fixtures. EquityBuild's warranted contractor team will renovate the remaining four apartments with new kitchens, bathrooms, floors and paint.

Our analysis projects that the building will generate more than enough rent to cover the borrower's note payments to our investors as well as all the property's operating expenses, and still return positive cash flow. Call us today at (877) 978-1916, and we'll take you through all the numbers, and show you why we consider this to be a great investment opportunity with minimal risk.

The property's South Shore neighborhood is generating a lot of interest. New

construction is under way, and the building is very near Chicago's planned massive new \$4 billion Lakeside Development Project. The property is only ten blocks from Rainbow Beach, with its 60 acre waterfront park on Lake Michigan. The property is surrounded by shops and restaurants, schools, churches and is just seven blocks from South Shore Golf Course and five blocks to nearby Rosenblum Park. There is a bus stop on the corner, and the building is less than eight miles from downtown via Lakeshore Drive or the Windsor Park Metrail station, which is easy walking distance.

To ensure that the rehab process proceeds without delay, the initial borrower will be EquityBuild. Private note investors will be able to review and approve the future borrower on this property. All borrowers are A-paper and fully vetted with the takeout lender.

## Summary

Loan Type	Mortgage for Purchase
Loan Amount	\$594,000
Minimum Note	\$50,000
Investor Return	12%-15% APR base, plus bonus based on level of investment
Term	24 months
Position	1 <sup>st</sup> Lien
Closing	TOMORROW – April 30, 2015

Call (877) 978-1916 today - before time runs out!

Remember, when it comes to performance and security:

***EquityBuild has had Zero Foreclosures on 600+ Deals Closed!***

**Call 877-978-1916 or visit EBF here to find out more.**

**Thank you,**

Shaun Cohen, M.A., Economics  
 President  
 EquityBuild Finance, LLC  
[info@equitybuildfinance.com](mailto:info@equitybuildfinance.com)  
 Tel: (877) 978-1916  
 Fax: (239) 244-8666

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This email was sent to: [christiandeskmate@me.com](mailto:christiandeskmate@me.com)

This email was sent by: EquityBuild Finance LLC  
5068 W Plano Pkwy, #300 Plano, TX 75093

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# EXHIBIT

9

**To:** Missy Shorey[missy@shoreypr.com]  
**From:** Shaun  
**Sent:** Thur 7/13/2017 3:56:15 PM  
**Importance:** Normal  
**Subject:** Let's talk about your potential payment

I've got great news Melissa,

As you know at EquityBuild we have always prided ourselves on utilizing our contacts, infrastructure, and personal resources to be able to create and share high earning real estate opportunities with all of our partners in our network like yourself.

Our greatest mission statement above all else, is to make sure that everyone with a desire to create wealth, and monthly cash-flow for their family can access the same types of high-earning deals that typically are ONLY available to the ultra-wealthy, and ultra-connected elites of this country.

I'm thankful to say that over the last decade plus we have used our model to create wealth for our more than 850 direct investors. This model has paid out MASSIVE returns, and paid out MONTHLY payments on Auto-Pilot, and I am even more thankful to say that we have built our model in such a stable way that we have been able to maintain a literally PERFECT payment track record amidst not only several hundred deals, but while the world was watching perhaps the wildest market shifts we have EVER seen, 100% of our investors were still getting paid

Every Month,

Every Time,

PERIOD.

Yes, the model has been good to us and it has been good to the 850PLUS investors in my network that have taken part in it. I'm thankful for that, and I'm thankful for the way that we have been able to impact the lives of the people we work with, but the purpose of this e-mail is not to brag and tell you how great we are. The purpose of this email is to let you know the great news, and discuss specifically how it benefits you.

You might have already heard that after this last deal of 2017 the interest rates we pay out will need to be DRAMATICALLY reduced to fit with the current market. That's true but on THIS OPPORTUNITY, and this opportunity ONLY I am able to actually increase your potential monthly payments, and increase your overall return to the point where this will be the highest earning opportunity we have done all of 2017, and will certainly be the FINAL return we offer anywhere near these rates.

I want to earn your long-term partners, and I want to include you among the 850 plus investors that we add value to, and these additional profits are my way of showing you not only that we care, but showing you what we can do.

I sincerely hope you take advantage of it, because while I'd love to include everyone the reality is only so many spots are available and once they are filled this opportunity will close.

Just drop me a quick email back with the best time to talk, or you can use my call scheduling link and I will LOCK this in for you, I promise you that you will be happy you did.

Thanks again for all you do and I look forward to chatting and exploring this with you.

Sincerely,  
Shaun

EquityBuild Finance LLC 5068 W. Plano Pkwy, #300 Plano TX 75093 USA

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# EXHIBIT

10

**From:** Shaun Cohen shaun@equitybuildfinance.com  
**Subject:** We Learned Who the Smart Ones Are: They Invested in This Note and are Now Enjoying Double-Digit Returns!  
**Date:** March 3, 2015 at 4:35 PM  
**To:** christiandeskmate@me.com

To view this email as a web page, go [here](#).



Eric, New EquityBuild Finance investment opportunities are opening all the time. Come join us!

Seven smart people invested in private mortgage notes from EquityBuild Finance that funded the purchase of a 14-unit apartment building located at 5618 S. Martin Luther King Drive in Chicago. Their combined investment totaled \$890,000 and their notes will return 12-15% APR - depending on the amount they invested - paid monthly for 24 months.

These are the real people who called us at **(877) 978-1916**, and claimed their share of EquityBuild Finance's low-risk high-return investment opportunity:

- *Leah K* invested \$58,850 and will receive 12% APR.
- *Mark Y's* share for \$50,000 will also return 12% APR.
- *Kevin B* invested in a note for \$200,000 and will be paid 14% APR in monthly installments for the next two years.
- *Arthur B's* investment of \$50,000 will earn him 12% APR.
- *Brian S* invested \$26,500 and will receive a 12% APR return.
- *Andrew B's* \$50,000 investment will also generate 12% APR returns.
- *Thom G* invested in a \$429,650 note that will return a spectacular 15% APR.

As we've said before, these investors come from every walk of life - irrespective of age, race, sex, religion or national origin. The only thing they had in common was their desire to find a low-risk investment opportunity that offered superior returns. That's why they chose EquityBuild Finance.

And so can you. We have new private mortgage note opportunities opening all the time. Call us today at **(877) 978-1916** to discuss the one which is best for you to create and build totally passive income.

to create and build totally passive income.



EquityBuild Finance private mortgage notes are always 100% backed by real estate. Minimum investments start at \$50,000. And all note holders are protected with first lien position.

Such low risk investments with superior returns are rare. Don't miss out.

At EquityBuild Finance, *The More You Invest, The More You Earn*. Here's how it works: When you invest \$50,000-\$100,000 in an EquityBuild Finance private mortgage note, you earn a 12% APR return. Investing up to \$200,000 will earn you 13% APR, while 14% APR is returned on investments up to \$350,000. And we will pay you 15% APR on all investments of more than \$375,000.

And now you can take advantage of our new *Up Front Incentive Plan* that pays you an increasing first year bonus as you invest in progressively larger portions of the note. On top of your base rate of return (as discussed above), you receive a bonus for the first 12 months when you invest in 25% of the note. At 50% of the note, your bonus jumps 1 percentage point higher. And when you purchase an entire note, your bonus jumps 2 full percentage points for the first 12 months.

These kinds of returns are too good to pass up. Don't let somebody else grab your slot. **Call today! (877) 978-1916.**

Never Forget, when it comes to performance and security:

***EquityBuild has Never Defaulted on a Loan  
and has Zero Foreclosures on 600+ Deals Closed!***

**Call (877) 978-1916 or [visit EBF](#) to find out more.**

**Thank you,**

Shaun Cohen, M.A., Economics  
President  
EquityBuild Finance, LLC  
[info@equitybuildfinance.com](mailto:info@equitybuildfinance.com)  
Tel: (877) 978-1916  
Fax: (239) 244-8666

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This email was sent to: **christiandeskmate@me.com**

This email was sent by: EquityBuild Finance LLC  
5068 W Plano Pkwy, #300 Plano, TX 75093

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**From:** Shaun Cohen shaun@equitybuildfinance.com  
**Subject:** We Learned Who the Smart Ones Are: They Invested in This Note and are Now Enjoying Double-Digit Returns!  
**Date:** March 3, 2015 at 3:13 PM  
**To:** christiandeskmate@me.com

To view this email as a web page, go [here](#).



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And now you can take advantage of our new *Up Front Incentive Plan* that pays you an increasing first year bonus as you invest in progressively larger portions of the note. On top of your base rate of return (as discussed above), you receive a bonus for the first 12 months when you invest in 25% of the note. At 50% of the note, your bonus jumps 1 percentage point higher. And when you purchase an entire note, your bonus jumps 2 full percentage points for the first 12 months.

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and has Zero Foreclosures on 600+ Deals Closed!***

**Call (877) 978-1916 or [visit EBF](#) to find out more.**

**Thank you,**

Shaun Cohen, M.A., Economics  
President  
EquityBuild Finance, LLC  
[info@equitybuildfinance.com](mailto:info@equitybuildfinance.com)  
Tel: (877) 978-1916  
Fax: (239) 244-8666

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This email was sent to: **christiandeskmate@me.com**

This email was sent by: EquityBuild Finance LLC  
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# EXHIBIT

11

**To:** Missy Shorey[missy@shoreypr.com]  
**From:** Bill Schroyer  
**Sent:** Mon 11/24/2014 6:14:46 PM  
**Importance:** Normal  
**Subject:** [Test Send]: %%First Name%%, Extended! Double Digit Investment News

%%\_PreHeader%%

To view this email as a web page, go here.

[650-2-EBF-temp-logo-300dpi](#)

**Hello %%First Name%%,**

There are only a FEW spots left to be part of Chicago's LAST Lakefront Redevelopment and we don't want you to miss out!

[this-deal-7656](#)

As always, It's Only \$50K to get in on this Double Digit Return!

Loan Type Mortgage for Purchase  
Loan Amount \$865,000  
Minimum Note \$50,000  
Term 24 months  
Investor Return 12% APR  
Closing Date November 25, 2014

EquityBuild Finance seeks investors for an \$865,000 private loan to purchase this already stabilized, fully occupied, 16-unit apartment building. The minimum investment amount is \$50,000 while retaining a first lien position.

The closing date is November 25, 2014. Investors will receive a 12% return per year in monthly payments,

returning the principal balance within two years as a balloon payment.

The key to your success is the key to our success...  
We only succeed if you do, our interest are aligned with our lenders and our buyers.

EQUITYBUILD has Never Defaulted on a loan and has Zero Foreclosures on 500+ Deals Closed!

**Call 877-978-1916 or [click here](#) to find out more.**

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**Thanks,**

Shaun Cohen, M.A., Economics  
President  
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[shaun@equitybuildfinance.com](mailto:shaun@equitybuildfinance.com)  
Tel: (877) 978-1916  
Fax: (239) 244-8666

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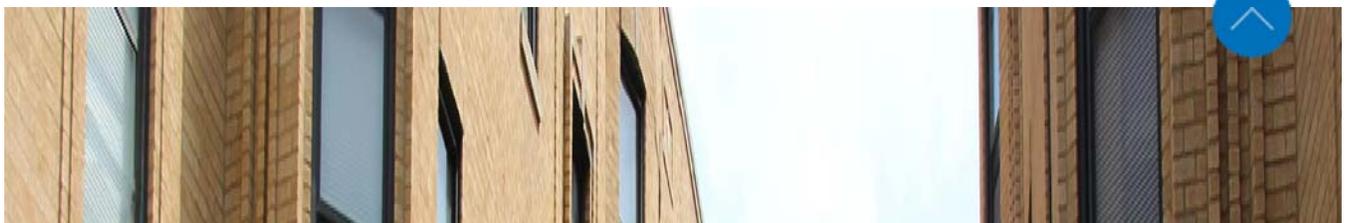


## ABOUT EQUITYBUILD

Before EquityBuild, **real estate**<sup>1</sup> investing was only for people who were already wealthy. The rest of us had to choose between meager returns and high risk or low-risk investments like T-bills and CDs, or even, gamble on the volatile stock market.

No longer. Together, we are building a new era.

EquityBuild is the way for hard-working people to secure their financial future.





Expert Access: 877-978-1869

We guarantee that an EquityBuild property's value will never drop below the purchase price plus the costs of rehabilitation under standard market conditions

Download "Chicago Beyond the Headlines" white paper

First Name

Last Name

Your Email

Phone

Are you an accredited investor?

Yes

No

Not sure

Agree to the terms & conditions



An EquityBuild Inc Property



## Who We Are

We're just like you. We want to provide our children and grandchildren with the best future possible. We're a dedicated team of professionals, working hard to provide you the knowledge and experience you need to succeed but can't get anywhere else.

We produce above-market returns by creating a low-risk, hassle-free, turn-key experience for our investors.

## Guiding Principles

We believe in financial freedom — for everyone. We founded EquityBuild to serve others with our real estate investment expertise.

We help people achieve their dreams of a lasting legacy of wealth and security. We deliver strong investor returns. At the same time, we improve the quality of life for our tenants and help revitalize communities.

Our process, which although a little technical, means rehabbed buildings provide hard-working families with better, safer places to live. And have an uplifting impact on the neighborhood as a whole.





Expert Access: 877-978-1869



## Our Approach

How do we do all that? Through our unique Operational Mastery of the real estate investing process. It's a little technical, but means three main things:

1. We have learned how to maximize returns and minimize risk at every step. We ask the right questions and avoid making painful mistakes.
2. We analyze and leverage a vast amount of information. We only invest in a property if we can confirm it will generate high satisfactory profits.
3. We have optimized our process to be cost-effective. But we never sacrifice the quality of living for our tenants.

You can take advantage of our hard-earned Operational Mastery. You deserve our hassle-free, turn-key experience that delivers outstanding returns.

EquityBuild is a proven system. We do all the work for you. We have done the research. We



have learned the hard lessons. We're with you every step of the way.



Expert Access: 877-978-1869



EquityBuild Inc. Property

## Investment Criteria

How do we find the right properties to invest in?

It's not easy: the real estate market is always changing. Knowing how, where and when to invest can be daunting.

Here's how we do it:

1. We start by **underwriting**<sup>1</sup> not only markets, but submarkets. We go block-by-block to find the best opportunities.
2. We nurture an extensive network of subject matter experts. They provide us with detailed, real time, accurate data. 
3. We also leverage a network of top professionals in inspection, title, escrow and legal services, as well as construction and property management.

4. Our strong relationships with city officials let us produce results others cannot.



---

**Expert Access: 877-978-1869**

## **OUR TEAM**

EquityBuild's team of highly skilled experts has decades of success in real estate investing, with more than 1,200 transactions completed.

We have learned our lessons, sometimes the hard way. But that means you won't have to.

We ask the right questions and avoid making painful mistakes. We understand tax implications and carefully plan exit strategies. We analyze and leverage a vast amount of information, and we move fast when the time comes to make a deal.





---

**Expert Access: 877-978-1869**



Jerry Cohen

CEO & Chairman

Began his real estate investment career in 1984 and quickly became renowned as one of the largest real estate investors in the Mid-Atlantic.

Has been principal in more than 1,000 real estate investment transactions.

Creator of EquityBuild's proprietary econometric model that identifies undervalued and outperforming markets.

Constructed and refined an investment approach designed to ensure investors capitalize on the opportunities identified by his model.





---

**Expert Access: 877-978-1869**

(/index.php)

Throughout history, real estate has proven to be the best way to build and retain wealth for the relative few who have been able to take advantage of this outstanding investment class.



investors/equitybuild-in-

## SITEMAP

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- [Resource Center \(/index.php/resource-center\)](/index.php/resource-center)
- [FAQ \(/index.php/resource-center/f-a-q\)](/index.php/resource-center/f-a-q)
- [Masterclass Webinars \(/index.php/resource-center/masterclass-download\)](/index.php/resource-center/masterclass-download)
- [EquityBuild Videos \(/index.php/resource-center/equitybuild-videos\)](/index.php/resource-center/equitybuild-videos)
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- [News \(/index.php/resource-center/news\)](/index.php/resource-center/news)
- [Funds \(/index.php/investments\)](/index.php/investments)

## CURRENT FUNDS

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### **EquityBuild Hybrid F..**

(/investments/current-funds/property/EquityBuild-Hybrid-Fund-222)



➤ Multifamily Combined **Debt**<sup>1</sup> and Equity Investment 506(c)



## CONTACT INFO

**Expert Access: 877-978-1869**

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# EXHIBIT

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**To:** Missy Shorey[[missy@shoreypr.com](mailto:missy@shoreypr.com)]; Shaun Cohen[[shaun@equitybuildfinance.com](mailto:shaun@equitybuildfinance.com)]  
**From:** Adam Gordon  
**Sent:** Mon 1/26/2015 7:02:21 PM  
**Importance:** Normal  
**Subject:** Fwd: Welcome to the EquityBuild Finance

I hope this is not going out to every webinar registrant because it is inaccurate. For ex, we do not have 3 guarantees anymore. Missy - can your team please fix this?

Thanks to Ross for bringing this to our attention.

**Adam P. Gordon** | National Sales Manager

EquityBuild Inc. &  
EquityBuild Finance, LLC  
5068 W Plano Pkwy, #300  
Plano, TX 75093

tel +1.877.978.1916 x1806  
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[adam@equitybuild.com](mailto:adam@equitybuild.com)  
[EquityBuild.com](http://EquityBuild.com) | [EquityBuildFinance.com](http://EquityBuildFinance.com)

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----- Forwarded message -----

**From:** Ross Lindholm <[ross@shoreypr.com](mailto:ross@shoreypr.com)>  
**Date:** Sat, Jan 24, 2015 at 11:57 PM  
**Subject:** RE: Welcome to the EquityBuild Finance  
**To:** [invest@equitybuildfinance.com](mailto:invest@equitybuildfinance.com)

FYI – this is what I received after registering on the EBF website to get the white paper.

Obviously, this needs a lot of work. NOBODY is going to read all of this. It's rambling and unfocused, and I'm not really sure what the purpose is.

Once we determine what the purpose should be, we can write them a more appropriate introductory response.

Just one more item for the to-do queue!

**From:** [invest@equitybuildfinance.com](mailto:invest@equitybuildfinance.com) [mailto:[invest@equitybuildfinance.com](mailto:invest@equitybuildfinance.com)]  
**Sent:** Saturday, January 24, 2015 10:50 PM  
**To:** Ross Lindholm  
**Subject:** Welcome to the EquityBuild Finance

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[ebf-email-header-380px](#)

**Hello Ross,**

Welcome to EquityBuild's umbrella of companies.

EquityBuild is comprised of two different companies. EquityBuild (EB) and EquityBuild Finance (EBF). Jerry Cohen, operates EB which is a real estate investment company and Shaun Cohen, a PhD candidate in Economics, operates EBF which is a real estate note investment company. EB builds both turnkey rental property portfolios and generates real estate flipping opportunities for real estate investors. EBF was created after the 2007 collapse of mortgage industry to assist EB's clients who could not or did not want to be all cash buyers and could not obtain interim/bridge financing through traditional banking sources. The inability of EB's clients to not be able to secure interim/bridge financing should not be viewed as them being poor quality borrowers, but rather a result of the banking industry's elimination or reduction of interim/bridge financing products. In fact, all of EB's clients are investors who would be defined as quality borrowers which have superb 'A Grade' credit, stable & sufficient incomes, and seasoned & sufficient liquid assets in the bank.

Jerry is a professional real estate investor and has been active in the real estate investment industry since 1984. By 1989, Jerry became one of the largest

residential real estate investors in the mid-Atlantic. Through the years, while actively building and maintaining his portfolio, friends and family sought him out for advice and help in building their own portfolios. This happened often enough that Shaun (Jerry's son) approached Jerry with the idea of bringing his vast experience to the market place and help others build wealth through real estate. Between the two, they have successfully completed well over 1500 transactions.

While EB and EBF work with seasoned real estate investors, the companies were designed to work with individuals who are inexperienced or novices with respect to investing in real estate. Those that simply do not have the time, inclination or experience to become full-time real estate investors but yet desire to build wealth by doing so.

That being said, the goal of EB and EBF is to make each investor's goal a reality and allow them to continue to focus on the skill set that drives income into their home (i.e. doctor, lawyer, engineer, tradesman, civil servant, military, farmer, rancher, IT professional, etc.). How many times have people found out the hard way that working full-time and trying to invest in and manage real estate is nearly impossible? We say, rather than going to more seminars or reading more books on real estate investing let us, EB & EBF, accomplish your goals without the grief. Whether you want to invest in flipping property or residential and/or commercial income producing property or owning high yield high quality real estate notes, EB family of companies has the ability and the resources to help you achieve your goals.

So How Does It Work? EB first scans the country to look for the markets that are the most optimal for rental properties and flips. Once the company locates that market it enters the market with its experienced team and begins building relationships in that market. EB fully entrenches itself in that market and becomes a household name. As the company sufficiently establishes itself, the team locates properties for EB's clients. EB handles any financing they may need (short term with EBF or permanent through refinance). Our construction operations handle the rehab and our real estate operations handle the leasing, property management and sales.

How Does EB's Make Its Money? It depends on the investment model. Profit for The Rental Model is negotiated up front with relationships that have taken years to develop (i.e. - asset managers at banks, housing agencies, other bulk REO buyers, etc.). In The Flipping Model our profit is not earned until the property is rehabbed and then sold. In The Real Estate Note Model we position ourselves as a loan servicer and derive our profit between the difference we collect from the borrower and what we pay the note investor.

### **The Property Models**

In the rental model, investors purchase a property where the purchase price and rehab are no more than 70% of the ARV (after repair value). For most investors

this means that they are getting renovated market ready properties for a substantial less investment requirement than they would be able to do in the open market. And remember this includes not having to deal with the headaches of supervising/completing the renovations or managing the property. Investors requiring a loan will generate net income of around \$400-\$500 or so per door. This per door figure changes as the building size increases. For cash investors the cash-on-cash (ROI) return is typically anywhere from 12-20% with some outliers on both sides depending upon the size of the building that investor invest in.

In the flipping model, investors invest in distressed properties and flipping them to generate returns anywhere from 20% APR to over 30% APR depending on how many turns are achieved in a year.

Does EB Offer A Guarantee? Yes! Because EB controls every aspect of the real estate transaction the company is willing to take on a burden of proof. EB has 3 guarantees for the real estate property investor which also translates into further protections for the real estate note investor.

- 1) The rent guarantee will subsidize the difference between collected rents and the note payments due so that the borrower is never under water. There is a variation of this for cash buyers as well.
- 2) The maintenance guarantee stands for a year and shows that the EB team stands behind our rehabs.
- 3) The loss guarantee also stands for a year and shows that the EB team stands behind its valuation.

### **The Real Estate Note Model**

In The Real Estate Note Model, investors are stepping into the void left by banks to assist EB's real estate investors with the interim/bridge financing. These notes are 15 or 24 months in duration (duration depends on residential or commercial) at which time, if not before, the real estate investor will have to pay off the note. The real estate note investor will always be in first mortgage position throughout the life of the note and have a qualified borrower in a strong equity position.

All real estate note investors receive a 12% annualized return and the lending structure is that of direct lending between themselves and one of EB's real estate investors, not participation in mortgage pools. Direct lending, while not as fluid as mortgage pools, provides much greater security for the real estate note investor since he/she has a security instrument in their name or in their entity's name. This will allow them to be in a 1st lien position should there be a default. However, because of the manner in which EB controls the real estate side, none of EBF's real estate note investors have suffered a default.

Fractionalized Note Investing. There is also an opportunity for fractionalizing of the notes for investors which either do not have the entire amount necessary to fund the full loan amount being requested or do not wish to go the full amount alone. Those desiring to fractionalize their investing will still be protected in a 1st lien position by entering into partnership with other real estate note investors that wish to do the same. We will create either a general partnership or LLC and each fractional real estate note investor will then own their respective share of that entity which exclusively and specifically funds the real estate note in question in the 1st position.

### **Strategies To Consider**

#### ***Review Of Options. So in the end, EBF's clients can***

- 1) Invest on the real estate note side and lend to strong borrowers working with EB and receive a 12% APR; or they can
- 2) Invest in rental properties through EB and receive a 12-20% APR, or
- 3) Invest in real estate flips and receive 15% to 20% APR in capital accumulation

All as discussed above.

If you choose the rental model, I recommend after you buy, refinance in a year to get your capital back out and deploy it again so that you are building net worth along with cash flow faster than you would be able to do in any other scenario.

Real Estate Notes vs. Real Estate. One of the downsides to investing in real estate notes rather than investing in real estate is that even though lending earns a 12% annualized return, it is a paper asset and it does not track inflation. Since inflation is 10% and the earning is 12%, the real net return is 2%. When investing in real estate on the other hand, your invested dollars are in a physical asset that will track inflation since the nominal value of the property will increase as prices increase due to inflation. So your real return will still be 12-20%. Additionally, since real estate is a real asset that produces income you can adjust rents to keep track with inflation.

Regardless of which model one starts with, you can expand into other models. Investment capital can easily be redeployed once your initial investment is recovered from a sale of a flip or the note paid off or the rental property is refinanced to recover your invested capital.

Don't Forget. Many people have capital tied up in IRA's and 401K's. If you don't already know, find out from your fund administrator if your retirement funds can be self-directed. Real estate and real estate notes qualify for retirement fund investment purposes. There are many retirement fund management companies that permit self-direction.

**Let's make your dreams happen!**

**Thanks,**

Shaun Cohen, M.A., Economics  
President  
EquityBuild Finance, LLC  
[shaun@equitybuildfinance.com](mailto:shaun@equitybuildfinance.com)  
Tel: (877) 978-1916  
Fax: (239) 244-8666  
[www.equitybuildfinance.com](http://www.equitybuildfinance.com)

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# EXHIBIT

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**EQUITY BUILD**  
F I N A N C E

**SPECIAL REPORT**

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# HOW CAN PRIVATE NOTES PAY SUCH HIGH RETURNS?

What Wall Street  
And the  
Mega Banks  
Don't Want  
Investors to Know

**EXPERT ANALYSIS BY EQUITYBUILD FINANCE**

**MANY PEOPLE ASK** how it is possible for private mortgage notes to pay double-digit returns on low-risk, fully secured instruments when the rates of return on most other investments are so low. We understand their thinking, so it is important to see all the facts.

## WE ARE LIVING IN AN ERA OF CHEAP MONEY

Money continues to be about as cheap as it's ever been:

- 30-year fixed home mortgage loans average 3.5-4%
- The two-year Treasury Bill pays less than 1%
- 24-month CDs are returning approximately 1.5%
- The WSJ prime rate has remained stable at 3.25-3.5% during the past year
- Loans rates for new and used cars are running 2.5-3.5%
- SBA loans rate average between 5-8.25%



So how is it that private mortgage notes can afford to pay investors double-digit returns?

More to the point, why would anybody turn to private mortgage notes as a funding source given they pay such high rates to their investors?

We understand that you're skeptical. Savvy investors are.

## WHY BORROWERS USE PRIVATE MORTGAGE NOTES

There are two main reasons why buyers of investment real estate are willing to pay higher interest rates:



1

### ACCESS TO CAPITAL

Banks don't often make construction loans, and they're seldom willing to lend on properties requiring significant turnaround. Between the lingering economic effects of the Great Recession and the increased regulation of financial institutions, lending standards have become incredibly stringent. Private mortgage notes fill the void, taking care of the business that traditional banks rarely work on anymore.

2

### SPEED OF CAPITAL

Even if banks were willing to make construction loans like they did in the past, the transactions would take 45-60 days to process, and sellers just won't wait that long. Sellers typically sign contracts with buyers who can prove they have the cash to close quickly. Private mortgage notes can often close a sale within a week or two. This allows buyers to purchase properties that would have been sold to someone else had they not had access to speedy capital.

## SUPPLY AND DEMAND

Setting prices usually boils down to supply and demand. In this case, the people who rely on private mortgage notes to fund their property purchases have a large and immediate need. Therefore, these borrowers are willing to sacrifice some of their future profit — through paying higher interest rates — rather than lose out on the opportunity completely because they couldn't secure other funding.

Additionally, this is a difficult time for banks. In spite of nearly a decade of quantitative easing by the Fed, which has poured billions into the coffers of commercial banks coast to coast, the vast majority of that money is sitting on bank balance sheets collecting dust. Meanwhile increased



government regulation and reserve requirements are making the banking sector far less profitable. All of which has made getting a loan from a bank much more difficult.

This means private funding is not only real and appealing, but in many cases it is also the only option for real estate investors and developers.

## SHORT-TERM BORROWING

Most private mortgage note borrowers only use that funding for a relatively short period, usually satisfying the loan with a balloon payment within a term of 24 months or less. They refinance the property at a substantially lower interest rate once the building has been renovated and its financial condition stabilized.

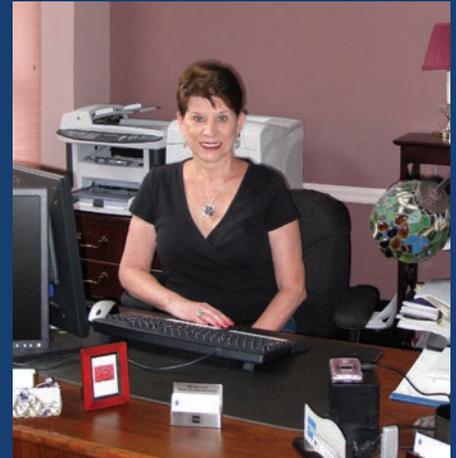
## TOO GOOD TO BE TRUE? NO!

So, in answer to the question we posed at the outset: How can private notes pay such high returns? *(continues)*

## Janet Turco: Invests Almost Monthly, EBF Gets Janet The Best Deals

**Janet Turco has been investing with EquityBuild Finance for a year and half.**

She first found out about EBF while looking to diversify both her portfolio and the companies with which she invested. She had begun looking into investment real estate two years earlier and a simple Google search led her to EquityBuild Finance.



After taking a few months to do her due diligence, researching our company and talking to our people, Janet made

her first investment with EBF. But that was just the start. Since then, she's averaged nearly one new EquityBuild Finance investment every month.

**"I'd say I've made about 13 different investments with EquityBuild Finance."**

Compared to other companies in the industry, she liked that EquityBuild Finance deals in multifamily properties. Janet believes they're a good place to invest, as well as the fact that the larger buildings give her the opportunity to invest larger amounts.

**"With EquityBuild Finance, you can invest lots more."**

Most of Janet's investments have been in the private mortgage notes offered by EquityBuild Finance. She appreciates the personal customer service she receives from EBF's staff, but what she likes most are the outstanding, double digit returns we pay on our notes.

**"Their returns! And they look for the best deals for you."**

Janet is so happy with her EquityBuild Finance experience that she has recommended us to friends and family.

**"I think they're great."**

We're thrilled to be able to help Janet Turco meet her investment goals. And we would like to do the same for you. We invite you to follow Janet's example and see for yourself.



**EQUITYBUILD**  
FINANCE

(877) 978-1916 / equitybuildfinance.com

## Ed Bancroft: Monthly Checks Maximize His Retirement Savings

**Ed Bancroft lives in British Columbia, Canada. He has been investing with EquityBuild Finance for almost two years.**

An experienced real estate investor, Ed first heard about us while attending an industry conference. He soon called and was given an EquityBuild Finance real estate consultant (RM). He appreciated the understanding and responsiveness.

**“They are very knowledgeable. And when I give them a call, they’ll always get back to me within 12-24 hours.”**

Ed asked lots of questions and learned more about EquityBuild Finance. His RM explained how the company works, what we’d been doing and how long we had been doing it. EquityBuild Finance’s stability and performance impressed him.

**“I really liked that they hadn’t had any foreclosures and haven’t lost any money. That was a good clue. I had tried other companies and lost money with them.**

By the time a month had passed, Ed decided to invest with EquityBuild Finance. He started small, and based on the performance he’s seen, he has steadily increased the total amount he has invested with us.

**“I started small. I just put in about \$10,000 — I did it through my IRA and my Roth IRA. I watched that one, and I watched the money roll back in, and so I’m up to about \$150-200,000 right now.”**

Ed loves being able to maximize the returns he gets on his IRA and Roth IRA by investing with EquityBuild Finance.

To date, he has participated in a dozen EquityBuild and EquityBuild Finance deals — of which eight are currently active — split roughly half and half between direct investment through EquityBuild and private mortgage notes through EquityBuild Finance.

**“I like that you get a check every month. EquityBuild Finance has done very well by me.”**

Ed Bancroft is a one-of-a-kind person. But his experience with EquityBuild Finance is not unique. Like all of our clients, he has come to rely on our smart and responsive customer service, our outstanding track record and the double-digit returns we pay monthly.

The answer is simple. Because property buyers are willing to borrow at higher rates, private mortgage note providers are able to securely pay investors higher rates in return. This is a win-win opportunity for private lenders and property investors because the underlying real estate asset provides solid collateral.

### LOW RISK

We say securely because each borrower and each underlying real estate deal are carefully vetted to ensure they are sound:

that the property generates more than enough rent to cover the borrower’s note payments, as well as all the property’s operating expenses and still returns positive cash flow.

And unlike risky paper investments, every private mortgage note is backed by income-producing real estate, the value of which cannot and will not fall to zero.

Additionally, investors are protected with a first-lien position. This is why we consider private mortgage notes to be a low-risk investment opportunity. You can invest with full confidence that your monthly double-digit APR interest payments will be paid month after month, regular as clockwork.

### UNIQUE INVESTMENT

Private mortgage notes are an asset class relatively few investors know about. Throughout history, billionaires have profited from making hard money loans, which can be one of the best ways to maximize passive income. *(continues)*



**EQUITYBUILD**  
F I N A N C E

(877) 978-1916 / [equitybuildfinance.com](http://equitybuildfinance.com)



## Mark Mouty: Trusts Our High Returns That Beat the Stock Market

**Mark Mouty has been investing with EquityBuild Finance since 2012.**

His interest had begun two years earlier. Looking to get into real estate investing, Mark had come across EquityBuild Finance. He started following the projects EBF was involved with, seeing how they went — and was staying in regular touch with us. Trading emails, asking lots of questions, and looking at the website.

**“After I saw their projects come together, I decided to pull the trigger and invest.”**

He started relatively small, with a single-family flip. Since then he has invested in four private mortgage notes with EquityBuild Finance. Mark is keeping the door open to further direct property investments with EquityBuild Finance, but for now he really likes the returns he’s receiving from EBF — and the fact they’re solidly backed by real estate.

**“The interest rate they pay is much better than the stock markets, and I don’t trust the stock markets as much anymore.”**

Mark was initially a little concerned about investing in places like Chicago, far from where he lived and in neighborhoods about which he knew little. But his fears were soon resolved.



**“They know what they’re doing ... and the interest rates they pay are great.”**

Mark feels so good about his experience with EquityBuild Finance that he tells his friends and family about us.

**“Just recently my brother made his first investment with EquityBuild Finance.”**

And Mark loves the way EquityBuild Finance makes real estate investing an easy, totally passive, cash-flow producing experience.

**“I like investing in real estate. I just get the checks every month, and I reinvest them. It’s great!”**

We invite you to join Mark in experiencing the EquityBuild Finance difference. Give us a call. We’re ready to go to work for you, and our low-risk, double-digit returns are hard to beat.

Yet, most regular investors have simply not been allowed access to these remarkable investment opportunities, or they don’t have enough extra cash on hand to loan out the full amount required for a compelling property. Instead, private mortgage note investors hold first lien position with as little as \$50,000 invested.

### REPEAT INVESTORS

Once people invest in a private mortgage note, they usually do it again and again. They can’t wait to share their experience with family and friends. Where else is it possible to lock in fixed, double-digit returns, well above market with returns paid monthly — for a defined term? EBF has a long-standing proven track record. This is a unique and exceptional opportunity.

**To learn more, please contact us at 877-978-1916 or [info@equitybuild.com](mailto:info@equitybuild.com)**



# EXHIBIT

15

**To:** Missy Shorey[missy@shoreypr.com]  
**From:** Shaun Cohen  
**Sent:** Thur 6/18/2015 6:01:10 AM  
**Importance:** Normal  
**Subject:** Here's Your Chance to Pile Bonus on Top of Bonus on Top of Double-Digit Base Rates!

Call (877) 978-1916 Today!

To view this email as a web page, go [here](#).

[480-large-2-2-EBF-temp-logo-300dpi](#)

Missy, EBF notes have been selling out incredibly fast - two of our recent notes were gone before we even had the chance to tell the public about them. Act Now - Don't miss your chance!

We're adding 1/2-4 bonus points for the first year to the already remarkable 12-15% APR base rate of return on this low-risk investment. Don't wait - call us at (877) 978-1916 today!

This EquityBuild Finance private mortgage note is backed by a 39-unit apartment building in Chicago's up and coming South Shore neighborhood. The total note is for \$2,250,000 and minimum investments start at \$50,000. EquityBuild Finance note holders are always protected with first lien position.

[2201-S-Constance-Ave-starting-chart-525](#)

As you can see, the note earns a spectacular base rate of 12-15% APR, paid monthly for 24 months. But when you act now, during this first week that the property is available, you'll earn an additional half-point, first year bonus. On top of that, our Up Front Incentive Plan pays you an increasing first year bonus of 1 1/2 -3 1/2 percentage points as you invest in progressively larger portions of the note. [Look here](#) to see all the details of the base rates and bonus tiers you can choose from.

**With EquityBuild Finance,**

***The More You Invest, The More You Earn***

**Call Us Today (877) 978-1916**

All EquityBuild Finance private mortgage notes are 100% secured by real estate. This note is backed by an apartment building located at 7201 S. Constance Avenue in Chicago:

2201-S-Constance-525

This 39-unit, corner lot building features 10 studio apartments, 25 - 1BR/1BA apartments, and four 2BR/1BA units.

The building has been professionally managed and well maintained over the years, and has recently received capital improvements. In order to attract as many CHA voucher tenants as possible and thereby maximize rental income, EquityBuild's warranted contractor team will upgrade the units with new appliances, countertops, flooring, kitchen and bathroom fixtures, tub refinishes as needed, and fresh paint. Vacant units will be rehabbed first, while maintaining existing tenants in place. Remaining units will be upgraded upon turnover.

The property is situated across 71st Street from the Jackson Park Highlands designated historic district of Chicago's gentrifying South Shore neighborhood. The area is adjacent to Chicago's planned massive new \$4 billion Lakeside Development Project. The property is just five blocks from 542-acre Jackson Park with its golf course, gym, yacht club and three harbors, and is an easy walk to the South Shore golf course and the Nature Sanctuary on Lake Michigan.

The building is surrounded by shops and restaurants, schools and churches, and is convenient to public transportation. There is a bus stop on the corner, and a quick ride to downtown via the Bryn Mawr Metrarail station which is just three blocks away. The flat terrain and presence of bike lanes makes the neighborhood very bicycle-friendly.

Market cap rates in the neighborhood currently range between 7.00-7.50%, right in line with this property's projected refi/resale cap rate of 7.00%, based on the studios renting for \$600, the one-bedrooms going for \$925 and the two-bedrooms bringing \$1,050, combining for an annual gross rent of \$392,184. Factoring roughly 44% for all expenses, the property is expected to produce net income of \$217,967.

We project that the property will generate more than enough revenue to cover the borrower's note payments as well as all of the property's operating expenses, and still return positive cash flow, as they position themselves for long-term appreciation in Chicago's South Shore neighborhood.

To ensure that the rehab process proceeds without delay, the initial borrower will be EquityBuild. Private note investors will be able to review and approve the future borrower on this property. All borrowers are A-paper and fully vetted with

the takeout lender.

In the past couple of weeks, you have seen how fast investment slots fill up in EquityBuild deals. There's no time to wait. Call us at **(877) 978-1916** and lock in the interest rate of your choice today

The minimum investment amount for these opportunities starts at just \$50,000. Attaining the next higher interest rate tier requires an additional \$10,000. All of EquityBuild Finance's double-digit returns are paid monthly.

## Summary

[july-8-2201-S-Constance-525](#)

Call (877) 978-1916 today before somebody else claims your slot!

Remember, when it comes to performance and security:

EquityBuild has had Zero Foreclosures on 600+ Deals Closed!

**Call 877-978-1916 or visit EBF to find out more.**

**Thank you,**

Shaun Cohen, M.A., Economics  
President  
EquityBuild Finance, LLC  
[info@equitybuildfinance.com](mailto:info@equitybuildfinance.com)  
Tel: (877) 978-1916  
Fax: (239) 244-8666

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This email was sent to: [missy@shoreypr.com](mailto:missy@shoreypr.com)

This email was sent by: EquityBuild Finance LLC

5068 W Plano Pkwy, #300 Plano, TX 75093

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# EXHIBIT

16

**To:** Missy Shorey[missy@shoreypr.com]  
**From:** Shaun Cohen  
**Sent:** Mon 7/20/2015 5:04:19 PM  
**Importance:** Normal  
**Subject:** Check Out our EB July Deals -They Work While You Play

July is Going Fast - Calls While There's Still Time!

To view this email as a web page, go [here](#).

[480-large-2-2-EBF-temp-logo-300dpi](#)

Missy, EquityBuild Finance private mortgage notes go fast - don't get left behind.

We're adding 1 1/2-3 1/2 bonus points for the first year to the already remarkable 12-15% APR base rate, paid monthly for 24 months, on this low-risk investment.

The total note is for \$2,250,000 and minimum investments start at \$50,000. All of our private mortgage notes are 100% secured by real estate - in this case, a 39-unit apartment building in Chicago - and our note holders are always protected with first lien position.

Just look at these remarkable returns - including spectacular bonus opportunities. But only if you act fast:

[7201 -2--S-Constance-Ave-starting-chart-525](#)

In addition to the outstanding base rate, our Up Front Incentive Plan pays you an increasing first year bonus of 1 1/2 -3 1/2 percentage points as you invest in progressively larger portions of the note. [Look here](#) to see all the details of the base rates and bonus tiers you can choose from.

**Summer Won't Last Forever and this is a  
Great Way to Make Your Money Work Even More for You!**

**With EquityBuild Finance,  
*The More You Invest, The More You Earn.***

**Call Us Today (877) 978-1916**

The apartment building backing this note is located at 7201 S. Constance Avenue in Chicago's up and coming South Shore neighborhood:

2201-S-Constance-525

The corner-lot building features 10 studios, 25 1BR/1BA, and 4 2BR/1BA apartments.

The building has been professionally managed and well maintained, and has recently received capital improvements. To maximize rental income by attracting CHA voucher tenants, EquityBuild's warranted contractor team will upgrade the apartments with new appliances, countertops, flooring, kitchen and bathroom fixtures, tub refinishes as needed, and fresh paint.

The building is situated across 71st Street from the Jackson Park Highlands designated historic district. The area is adjacent to Chicago's planned massive new \$4 billion Lakeside Development Project. The property is just five blocks from 542-acre Jackson Park with its golf course, gym, yacht club and three harbors, and is an easy walk to the South Shore golf course and the Nature Sanctuary on Lake Michigan.

The building is surrounded by restaurants, shops, schools and churches. It is convenient to public transportation, with a bus stop on the corner and the Bryn Mawr Metrarail station just three blocks away.

We project that the property will generate more than enough revenue to cover the borrower's note payments and all operating expenses, and still return positive cash flow.

To ensure that the rehab process proceeds without delay, the initial borrower will be EquityBuild. Private note investors will be able to review and approve the future borrower on this property. All borrowers are A-paper and fully vetted with the takeout lender.

You know how fast EquityBuild Finance investment slots fill up. Call us today **(877) 978-1916!**

The minimum investment amount for these opportunities starts at \$50,000. Attaining the next higher interest rate tier requires an additional \$10,000. All of EquityBuild Finance's double-digit returns are paid monthly.

## Summary

end-of-july

Call **(877) 978-1916** today before you get left behind!

Remember, when it comes to performance and security:

EquityBuild has had Zero Foreclosures on 600+ Deals Closed!

**Call 877-978-1916 or visit EBF to find out more.**

**Thank you,**

Shaun Cohen, M.A., Economics  
President  
EquityBuild Finance, LLC  
[info@equitybuildfinance.com](mailto:info@equitybuildfinance.com)  
Tel: (877) 978-1916  
Fax: (239) 244-8666

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# EXHIBIT

17

**To:** Missy Shorey[missy@shoreypr.com]  
**From:** Shaun Cohen  
**Sent:** Wed 8/12/2015 3:00:10 PM  
**Importance:** Normal  
**Subject:** New Note Opportunity with Launch Bonus Now!

Here's Your Chance to Pile Bonus on Top of Bonus on Top of Double-Digit Base Rates

To view this email as a web page, go [here](#).

[480-large-2-2-EBF-temp-logo-300dpi](#)

Missy, EBF go fast! Don't miss your chance!

We're adding 1/2-4 bonus points for the first year to the already remarkable 12-15% APR base rate of return on this low-risk investment. Don't wait - call us at (877) 978-1916 today!

This EquityBuild Finance private mortgage note is backed by a 25-unit apartment building in Chicago's up and coming South Shore neighborhood. The total note is for \$1,605,749 and minimum investments start at \$50,000. EquityBuild Finance note holders are always protected with first lien position.

Just look at these remarkable returns - including spectacular bonus opportunities. But only if you act fast:

[7625-S-East-End-Start-1-525](#)

As you can see, the note earns a spectacular base rate of 12-15% APR, paid monthly for 24 months. But when you act now, during this first week that the property is available, you'll earn an additional half-point, first year bonus. On top of that, our Up Front Incentive Plan pays you an increasing first year bonus of 1 1/2 -3 1/2 percentage points as you invest in progressively larger portions of the note. Click here to see all the details of the base rates and bonus tiers you can choose from.

**With EquityBuild Finance,  
*The More You Invest, The More You Earn***

**Call Us Today (877) 978-1916**

All EquityBuild Finance private mortgage notes are 100% secured by real estate. This note is backed by an apartment building located at 7625 S East End Avenue in Chicago:

[7625-S-East-End-Ave-525](#)

The property features 25 large, one-bedroom apartments - most with hardwood floors. Six of them will be converted to two-bedroom units in order to maximize revenue.

The building has been professionally managed and well-maintained, and has received substantial capital improvements during the past two years. New windows, a new wrought iron gate with secure access, and new entry doors with an intercom system were installed during 2014. The year before, in 2013, the building received a new roof, new porches and a new Peerless boiler.

EquityBuild's warrantied contractor team will finish the rehab, upgrading the units where needed with new appliances, countertops, flooring, kitchen and bathroom fixtures, tub refinishes, and fresh paint.

The property is located in Chicago's up-and-coming South Shore neighborhood, near Rosenblum Park and Woodhull Park. It is close to shops, restaurants, churches and schools, and is near Jackson Park Hospital and Medical Center. Public transportation is easily accessible - with bus stops just down the street and the Stony Island Metra station five blocks away.

Market cap rates in the neighborhood currently range between 7.25-8.00%, in line with this property's projected refi/resale cap rate of 8.00%, based on the one-bedroom apartments renting for an average of \$823, and the two-bedrooms averaging \$1,113. Annual gross income is targeted at rent of \$274,470, starting in the first year of stabilization (year 2). Factoring roughly 45% for all expenses, the property is expected to produce net income of \$152,208 and positive cash flow of \$72,130.

Our analysis indicates that the property will generate more than enough revenue to cover the borrower's note payments as well as all of the property's operating expenses, and still return positive cash flow, as they position themselves for long-term appreciation in Chicago's South Shore neighborhood.

To ensure that the rehab process proceeds without delay, the initial borrower will be EquityBuild. Private note investors will be able to review and approve the future borrower on this property. All borrowers are A-paper and fully vetted with the takeout lender.

In the past couple of weeks, you have seen how fast investment slots fill up in EquityBuild deals. There's no time to wait. Call us at (877) 978-1916 and lock in the interest rate of your choice today!

The minimum investment amount for these opportunities starts at just \$50,000. Attaining the next higher interest rate tier requires an additional \$10,000. All of EquityBuild Finance's double-digit returns are paid monthly.

## Summary

[sept-1-chart](#)

Call **(877) 978-1916** today before somebody else claims your slot!

Remember, when it comes to performance and security:

EquityBuild has had Zero Foreclosures on 600+ Deals Closed!

**Call 877-978-1916 or visit EBF to find out more.**

**Thank you,**

Shaun Cohen, M.A., Economics  
President  
EquityBuild Finance, LLC  
[info@equitybuildfinance.com](mailto:info@equitybuildfinance.com)  
Tel: (877) 978-1916  
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# EXHIBIT

18



877-978-

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## Current Funds

Current Funds

Completed Funds

### South Side Developme...



### South Side Developme...



Fund Type	506(b) Equity
Total Raise	\$17,600,000
APR	8% Preferred Equity
Term	7 Years

Fund Type	506(b) Equity
Total Raise	\$3,400,000
APR	14%
Term	6 months



VIEW DETAIL

VIEW DETAIL



(/INVESTMENTS/PROPERTY/SOUTH-

(/INVESTMENTS/PROPERTY/SOUTH-

SIDE-

877-978-

SIDE-

Expert Access:

1869

DEVELOPMENT-

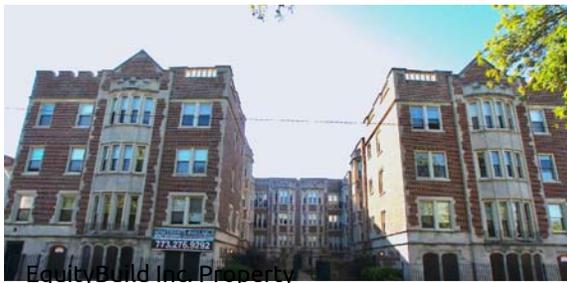
DEVELOPMENT-

FUND-7-258)

FUND-8--255)

### Chicago Capital Fund...

### EquityBuild Hybrid F...



Fund Type	506(c) Debt
Total Raise	\$7,725,000
APR	17%
Term	24 months

Fund Type	Hybrid 506(c)
Total Raise	\$10 MM
APR	10.375%
Term	10 years

VIEW DETAIL

VIEW DETAIL

(/INVESTMENTS/PROPERTY/CHICAGO-

(/INVESTMENTS/PROPERTY/CHICAGO-



CAPITAL-FUND-II-

HYBRID-FUND-222)

254)



### Chicago Capital Fund...

Expert Access: 1869



Fund Type	Debt 506(c)
Total Raise	\$6.15MM
Term	5 years

[VIEW DETAIL](#)

(/INVESTMENTS/PROPERTY/CHICAC  
CAPITAL-FUND-I-  
221)

[SHOW MORE](#)



(/index.php)

Throughout history, real estate has proven to be the best way to build and retain wealth for the relative few who have been able to take advantage of this outstanding investment class.

**877-978-****Expert Access: 1869**

investors/equitybuild-in-

## SITEMAP

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- [Resource Center \(/index.php/resource-center\)](/index.php/resource-center)
- [FAQ \(/index.php/resource-center/f-a-q\)](/index.php/resource-center/f-a-q)
- [Masterclass Webinars \(/index.php/resource-center/masterclass-download\)](/index.php/resource-center/masterclass-download)
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- [News \(/index.php/resource-center/news\)](/index.php/resource-center/news)
- [Funds \(/index.php/investments\)](/index.php/investments)

## CURRENT FUNDS

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### EquityBuild Hybrid F..

(/investments/current-funds/property/EquityBuild-Hybrid-Fund-222)

- Multifamily Combined Debt and Equity Investment 506(c)

## CONTACT INFO

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- 5068 W. Plano Pkwy, #300  
Plano, TX 75093
- Phone: 877-978-1869



- Email: [info@equitybuild.com](mailto:info@equitybuild.com) (mailto:info@equitybuild.com)
- Privacy: [privacy@equitybuild.com](mailto:privacy@equitybuild.com) (mailto:privacy@equitybuild.com)



- Web: [www.equitybuild.com](http://www.equitybuild.com)

**877-978-**

**Expert Access: 1869**

(<https://www.equitybuild.com>) (ID: 522957492)

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The information on the website includes historic results of certain investments made by EquityBuild; however, past performance is no guarantee of future results. Historic returns may not reflect actual future performance, may not reflect potential deductions for fees which may reduce actual realized returns. Investors are advised that any investment with EquityBuild may experience different results from those shown. Projected IRR and multiples are based upon the anticipated redemption or maturity date. All investments offered by EquityBuild involve risk and may result in loss.

Some of the statements contained on the EquityBuild website are forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. These statements involve known and unknown risks, uncertainties, and other factors that may cause an investment's actual results, levels of activity, performance, or achievements to be materially and adversely different from those expressed or implied by these forward-looking statements. Forward-looking statements may be identified by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "targeted," "projected," "underwritten," "estimates," "predicts," "potential," or "continue" or the negative of these terms or other comparable terminology.

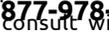
Although EquityBuild believes that the expectations reflected in the forward-looking statements are reasonable, guarantees of future results, levels of activity, performance or achievements cannot be made. Moreover, neither EquityBuild nor any other person or entity assumes responsibility for the accuracy and completeness of forward-looking statements. Neither EquityBuild nor any other person or entity is under any duty to update any of the forward-looking statements to conform them to actual results.

The information on this website contains a preliminary summary of the purpose and principal business terms of the investments offered by EquityBuild. This summary does not purport to be complete and is qualified in its entirety by reference to the more detailed discussion contained in the actual text of the definitive documentation regarding such investment. Further, the overviews presented on the EquityBuild website do not constitute an offer to sell or a solicitation of an offer to make an investment herein. No such offer or solicitation will be made prior to the delivery of definitive



documentation relating to such investment. The information on this website does not constitute an offer of, or the solicitation of an offer to buy or subscribe for, any securities to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. 

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Before making an investment decision with respect to any offering, potential investors are advised to carefully read the related subscription and offering memorandum documents and to consult with their tax, legal and financial advisors. EquityBuild does not give investment advice or make any representation regarding any offering posted on the website. 

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**Expert Access: 1869**

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[Privacy Policy \(/privacy-policy\)](/privacy-policy) [\(/earnings-disclaimer\)](/earnings-disclaimer)



# EXHIBIT

19

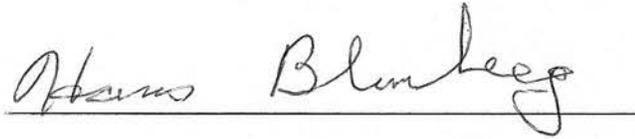
**DECLARATION OF HANS BLUMBERG**

1. My name is Hans Blumberg. I am 61 years old and currently live in Brooksville, Florida.  
I have personal knowledge of the facts described in this declaration.
2. I have a high school education, spent approximately 25 years working an operator at a company that manufactured industrial adhesives. I retired early due to my health.
3. After deciding to retire, I began looking for safe investment vehicles. In an online search, I came across EquityBuild.
4. I researched EquityBuild for approximately one year prior to investing. During that time, I did online research and spoke to representatives from the company.
5. Among other people, I spoke to Shaun Cohen. I estimate that I first spoke with Shaun Cohen in mid-2013. I was nervous about investing, but Shaun Cohen reassured me that EquityBuild had never had a foreclosure. He said the investment was safe and that I could not lose money, because my investment would be secured by a property. Shaun Cohen also told me that he was not allowed to say that the investment was guaranteed, but then went on to tell me that the investment was in fact guaranteed.
6. Based on the information I received from EquityBuild representatives, I was told that no one had ever lost money on an EquityBuild investment, EquityBuild had made 700 transactions without any foreclosures, EquityBuild had always paid interest on time, and it had never defaulted.
7. No one from EquityBuild ever told me that EquityBuild would take a fee from my investment. In considering whether to invest, it would have been important for me to know the amount of fees EquityBuild charged.

8. I ultimately decided to invest with EquityBuild. Specifically, I decided to invest in a deal with a 20% return. The information I received from EquityBuild suggested that the returns would be generated by building and selling a single-family home in Chicago.
9. The property securing my investment was a vacant lot located at 431 East 42<sup>nd</sup> Place in Chicago. I ended up investing \$125,000 through a promissory note, a copy of which is attached here as **Exhibit A**.
10. I understood, based on information from EquityBuild, that there was at least one other investor who had also invested in the same property, and that all the investors would have first lien protection for our pro rata share of the investment. I took this to mean that all the investors could use the property as collateral, and that if there were any issues, we would be able to foreclose on the property.
11. I made my investment using a self-directed IRA through iPlanGroup. Shaun Cohen directed me to iPlanGroup. The funds came from my 401K retirement savings.
12. Before investing, EquityBuild representatives told me that I would receive monthly updates on the property. I did not receive monthly updates.
13. Approximately eight months later, after my investment came due, I did not receive my principal or my interest. Instead, EquityBuild requested, and I agreed to, two extensions, which delayed the date for the return of my funds.
14. After these delays, I spoke to Shaun Cohen and John Allred. Allred told me that none of the investors involved with my investment were receiving their funds, because there had been a problem with the contractor involved in the project.

15. I was not satisfied with Allred's explanation. At the time, my wife was sick with cancer, and I was concerned that I would not receive my money back. I continued to call EquityBuild until Shaun Cohen and John Allred agreed to participate in a conference call with me. During that call, I demanded my principal back. I also said that I would be willing to forfeit my accrued interest (approximately \$40,000) if EquityBuild would just return my principal.
16. After the conference call, EquityBuild paid me my principal by paying me \$31,250 per month for four months, from November 2015 through February 2016.
17. Although I agreed orally to forgo my interest, I never signed any document agreeing to do so.
18. I was not an accredited investor at the time I made my investment with EquityBuild.
19. During and after my investment with EquityBuild, I received numerous emails from EquityBuild advertising new investments. Some examples of emails I received are attached here as **Exhibits B** and **C**.
20. On June 26, 2018, I received an email from EquityBuild. The email read that EquityBuild "acknowledge[d] that we recognize your payment is late," and explained that "[t]he delay in your payment is related to project specific circumstances." I no longer had any investments with EquityBuild at that time. A copy of that email is attached here as **Exhibit D**.
21. The next day, I received another email from EquityBuild, informing me that there was a need to restructure my investment. That email is attached as **Exhibit E**.

I declare under penalty of perjury that the foregoing is true and correct. Executed on  
8-2-2018 in Brooksville, Florida.

A handwritten signature in cursive script that reads "Hans Blumberg". The signature is written in black ink and is positioned above a solid horizontal line.

Hans Blumberg

# **EXHIBIT A**

<p><b>THE LENDERS</b>                  The persons listed on  <u>Exhibit A</u> to this Note                  c/o HARD MONEY                  COMPANY, LLC                  5068 West Plano Pkwy. #300                  Plano, TX 75093</p>	<p><b>THE BORROWER</b>                  EQUITYBUILD, INC.                  1083 N. Collier Blvd. #132                  Marco Island, FL 34145</p>
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<p><b>COMMERCIAL                  FLAT RATE                  NON-RECOURSE                  PROMISSORY NOTE</b>                  With Balloon Payment                  Illinois</p>
--

Annual Interest Rate	Principal	Funding Date	Maturity Date	Loan Number
15% For 8 Months	\$291,580	02/28/2014	10/28/2014	N/A

FOR VALUE RECEIVED, EquityBuild, Inc., a Florida corporation (the "Borrower"), promises to pay the persons listed on Exhibit A hereto (each, a "Lender" and collectively, the "Lenders") in the manner set forth in Section 1 below the aggregate principal sum of **TWO HUNDRED NINETY-ONE THOUSAND FIVE HUNDRED EIGHTY and 00/100 DOLLARS (\$291,580.00)**, together with interest from the above date at the interest rate of **FIFTEEN PERCENT (15%)** per annum (the "Interest Rate") on the unpaid principal balance until paid (the "Loan").

Anything in this Commercial Flat Rate Non-Recourse Promissory Note (this "Note") contrary notwithstanding, the entire unpaid balance of the principal sum and all unpaid interest accrued thereon shall, unless sooner paid, be and become due and payable on **10/28/2014** ("Maturity Date").

1. **Application of Payments.** All payments on this Note shall be made in lawful money of the United States of America and shall be applied first to any late charges due hereunder, second to the payment of accrued but unpaid interest and the remainder to the reduction of principal. The Borrower shall make all payments when due, without set-offs of any nature and shall pay each Lender (to an account directed by the Collateral Agent (as defined below)) the ratable share of such payouts based on each Lender's percentage of the Loan set forth on Exhibit A hereto.

2. **Security; Collateral Agent.** To secure the payment and performance of obligations incurred under this Note, this Note shall be secured by and subject to the terms of a

Mortgage (the "Mortgage") which encumbers real property and improvements located at **431 E 42<sup>nd</sup> Pl. Chicago, IL 60653** (the "Property") to be granted in favor of Hard Money Company, LLC or its successor, as collateral agent for the ratable benefit of the Lenders (the "Collateral Agent"); for the purpose of purchasing the Property, all pursuant to the terms that certain Collateral Agency and Servicing Agreement dated as of even date herewith by and among the Collateral Agent and the Lenders (the "CA Agreement"). Both this Note and the Mortgage are given in consideration of a loan of even date herewith in the amount of the principal sum advanced by the Lenders to the Borrower. Pursuant to the terms of the CA Agreement, the Lenders have irrevocably delegated their rights under this Note to the Collateral Agent and as such the Collateral Agent shall have authority to act on behalf of the Lenders hereunder where such action is required or permitted. Other than pursuant to the terms of the Mortgage, this Note is without recourse under any circumstances to the assets of the Borrower.

3. **Events of Default.** An Event of Default will occur under this Note in the event that the Borrower:

(a) Fails to make any payment of principal and/or interest or any other sum due hereunder when the same is due pursuant to the terms of this Note;

(b) Applies for or consents to the appointment of a receiver, trustee or liquidator of the Borrower or of all or a substantial part of its assets;

(c) Files a voluntary petition in bankruptcy, whether by the Federal Bankruptcy Act or any similar State statute, or admits in writing its inability to pay its debts as they come due;

(d) Makes an assignment for the benefit of creditors;

(e) Files a petition or an answer seeking a reorganization or an arrangement with creditors or seeking to take advantage of any insolvency law;

(f) Performs any other act of bankruptcy;

(g) Files an answer admitting the material allegations of a petition filed against the Borrower in any bankruptcy, reorganization or insolvency proceeding;

(h) Permits the entry of any order, judgment or decree by any court of competent jurisdiction adjudicating the Borrower a bankrupt or an insolvent or approving a receiver, trustee or liquidator of the Borrower or of all or a substantial part of its assets; or there otherwise commences with respect to the Borrower or any of its assets any proceeding under any bankruptcy, reorganization, arrangement, insolvency, readjustment, receivership or like law or

statute, and if the order, judgment, decree or proceeding continues unstayed for any period of sixty (60) consecutive days, or continues in effect for more than ten (10) days after any stay thereof;

(i) Fails to perform or violates any obligations or covenants under the terms of this Note or the Mortgage;

(j) Defaults under the terms of any note, mortgage, deed of trust, security instrument, or any other loan documents or written agreements for any other loans secured by the Property;

(k) Fails to keep an insurance policy in place on the Property with the Collateral Agent as the mortgagee and/or as the loss payee including its successor and/or assigns; or

(l) Fails to keep property taxes current on the Property.

4. **Rights of the Lenders On Event of Default.** Upon the occurrence of an Event of Default as set forth herein, or in the event of the breach of any covenant or obligation contained in the herein referred to Mortgage on the part of the undersigned to be kept, observed or performed, the Collateral Agent on behalf of the Lenders, at its sole and absolute discretion, may exercise one or more of the following remedies without notice or demand (except as required by law):

(a) Declare the entire unpaid balance of principal of this Note, along with accrued and unpaid interest thereon and all other charges, costs and expenses, provided for herein and in the Mortgage immediately due and payable;

(b) Collect the outstanding obligations of the Borrower with or without judicial process;

(c) Take possession of any collateral in any manner permitted by law;

(d) Require the Borrower to deliver and make available to the Collateral Agent on behalf of the Lenders any collateral at a place reasonably convenient to the Borrower and the Collateral Agent;

(e) Sell, lease or otherwise dispose of any collateral and collect any deficiency balance with or without resorting to legal process;

(f) Assume any and all mortgages/deeds of trust in existence at the time of default on all collateral securing the Loan; or

(g) Exercise all other rights available to the Lenders or the Collateral Agent under any other written agreement or applicable law.

At any time an Event of Default shall have occurred and be continuing and/or after maturity of the Loan, including maturity upon acceleration, the unpaid principal balance, all accrued and unpaid interest and all other amounts payable under the Note shall bear interest at the Default Rate (as defined below). The unpaid principal balance shall continue to bear interest after the Maturity Date at the Default Rate until and including the date on which it is paid in full. Interest under this Note shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(a) The Lenders' remedies in this Section are in addition to any available at common law and nothing in this Section shall impair any right which they have under this Note, or at law or in equity, to accelerate the debt on the occurrence of any other Event of Default, whether or not relating to this Note. The Lenders' rights or remedies as provided in this Note shall be cumulative and concurrent and may be pursued singly, successively, or together against the Borrower, at the Collateral Agent's sole and absolute discretion. The Borrower shall pay to the Collateral Agent on the Collateral Agent's demand the amount of all expenses incurred by the Collateral Agent or the Lenders (a) in enforcing the Lenders' rights under this Note or the Mortgage, or (b) as the result of a default by the Borrower under this Note or the Mortgage, including but not limited to the cost of collecting any amount owed hereunder, and any reasonable attorney's fees. The failure by the Collateral Agent to exercise any of its options contained herein shall not constitute a waiver of the right to exercise such option in the event of any subsequent default. Notwithstanding anything to the contrary stated herein, Lenders agree that for payment of this Note it will look solely to the Property given to secure the payment of this Note (or the proceeds from the sale thereof), and no other assets of the Borrower shall be subject to levy, execution or other enforcement procedure for the satisfaction of the remedies of Lenders, or for any payment required to be made under this Note.

5. **Costs and Expenses.** To the extent permitted by law, the Borrower agrees to pay any and all reasonable fees and costs, including, but not limited to, fees and costs of attorneys and other agents (including without limitation paralegals, clerks and consultants) which are incurred by the Collateral Agent or the Lenders in collecting any amount due or enforcing any right or remedy under this Note or Mortgage, whether or not suit is brought, including, but not limited to, all fees and costs incurred on appeal, in bankruptcy, and for post-judgment collection actions.

6. **Forbearance.** The Collateral Agent shall not by any act or omission to act be deemed to waive any of its rights or remedies hereunder unless such waiver is in writing and signed by the Collateral Agent on behalf of the Lenders and then only to the extent specifically set

forth therein. A waiver on one occasion shall not be construed as continuing or as a bar to or waiver of such right or remedy on any other occasion. All remedies conferred upon the Collateral Agent on behalf of the Lenders by this Note or any other instrument or agreement connected herewith or related hereto shall be cumulative and none is exclusive, and such remedies may be exercised concurrently or consecutively at the Collateral Agent's option.

7. **Modification and Waiver.** The Borrower waives valuation and appraisal, presentment and demand for payment, notice of intent to accelerate maturity, notice of acceleration of maturity, protest or notice of protest and nonpayment, bringing of suit and diligence in taking any action to collect any sums owing hereunder or in proceeding against any of the rights and properties securing payment hereof, and trial by jury in any litigation arising out of, relating to, or connected with this Note or any instrument given as security hereof.

8. **Voluntary and Involuntary Prepayments.**

(a) A prepayment premium shall be payable in connection with any prepayment made under this Note as provided below:

(i) The Borrower may voluntarily prepay all of the unpaid principal balance of this Note on a Business Day designated as the date for such prepayment in a Notice from the Borrower to the Collateral Agent given at least 10 days prior to the date of such prepayment. Such prepayment shall be made by paying (A) the amount of principal being prepaid, (B) all accrued interest, (C) all other sums due the Lenders at the time of such prepayment, and (D) the prepayment premium calculated pursuant to Section 8(d) of this Note. For purposes of this Note, a "Business Day" means any day other than a Saturday, Sunday or any other day on which banks in the State of Illinois are not open for business.

(ii) Upon the Collateral Agent's exercise of any right of acceleration under this Note, the Borrower shall pay to the Lenders in accordance with Section 1 above, in addition to the entire unpaid principal balance of this Note outstanding at the time of the acceleration, (A) all accrued interest, (B) and all other sums due the Lenders, and (C) the prepayment premium calculated pursuant to Section 8(d) of this Note, to the extent such prepayment premium does not exceed the maximum rate permitted by applicable law.

(b) The Borrower recognizes that any prepayment of the unpaid principal balance of this Note, whether voluntary or involuntary or resulting from a default by the Borrower, will result in the Lenders' incurring loss, including reinvestment loss, additional expense and frustration or impairment of the Lenders' ability to meet their respective commitments to third parties. The Borrower agrees that it is extremely difficult and impractical to ascertain the extent of such damages. The Borrower therefore acknowledges and agrees that the formula for

calculating prepayment premiums set forth in Section 8(d) represents a reasonable estimate of the damages the Lender will incur because of a prepayment.

(c) The Borrower further acknowledges that the prepayment premium provisions of this Note are a material part of the consideration for the Loan.

(d) Prepayment Premium; Liquidated Damages. If the Borrower prepays the entire principal amount of the Loan prior to the Maturity Date, the Borrower shall pay to the Lenders (in accordance with Section 1 above) at the time of such prepayment, liquidated damages as a prepayment premium in an amount equal to: (i) seven and one half of a percent (7.5%) of the principal amount of the Loan if the prepayment is made prior to the date that is thirty (30) days following the date hereof ("Month 1"); (ii) six and twenty-five one hundredths of a percent (6.25%) of the principal amount of the Loan if the prepayment is made on or after the end of Month 1 but prior to the date that is sixty (60) days following the date hereof ("Month 2"); (iii) five percent (5.0%) of the principal amount of the Loan if the prepayment is made on or after the end of Month 2 but prior to the date that is ninety (90) days following the date hereof ("Month 3"); (iv) three and seventy-five one hundredths of a percent (3.75%) of the principal amount of the Loan if the prepayment is made on or after the end of Month 3 but prior to the date that is one hundred twenty (120) days following the date hereof ("Month 4"); (v) two and one half of a percent (2.5%) of the principal amount of the Loan if the prepayment is made on or after the end of Month 4 but prior to the date that is one hundred fifty (150) days following the date hereof ("Month 5"); and (vi) one and twenty-five one hundredths of a percent (1.25%) of the principal amount of the Loan if the prepayment is made on or after the end of Month 5 but prior to the Maturity Date.

9. **Default Rate.** So long as (a) payment under this Note remains past due for thirty (30) days or more (including upon the Maturity Date) or (b) any other Event of Default has occurred and is continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of such payment or the occurrence of such other Event of Default, as applicable, at a rate (the "Default Rate") equal to the lesser of seven (7) percentage points above the rate stated in the first paragraph of this Note or the maximum interest rate which may be collected from the Borrower under applicable law.

10. **Loan Charges/Maximum Rate Permitted By Law.** This Note shall not be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the maximum interest rate permitted to be charged under applicable law. If any applicable law limiting the amount of interest or other charges permitted to be collected from the Borrower in connection with the Loan is interpreted so that any interest violates that law, and the Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any,

previously paid to the Lenders in excess of the permitted amounts shall be applied by the Lenders to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from the Borrower has been violated, all indebtedness that constitutes interest, as well as all other charges made in connection with the indebtedness that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of the Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Note.

11. **Waiver of Jury Trial.** THE PARTIES HERETO WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF, OR IN ANY WAY PERTAINING TO, THIS NOTE OR ANY MORTGAGE/DEED OF TRUST ARISING FROM THIS NOTE. THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE BORROWER AND THE COLLATERAL AGENT ON BEHALF OF THE LENDERS, AND THE BORROWER AND THE COLLATERAL AGENT ON BEHALF OF THE LENDERS EACH HEREBY REPRESENTS TO THE OTHER THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT.

12. **Notices.** Any Notice or other communication required, permitted or desirable under the terms of this Note shall be sufficiently given if sent to each party as follows:

The Collateral Agent on behalf of the Lenders:

**HARD MONEY COMPANY, LLC**  
5068 WEST PLANO PKWY. #300  
PLANO, TX 75093  
Fax: 239-244-8666  
Email: shaun.d.cohen@gmail.com

The Borrower: **EQUITYBUILD, INC.**

1083 N. COLLIER BLVD. #132  
MARCO ISLAND, FL 34145  
Fax: 202-204-8423  
Email: jerry@equitybuild.com

Any notice, demand, consent, approval, request or other communication or document to be given hereunder to a party hereto shall be (a) in writing, and (b) deemed to have been given (i)

on the 3rd business day after being sent as certified or registered mail in the United States mails, postage prepaid, return receipt requested, or (ii) on the next business day after being deposited (with instructions to deliver it on that business day) with a reputable overnight courier service, or (iii) (if the party's receipt thereof is acknowledged in writing) on being sent by telefax or another means of immediate electronic communication, in each case to the party's address set forth above or any other address in the United States of America which it designates from time-to-time by notice to each other party hereto, or (iv) (if the party's receipt thereof is acknowledged in writing) on being given by hand or other actual delivery to the party.

13. **Entire Agreement.** The terms and conditions of this Note together with the terms and conditions of the Mortgage which is incorporated herein by reference as if set forth fully herein contain the entire understanding between the Borrower and the Collateral Agent on behalf of the Lenders with respect the indebtedness evidenced hereby. Such understanding may not be modified, amended or terminated except in a written document duly executed by the Borrower and the Collateral Agent on behalf of the Lenders.

14. **Binding Obligation.** This Note shall be binding upon the heirs, successors and assigns of the Borrower and the Collateral Agent.

15. **Governing Law.** This Note is delivered and made in, and shall be construed pursuant to the laws of the State of Illinois. Unless applicable law provides otherwise, the parties hereto consent to the jurisdiction and venue of any court of competent jurisdiction located in Cook County, Illinois.

16. **Construction.** As used herein, Person means a natural person, trustee, corporation, partnership, limited liability company or other legal entity, and all references made (a) in the neuter, masculine or feminine gender shall be deemed made in all genders, (b) in the singular or plural number shall also be deemed made in the plural or singular number, and (c) to any Section, subsection, paragraph or subparagraph shall, unless therein expressly indicated to the contrary, be deemed made to that part of this Note. The headings of those parts are provided only for convenience of reference, and shall not be considered in construing their contents. Each document referred to herein as being attached hereto as an exhibit or otherwise designated herein as an exhibit hereto shall be a part hereof.

17. **Assignment.** The Borrower agrees not to assign any of the Borrower's rights, remedies or obligations described in this Note without the prior written consent of the Collateral Agent, which consent may be withheld by the Collateral Agent in its sole discretion. The Borrower agrees that the Collateral Agent is entitled to assign some or all of its rights and remedies described in this Note without notice to or the prior consent of the Borrower.

431 E 42nd Pl Exhibit

Lender Name	Percentage of Ownership	Principal Amount
Michael Alden Schankman	17.15%	\$50,000
Horizon Family Investments, LLC	15.98%	\$46,580
iPlan Group, LLC FBO Hans Blumberg IRA	42.87%	\$125,000
Frank and Ardelis Endrei	6.86%	\$20,000
Alan Schankman	17.15%	\$50,000

# **EXHIBIT B**



To view this email as a web page, go [here](#).

The logo features the letters 'EBF' in a large, bold, serif font. To the right of the 'F' is the text 'A New Source of Income' in a smaller, sans-serif font. Below the 'EBF' logo, the text 'EquityBuild Finance LLC' and the phone number '877-978-1916' are displayed in a small font. To the right of the logo, the text 'Targeting Safe, Superior, Double-Digit Returns' is written in a bold, italicized, sans-serif font.

**EBF** A New Source of Income  
EquityBuild Finance LLC  
877-978-1916  
*Targeting Safe,  
Superior,  
Double-Digit Returns*

---

**Congratulations  
to 20 Savvy EBF Investors!**

**Deal Closed  
6801 S. East End Ave.**

---

█ – 20 savvy investors turned to EquityBuild Finance to lock in spectacular, monthly returns for a term of 18 months.

These smart people invested a total of \$1,374,714 in an EBF private mortgage note that funded the purchase of a 15-unit apartment building located at 6801 S. East End Avenue in Chicago. In return, they will receive 11-15% APR!

- New EBF investor *Michael J* invested \$100,000 and will receive 11% APR, plus 1.5 points in bonuses.
- *Steven B's* investment of \$20,000 will return 12% APR.
- *Brett B* invested \$5,000 and will also receive 12% APR.
- *May A* invested \$84,500 and will be paid 14.5% APR.
- *Shailesh T's* investment of \$100,000 will earn him 14.5% APR.
- *James T* invested \$352,714 and will receive a 15% APR return, plus bonuses totaling 2 additional points.
- New client *Wayne L's* share for \$110,000 will return 14.5% APR.
- Another new EBF investor, *Janice N* invested \$50,000 and will receive 14% APR, paid monthly for the next 18 months.
- *Alexandre G* invested \$105,000 which will return 13% APR, plus 1.5 points in bonuses.
- *James C's* \$50,000 investment will earn 14% APR.
- New client *Keith R* invested \$80,000 and will receive 14% APR.
- *Ted and Patricia G's* investments in the note total \$37,500 and will generate 14% APR returns.
- *Steve T* invested \$25,000 and will receive 14% APR.
- *Peter N* invested \$30,000 which will return 15% APR to him.
- *Dennis H's* \$34,840 investment in this note will earn 14% APR.
- *Mary Ann H* invested \$15,160 and will also receive 14% APR.
- New EBF investor *Michael H* invested \$50,000 and will receive 14% APR in monthly returns.
- *Joe M* invested \$25,000 and will receive 14% APR.
- Another new client, *Anant T* invested \$50,000 and will receive 14.5% APR.

These individuals saw an opportunity to lock in a great rate of return, and quickly moved to take advantage of it.

EquityBuild Finance has new private mortgage note opportunities opening all the time. Call us today at **(877) 978-1916**, and join the long list of satisfied EBF investors.

Never Forget, when it comes to performance and security:

**EquityBuild has had Zero Foreclosures on 700+ Deals Closed!**

Call **877-978-1916** or [look here](#) to find out more.

**Thank you,**

Shaun Cohen, M.A., Economics  
President  
EquityBuild Finance, LLC  
[info@equitybuildfinance.com](mailto:info@equitybuildfinance.com)  
Tel: **(877) 978-1916**  
Fax: **(239) 244-8666**

This is not a specific offering, an offer to sell securities or an invitation for offers to purchase securities. Securities may only be sold by exemption or registration. Incentive applies to accredited investors only.

This email was sent to: [REDACTED]

This email was sent by: EquityBuild Finance LLC  
5068 W Plano Pkwy, #300 Plano, TX 75093

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# **EXHIBIT C**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**From:** Hans Blumberg [REDACTED]  
**Date:** July 7, 2017 at 7:05:03 PM CDT  
[REDACTED]  
**Subject:** Fwd: Hans, Please accept this challenge from me

FYI

----- Forwarded message -----  
From: **Shaun Cohen** <[cohen.shaun@equitybuildfinance.com](mailto:cohen.shaun@equitybuildfinance.com)>  
Date: Fri, Jul 7, 2017 at 3:49 PM  
Subject: Hans, Please accept this challenge from me  
To: [REDACTED]

Hans,

Toward the end of this email you will see my challenge but please read through the rest for context.

I'm sure you have heard about our equity models, and at this point, you have already thought about whether equity investing is right for you.

You may even have convinced yourself it is not for you.

If that is the case, then this email IS for you. I'm going to begin with a story...

A large percentage of you know John Allred at some level. John works in our customer service department and maintains a few accounts from his time as a Relationship Manager.

What some of you may not know is that he is a rather large investor with us. John lives in Oklahoma, only about 3 hours from where I live (just outside of Dallas), and he came to have lunch with me and our COO, Ron Bol, a few weeks back.

Early in the conversation, it became quite clear that he was not a fan of the equity model at all. He said we would have issues with other investors who are in a similar boat to him.

Now, I had a challenge in front of me. John, an investor, customer service rep and relationship manager, does not believe in the model I have become convinced is the greatest thing since air conditioning (I prefer that cliché to sliced bread).

So, we began to discuss his concerns with the model. I'll spare you the details, but in a day or two, he converted close to half of his debt holdings to equity positions. And, I believe that number grew after John had a subsequent conversation with Ron.

I'm telling you this story for one reason and one reason only...

There is ONLY one reason to choose a debt investment over an equity investment, and that is ONLY if you NEED the cash flow at the level the debt investment produces.

Other than this one specific situation... Regardless of age, risk tolerance, marital status, employment status, etc... An equity investment is far superior to a debt investment!

Everyone invests to achieve two goals. One goal is to deliver cash flow. The other goal is to build a nest egg. That's it...

There is nothing else an investment can produce beyond cash flow and accrual of wealth.

Since that's the case, every investment should be measured on the appropriate allocation of its cash flow versus nest egg building. Each strategy will be specific to your own lifestyle; however, it is important to remember that any cash flow taken now will sacrifice the "nest to egg" building for the future.

Basic rule... Cash flow should only be taken if it is needed.

If you are employed, have no intention of retiring and your income level supports your lifestyle, then you should want zero cash flow from your investments.

Most of us have already bought into this philosophy when we use an IRA to invest, but for some reason our thinking changes when we invest with cash.

Let's pretend you are still working and have no intention of retiring yet, but your lifestyle expenses outpace your income. The appropriate response is to calculate your monthly cash flow need, which is the difference between your income and your expenses, and allocate your investments in such a way to generate just enough cash flow to support your lifestyle.

If you generate even a dollar more in cash flow than you need then, in most cases, you are handing over more money than you should to the government. That is robbing your nest egg of its ability to grow as fast as possible.

Let me use my 95-year-old grandfather, Mort, as an example. He is clearly retired and at an age where he is thinking about the inheritance he will leave my mother, uncle, me, etc.

Even in his situation... The answer is the same. All stages of life require proper investment thinking and asset allocation.

In his case, the thinking is not about what he can do for himself right now. It is only about what he can do to build his nest egg as quickly as possible - leaving the largest inheritance possible.

He should have almost no debt investments and as much equity as possible.

Even though those equity investments may (unfortunately) outlive him, those investments can be transferred to his estate and continue their powerful growth for his heirs.

Let's shift gears for a minute...

If you say to me that the timeline in an equity investment is too long or the leverage component is too risky, then that might be true for that specific equity and your specific situation.

Regardless of the objection, there is always a correct investment for every situation. In most cases, that would likely include a different style of equity fund.

I can almost always think of a solution where equity ends up being superior to debt.

While you still may be unconvinced, I invite you to a dialogue with me.

I want to hear the reasons why you believe it is not the right fit for you.

I promise to be open-minded, but I will be a tough nut to crack.

I hold firm to the belief that it is illogical and counter-productive to choose debt in favor of equity (unless you need every penny of the cash flow being generated from the debt investment).

Having said that, I am not an obstinate person and will listen quite acutely to your argument.

Yesterday at 1:00 CT... I held a webinar for the equity model (the link to the recording is below).

Ron was also there joining in the discussion. There was a live Q&A session at the end, and I welcomed everyone to challenge me there. Whatever wasn't addressed for you in the webinar or Q&A, I welcome you to bring to me personally.

Please accept my challenge.

My father and I began this company to help the every man and every woman build wealth as quickly as possible, and that is still our mission today.

Here's to your success!

Here is the info for the webinar: <https://attendee.gotowebinar.com/recording/3747088732297852162>

---

Thank you,

Shaun Cohen  
[info@equitybuildfinance.com](mailto:info@equitybuildfinance.com)  
[\(877\) 978-1916](tel:(877)978-1916)

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# **EXHIBIT D**

[REDACTED]

[REDACTED]

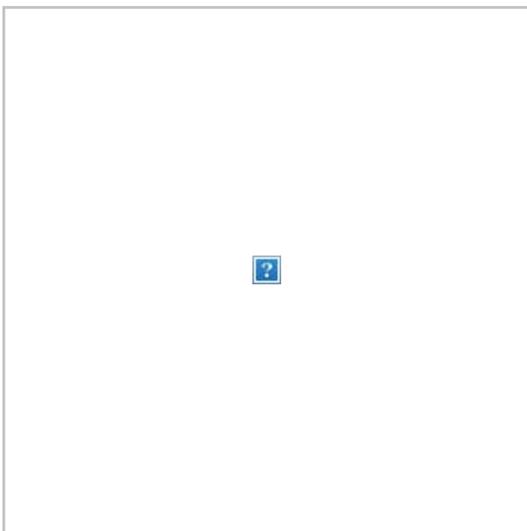
----- Forwarded message -----

From: **EquityBuild Inc.** <[info@equitybuild.com](mailto:info@equitybuild.com)>

Date: Tue, Jun 26, 2018 at 6:21 PM

Subject: Important Information Regarding Your Payment

To:



---

This message is to acknowledge that we recognize your payment is late. The delay in your payment is related to project specific circumstances that we are diligently working to clarify and remedy.

In the coming days you will be hearing from a member of our team who will provide you with more detail on the nature of the issues and the impact that those issues have had on the delay in your payment.

Someone will absolutely be calling you as soon as they have the relevant details.

We sincerely apologize for the delay and thank you in advance for your patience.

---

Sincerely,

EquityBuild Inc.  
[info@equitybuild.com](mailto:info@equitybuild.com)  
**(877) 978-1869**

The information contained herein was obtained from sources deemed reliable. However, EquityBuild makes no guarantees, warranties or representations as to the completeness or accuracy of this information. This is not an offer to purchase or sell any securities. Any such offer can be made only by transmitting to any prospective investor a Confidential Private Placement Memorandum or other document intended to give a prospective investor all relevant information in order to make an informed decision about an investment. All such information should be considered carefully by any prospective investor before making any investment.



EquityBuild 5068 W. Plano Pkwy, #300 Plano TX 75093 [USA](#)

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# **EXHIBIT E**

[REDACTED]

[REDACTED]

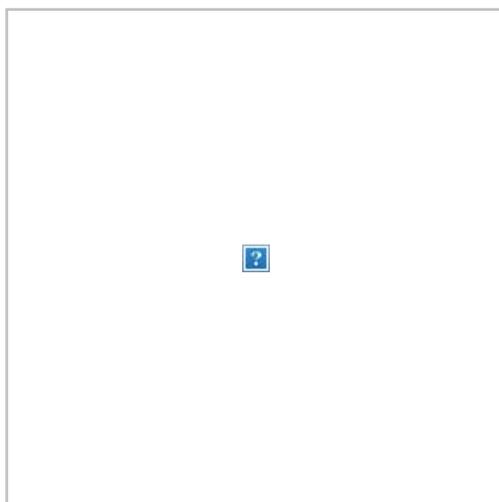
----- Forwarded message -----

From: **Shaun Cohen** <[cohen.shaun@equitybuild.com](mailto:cohen.shaun@equitybuild.com)>

Date: Wed, Jun 27, 2018 at 7:58 PM

Subject: Hans, Urgent: re: Your EquityBuild Investment

To: [REDACTED]



Hans,

If you are receiving this message then you are an investor on an affected project or projects to which this email pertains. Yesterday you received an email from the company letting you know that our team members would be reaching out to you. This email serves as further explanation so that you may have a deeper understanding prior to hearing from one of our team members.

There are a few factors that contributed to a need to restructure your investment in an effort to continue to both deliver a return on your investment and also a timely return of capital. Three years ago we were defrauded by a real estate vendor that we partnered with and the value of that impact is at least \$12mm. We filed a lawsuit against the vendor and the principals. Since both the vendor and its principals have filed for bankruptcy it is clear that we will receive no restitution. This experience was the catalyst for our bringing in house all components necessary to move the business forward which included the hiring of an in house underwriter, director of operations, asset manager, construction manager and bringing in third party resources that included property managers, contractors and

local counsel while developing relationships with the City Departments divorced of the vendor that we had engaged with that failed to meet all of the requirements necessary to maintain a positive relationship with them.

Additionally, our underwriting assumptions for the completion of each project varied anywhere from 9-24 months. Due to other market factors outside of our control, both construction and lease up activity in the affected buildings have taken longer than what the underwriting model assumed. Lastly, changes in the Fannie Mae and Freddie Mac guidelines have had an impact on our ability to refinance the properties within the timeline originally projected. There were multiple changes but the most notable were (1) that their minimum loan amount on a multi-family commercial property grew to \$1mm and (2) that the required ownership time in order to refinance using the appraised value grew from simply 90 days at 90% occupancy to 24 months ownership plus most recent 90 days operating at 90% occupancy. Fannie and Freddie set the standard the majority of lenders follow. Each of the changes that these lenders imposed required an adjustment be made to our buying and underwriting processes and we made those adjustments in response. We have developed very strong relationships with city officials and also with agency lenders (Freddie and Fannie).

Additionally, because of our activity in the market we have become one of the go to buyers for undermanaged or underperforming assets in the marketplace and have grown the portfolio to over 90 buildings comprised of nearly 1600 units representing a value of well over \$100,000,000. The buildings remain on a pathway toward the required capital improvements and the stabilization of the rental income in order to realize the highest possible value.

The submarkets of the South Side of Chicago in which we focus have seen a large uptick in both private and public investment. Projects such as the Obama Library and the Jackson Park golf course amongst others have helped drive values faster than we had predicted. The city itself is seeing an increase in the median income level and a surge in construction projects. With 57 cranes in the sky, Chicago boasts the largest number of large construction projects in the country.

In conclusion, Chicago is seeing increased growth and the sub-markets that you are invested in are seeing increases in asset values. Much of the delays we have experienced in the affected properties have been from elements beyond our control and that we could not have foreseen. As a result, a restructuring of your investment will allow us to continue to offer excellent returns as well as a timely return of your principal.

With respect to the options that will be made available, we are refining both debt and equity options that will be presented when you talk to our team member. Each option will detail the return expectations, the exit strategy and the return of capital timeline. The primary objective is to have the return of capital be as soon as it humanly possible.

**Please note, we fully understand you will have questions and over the coming days our team members will be calling each and every one you to discuss how your particular project or projects have been affected and what investment options we are offering, Our team members will have the information that pertains to your particular project or projects and will be able to answer your questions.**

**As an additional convenience, you will be receiving an email over the coming few days from one of our team members offering you access to their calendar which**

you can use to set an appointment that best suits your schedule.

If, after reading this or speaking to one of our team members you continue to have questions, we have set up a unique email address at [questions@equitybuild.com](mailto:questions@equitybuild.com) and we ask you to please direct any questions to that address. We will work to answer your questions in a timely manner.

Finally, if you do not set an appointment, one of our team members will be calling you to review restructured investment options with you so that we move on to delivering the result anticipated by the restructuring.

Thank you for your loyalty and understanding.

Sincerely,

Shaun Cohen  
Vice President  
EquityBuild Inc.  
[info@equitybuild.com](mailto:info@equitybuild.com)  
**(877) 978-1869**

The information contained herein was obtained from sources deemed reliable. However, EquityBuild makes no guarantees, warranties or representations as to the completeness or accuracy of this information. This is not an offer to purchase or sell any securities. Any such offer can be made only by transmitting to any prospective investor a Confidential Private Placement Memorandum or other document intended to give a prospective investor all relevant information in order to make an informed decision about an investment. All such information should be considered carefully by any prospective investor before making any investment.



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# EXHIBIT

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**DECLARATION OF DEBBIE LASLEY**

1. My name is Debbie Lasley. I am 67 years old and live in SALRAMENTO California. I have personal knowledge of the facts described in this declaration.
2. My late husband and I used to own a storage-facility business. We sold the business and I am now retired.
3. After my husband passed away, I began to explore investing in order to earn some income. I believe I learned about Equitybuild from an email that I received.
4. Prior to deciding to invest in Equitybuild, I communicated with several Equitybuild employees: Shaun Cohen, Kira Golden, and Elizabeth Kammerer. These individuals provided me with information regarding Equitybuild. Among other things, they sent me a video about Equitybuild featuring William Shatner.
5. I was told by Equitybuild that my money would be invested in real estate and that I would have a "first lien" position on the property in which I chose to invest. I took that to mean that my investment would be secure. I assumed, based on what Shaun Cohen, Golden and Kammerer told me, that if Equitybuild defaulted, I could simply foreclose on the property and recoup my principal. I was not told that if I wanted to foreclose, I would have to somehow join together with other investors on the mortgage in order to do so.
6. In addition, Equitybuild's representative, Kammerer, told me that no Equitybuild investments had ever lost money.
7. At no time did Equitybuild disclose to me that they would be taking fees out of the funds that I invested with Equitybuild. To the contrary, based on what Equitybuild personnel

told me, I believed that all of my money was going toward purchasing and renovating properties, so that they could be sold for a profit.

8. At no time did Equitybuild disclose to me that any portion of the funds I invested with Equitybuild could be used to pay interest payments to other Equitybuild investors. If I had known that, it would have made a difference to me.
9. Prior to investing, I told Kammerer that I could not afford to lose my investment. Equitybuild did not ask for – and I did not provide – information about my finances.

#### **The Bingham Investment**

10. I first invested with Equitybuild on December 30, 2014. I invested \$55,000. In return, I received a promissory note, which set forth the terms of my investment. The note was secured by a property in Houston, Texas at 1102 Bingham. A copy of the promissory note is attached here as Exhibit A.
11. I understood that I was buying out another investor's position on the Bingham property. I was not told why the previous investor wanted to be bought out. I was not told that there were any issues with the Bingham property.
12. I never received any interest payments on my Bingham investment.
13. My principal payment for the Bingham investment became due in June of 2015. I was told that I could not get my principal or any interest because there had been a problem with the contractor who was supposed to develop the property.
14. I asked for my principal back, because it was due to me under the terms of the note. I was told that I could only be repaid if another investor agreed to "buy out" my position

on the Bingham property. Equitybuild personnel told me that I was put on a “buyout list” in June of 2015, but I was not bought out.

15. Later, an Equitybuild representative named John Allred told me that he was confident the Bingham property would sell, and that I would be repaid my principal. Based on those representations, I agreed to be taken off of the “buyout list.”
16. Around January of 2018, Equitybuild converted my Bingham note into an unsecured promissory note. I was told that this was the best thing for me to do if I needed my funds back. Under the terms of the unsecured promissory note, I was to receive about \$2,700 per month (8% on my principal amount plus unpaid interest) until my money was repaid. I received three payments, and then the payments stopped.

#### **The 64<sup>th</sup> Street Investment**

17. I invested additional funds with Equitybuild a few months after my original investment, and before any principal had come due. This second investment was in February of 2015. It was for a property located at 2736 W. 64<sup>th</sup> Street, in Chicago. I invested \$50,000 on a note, which provided for interest payments, paid monthly, and a return of my principal at the end of the term. A copy of this note is attached here as Exhibit B.
18. I was told by Equitybuild that my investment was to be used to purchase and rehabilitate a property located on West 64<sup>th</sup> Street in Chicago, Illinois. I was told that the investment was a “very low risk scenario.”
19. I received monthly interest payments of \$500 for my West 64<sup>th</sup> Street investment. My principal was due in March 2017. I did not receive my principal.

20. I requested a buyout for my 64<sup>th</sup> Street investment on April 6, 2017. At that time, John Allred told me that Equitybuild was no longer doing buy outs and that there was nothing he could do at that time. Allred explained that Equitybuild was in the process of putting a number of its properties into funds, and once the funds were fully funded, the original investors could be paid out.
21. Around June of 2017, I placed a notice on a website, "Bigger Pockets" regarding my experience investing with Equitybuild. Soon afterward, Shawn Cohen called me and asked me to remove my posting. He also gave me his word that I would get my principal back from my 64<sup>th</sup> Street investment within 90-120 days.

#### **RECENT DEVELOPMENTS**

22. On May 24, 2018, I received an e-mail from Shaun Cohen notifying me that Equitybuild was changing the terms of my investment. He said that Equitybuild had refinanced the 64<sup>th</sup> Street property, but had only received enough money to partially repay investors. I had a choice to either place my original principal balance into an equity fund, or to put a smaller amount, *i.e.*, my "pro-rata" share of a 28% partial payout into a different fund. A copy of this email is attached here as Exhibit C.
23. I am very confused about what Equitybuild has done. I do not understand how Equitybuild could sell interest in this property, or refinance, or transfer title, without notifying me.
24. I never consented to refinance of the 64<sup>th</sup> Street property. I never consented to transferring title of the 64<sup>th</sup> Street property. And I never consented to a restructuring of my investment.

25. On June 4<sup>th</sup>, I received an email from Equitybuild explaining that, due to some issues back in 2014 and 2015 with one of its vendors – G-Slow – Equitybuild had taken on a “debt load that is not sustainable” and that continuing to pay investors’ interest “would lead to an inevitable disaster.” So, Equitybuild was converting my investment into equity. Further, Equitybuild would not be making my scheduled interest payment. A copy of this email is attached here as Exhibit D.
26. Currently, I have Stage 4 Chronic Kidney Disease. I count on the returns from my Equitybuild investments for my medical expenses.

I declare under penalty of perjury that the foregoing is true and correct. Executed on 7-27-18 in SACRAMENTO, CA



Debbie Lasley

# **EXHIBIT A**

<p><b><u>THE LENDERS</u></b>  The persons listed on  <u>Exhibit A</u> to this Note  c/o HARD MONEY  COMPANY, LLC  d/b/a Venture Hard Money  Capital, LLC  5068 West Plano Pkwy. #300  Plano, TX 75093</p>	<p><b><u>THE BORROWER</u></b>  EQUITYBUILD, INC.  1083 N Collier Blvd. #132  Marco Island, FL 34145  d/b/a EB Equitybuild Capital, Inc</p>
---	--

<p><b>COMMERCIAL  FLAT RATE  NON-RECOURSE  PROMISSORY NOTE</b>  With Balloon Payment  Texas</p>
---

Annual Interest Rate	Principal	Funding Date	Maturity Date	Loan Number
15% For 8 Months	\$1,663,053	March 21, 2014	November 21, 2014	N/A

FOR VALUE RECEIVED, EquityBuild, Inc., a Florida corporation d/b/a EB Equitybuild Capital, Inc. (the "Borrower"), promises to pay the persons listed on Exhibit A hereto (each, a "Lender" and collectively, the "Lenders") in the manner set forth in Section 1 below the aggregate principal sum of **ONE MILLION SIX HUNDRED SIXTY THREE THOUSAND FIFTY THREE and 00/100 DOLLARS (\$1,663,053.00)**, together with interest from the above date at the interest rate of **FIFTEEN PERCENT (15.0%)** per annum (the "Interest Rate") on the unpaid principal balance until paid (the "Loan").

Anything in this Commercial Flat Rate Non-Recourse Promissory Note (this "Note") contrary notwithstanding, the entire unpaid balance of the principal sum and all unpaid interest accrued thereon shall, unless sooner paid, be and become due and payable on November 21, 2014 ("Maturity Date") unless extended pursuant to Section 6 below.

1. **Application of Payments.** All payments on this Note shall be made in lawful money of the United States of America and shall be applied first to any late charges due hereunder, second to the payment of accrued but unpaid interest and the remainder to the reduction of principal. The Borrower shall make all payments when due, without set-offs of any nature and shall pay each Lender (to an account directed by the Collateral Agent (as defined below)) the ratable share of such payouts based on each Lender's percentage of the Loan set forth on Exhibit A hereto.

2. **Security; Collateral Agent.** This Note, to the extent of the full face amount hereof, evidences the indebtedness of the Borrower to the Lenders by virtue of monies loaned to the Borrower at the Borrower's special instance and request, and the payment hereof is secured the lien created in a Deed of Trust (With Security Agreement and Assignment of Rents) of even date herewith to Shaun Cohen, TRUSTEE, covering 1102 Bingham Street, Houston, Texas 77007 (the "Property"), as collateral agent for the ratable benefit of the Lenders (the "Collateral Agent"); for the purpose of purchasing the Property, all pursuant to the terms that certain Collateral Agency and Servicing Agreement dated as of even date herewith by and among the Collateral Agent and the Lenders (the "CA Agreement"). Both this Note and the Deed are given in consideration of a loan of even date herewith in the amount of the principal sum advanced by the Lenders to the Borrower. Pursuant to the terms of the CA Agreement, the Lenders have irrevocably delegated their rights under this Note to the Collateral Agent and as such the Collateral Agent shall have authority to act on behalf of the Lenders hereunder where such action is required or permitted. Other than pursuant to the terms of the Deed, this Note is without recourse under any circumstances to the assets of the Borrower.

3. **Events of Default.** An Event of Default will occur under this Note in the event that the Borrower:

(a) Fails to make any payment of principal and/or interest or any other sum due hereunder when the same is due pursuant to the terms of this Note;

(b) Applies for or consents to the appointment of a receiver, trustee or liquidator of the Borrower or of all or a substantial part of its assets;

(c) Files a voluntary petition in bankruptcy, whether by the Federal Bankruptcy Act or any similar State statute, or admits in writing its inability to pay its debts as they come due;

(d) Makes an assignment for the benefit of creditors;

(e) Files a petition or an answer seeking a reorganization or an arrangement with creditors or seeking to take advantage of any insolvency law;

(f) Performs any other act of bankruptcy;

(g) Files an answer admitting the material allegations of a petition filed against the Borrower in any bankruptcy, reorganization or insolvency proceeding;

(h) Permits the entry of any order, judgment or decree by any court of competent jurisdiction adjudicating the Borrower a bankrupt or an insolvent or approving a

receiver, trustee or liquidator of the Borrower or of all or a substantial part of its assets; or there otherwise commences with respect to the Borrower or any of its assets any proceeding under any bankruptcy, reorganization, arrangement, insolvency, readjustment, receivership or like law or statute, and if the order, judgment, decree or proceeding continues unstayed for any period of sixty (60) consecutive days, or continues in effect for more than ten (10) days after any stay thereof;

(i) Fails to perform or violates any obligations or covenants under the terms of this Note or the Deed;

(j) Defaults under the terms of any note, mortgage, deed of trust, security instrument, or any other loan documents or written agreements for any other loans secured by the Property;

(k) Fails to keep an insurance policy in place on the Property with the Collateral Agent as the mortgagee and/or as the loss payee including its successor and/or assigns; or

(l) Fails to keep property taxes current on the Property.

4. **Rights of the Lenders On Event of Default.** Upon the occurrence of an Event of Default as set forth herein, or in the event of the breach of any covenant or obligation contained in the herein referred to Deed on the part of the undersigned to be kept, observed or performed, the Collateral Agent on behalf of the Lenders, at its sole and absolute discretion, may exercise one or more of the following remedies without notice or demand (except as required by law):

(a) Declare the entire unpaid balance of principal of this Note, along with accrued and unpaid interest thereon and all other charges, costs and expenses, provided for herein and in the Deed immediately due and payable;

(b) Collect the outstanding obligations of the Borrower with or without judicial process;

(c) Take possession of any collateral in any manner permitted by law;

(d) Require the Borrower to deliver and make available to the Collateral Agent on behalf of the Lenders any collateral at a place reasonably convenient to the Borrower and the Collateral Agent;

(e) Sell, lease or otherwise dispose of any collateral and collect any deficiency balance with or without resorting to legal process;

(f) Assume any and all mortgages/deeds of trust in existence at the time of default on all collateral securing the Loan; or

(g) Exercise all other rights available to the Lenders or the Collateral Agent under any other written agreement or applicable law.

At any time an Event of Default shall have occurred and be continuing and/or after maturity of the Loan, including maturity upon acceleration, the unpaid principal balance, all accrued and unpaid interest and all other amounts payable under the Note shall bear interest at the Default Rate (as defined below). The unpaid principal balance shall continue to bear interest after the Maturity Date at the Default Rate until and including the date on which it is paid in full. Interest under this Note shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

The Lenders' remedies in this Section are in addition to any available at common law and nothing in this Section shall impair any right which they have under this Note, or at law or in equity, to accelerate the debt on the occurrence of any other Event of Default, whether or not relating to this Note. The Lenders' rights or remedies as provided in this Note shall be cumulative and concurrent and may be pursued singly, successively, or together against the Borrower, at the Collateral Agent's sole and absolute discretion. The Borrower shall pay to the Collateral Agent on the Collateral Agent's demand the amount of all expenses incurred by the Collateral Agent or the Lenders (a) in enforcing the Lenders' rights under this Note or the Deed, or (b) as the result of a default by the Borrower under this Note or the Deed, including but not limited to the cost of collecting any amount owed hereunder, and any reasonable attorney's fees. The failure by the Collateral Agent to exercise any of its options contained herein shall not constitute a waiver of the right to exercise such option in the event of any subsequent default. Notwithstanding anything to the contrary stated herein, Lenders agree that for payment of this Note it will look solely to the Property given to secure the payment of this Note (or the proceeds from the sale thereof), and no other assets of the Borrower shall be subject to levy, execution or other enforcement procedure for the satisfaction of the remedies of Lenders, or for any payment required to be made under this Note.

5. **Costs and Expenses.** To the extent permitted by law, the Borrower agrees to pay any and all reasonable fees and costs, including, but not limited to, fees and costs of attorneys and other agents (including without limitation paralegals, clerks and consultants) which are incurred by the Collateral Agent or the Lenders in collecting any amount due or enforcing any right or remedy under this Note or the Deed, whether or not suit is brought, including, but not limited to, all fees and costs incurred on appeal, in bankruptcy, and for post-judgment collection actions.

6. **Extensions.** The Borrower shall have the right, upon ten (10) days written notice to the Collateral Agent prior to the Maturity Date or the end of any Extension Month (as defined below), to elect to extend the Maturity Date (or any Extension Month), by one (1) month (each an "Extension Month") provided, however, that the Borrower may only elect to extend the Maturity Date by a maximum of one (1) Extension Months (or until the nine (9) month anniversary of the date of this Note. The interest rate and other terms of this Note shall remain the same during any Extension Month.

7. **Forbearance.** The Collateral Agent shall not by any act or omission to act be deemed to waive any of its rights or remedies hereunder unless such waiver is in writing and signed by the Collateral Agent on behalf of the Lenders and then only to the extent specifically set forth therein. A waiver on one occasion shall not be construed as continuing or as a bar to or waiver of such right or remedy on any other occasion. All remedies conferred upon the Collateral Agent on behalf of the Lenders by this Note or any other instrument or agreement connected herewith or related hereto shall be cumulative and none is exclusive, and such remedies may be exercised concurrently or consecutively at the Collateral Agent's option.

8. **Modification and Waiver.** The Borrower waives valuation and appraisalment, presentment and demand for payment, notice of intent to accelerate maturity, notice of acceleration of maturity, protest or notice of protest and nonpayment, bringing of suit and diligence in taking any action to collect any sums owing hereunder or in proceeding against any of the rights and properties securing payment hereof, and trial by jury in any litigation arising out of, relating to, or connected with this Note or any instrument given as security hereof.

9. **Voluntary and Involuntary Prepayments.**

(a) A prepayment shall be payable in connection with any prepayment made under this Note as provided below:

(i) The Borrower may voluntarily prepay all of the unpaid principal balance of this Note on a Business Day designated as the date for such prepayment in a Notice from the Borrower to the Collateral Agent given at least 10 days prior to the date of such prepayment. Such prepayment shall be made by paying (A) the amount of principal being prepaid, (B) all accrued interest, and (C) all other sums due the Lenders at the time of such prepayment. For purposes of this Note, a "Business Day" means any day other than a Saturday, Sunday or any other day on which banks in the State of Texas are not open for business.

(ii) Upon the Collateral Agent's exercise of any right of acceleration under this Note, the Borrower shall pay to the Lenders in accordance with Section 1 above, in addition to the entire unpaid principal balance of this Note outstanding at the time of the

acceleration, (A) all accrued interest and (B) all other sums due the Lenders to the extent such sums do not exceed the maximum rate permitted by applicable law.

(b) The Borrower recognizes that any prepayment of the unpaid principal balance of this Note, whether voluntary or involuntary or resulting from a default by the Borrower, will result in the Lenders' incurring loss, including reinvestment loss, additional expense and frustration or impairment of the Lenders' ability to meet their respective commitments to third parties. The Borrower agrees that it is extremely difficult and impractical to ascertain the extent of such damages.

10. **Default Rate.** So long as (a) payment under this Note remains past due for thirty (30) days or more (including upon the Maturity Date) or (b) any other Event of Default has occurred and is continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of such payment or the occurrence of such other Event of Default, as applicable, at a rate (the "Default Rate") equal to the lesser of seven (7) percentage points above the rate stated in the first paragraph of this Note or the maximum interest rate which may be collected from the Borrower under applicable law.

11. **Loan Charges/Maximum Rate Permitted By Law.** This Note shall not be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the maximum interest rate permitted to be charged under applicable law. If any applicable law limiting the amount of interest or other charges permitted to be collected from the Borrower in connection with the Loan is interpreted so that any interest violates that law, and the Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to the Lenders in excess of the permitted amounts shall be applied by the Lenders to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from the Borrower has been violated, all indebtedness that constitutes interest, as well as all other charges made in connection with the indebtedness that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of the Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Note.

12. **Waiver of Jury Trial.** THE PARTIES HERETO WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF, OR IN ANY WAY PERTAINING TO, THIS NOTE OR ANY MORTGAGE/DEED OF TRUST ARISING FROM THIS NOTE. THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS. THIS WAIVER IS KNOWINGLY, WILLINGLY AND

VOLUNTARILY MADE BY THE BORROWER AND THE COLLATERAL AGENT ON BEHALF OF THE LENDERS, AND THE BORROWER AND THE COLLATERAL AGENT ON BEHALF OF THE LENDERS EACH HEREBY REPRESENTS TO THE OTHER THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT.

13. **Notices.** Any Notice or other communication required, permitted or desirable under the terms of this Note shall be sufficiently given if sent to each party as follows:

The Collateral Agent on behalf of the Lenders:

**HARD MONEY COMPANY, LLC**  
5068 WEST PLANO PKWY. #300  
PLANO, TX 75093  
Fax: 239-244-8666  
Email: shaun.d.cohen@gmail.com

The Borrower: **EQUITYBUILD, INC.**

1083 N. COLLIER BLVD. #132  
MARCO ISLAND, TX 34145  
Fax: 202-204-8423  
Email: jerry@equitybuild.com

Any notice, demand, consent, approval, request or other communication or document to be given hereunder to a party hereto shall be (a) in writing, and (b) deemed to have been given (i) on the 3rd business day after being sent as certified or registered mail in the United States mails, postage prepaid, return receipt requested, or (ii) on the next business day after being deposited (with instructions to deliver it on that business day) with a reputable overnight courier service, or (iii) (if the party's receipt thereof is acknowledged in writing) on being sent by telefax or another means of immediate electronic communication, in each case to the party's address set forth above or any other address in the United States of America which it designates from time-to-time by notice to each other party hereto, or (iv) (if the party's receipt thereof is acknowledged in writing) on being given by hand or other actual delivery to the party.

14. **Entire Agreement.** The terms and conditions of this Note together with the terms and conditions of the Deed which is incorporated herein by reference as if set forth fully herein contain the entire understanding between the Borrower and the Collateral Agent on behalf of the Lenders with respect the indebtedness evidenced hereby. Such understanding may not be

modified, amended or terminated except in a written document duly executed by the Borrower and the Collateral Agent on behalf of the Lenders.

15. **Binding Obligation.** This Note shall be binding upon the heirs, successors and assigns of the Borrower and the Collateral Agent.

16. **Governing Law.** This Note is delivered and made in, and shall be construed pursuant to the laws of the State of Texas. Unless applicable law provides otherwise, the parties hereto consent to the jurisdiction and venue of any court of competent jurisdiction located in Collin County, Texas.

17. **Construction.** As used herein, Person means a natural person, trustee, corporation, partnership, limited liability company or other legal entity, and all references made (a) in the neuter, masculine or feminine gender shall be deemed made in all genders, (b) in the singular or plural number shall also be deemed made in the plural or singular number, and (c) to any Section, subsection, paragraph or subparagraph shall, unless therein expressly indicated to the contrary, be deemed made to that part of this Note. The headings of those parts are provided only for convenience of reference, and shall not be considered in construing their contents. Each document referred to herein as being attached hereto as an exhibit or otherwise designated herein as an exhibit hereto shall be a part hereof.

18. **Assignment.** The Borrower agrees not to assign any of the Borrower's rights, remedies or obligations described in this Note without the prior written consent of the Collateral Agent, which consent may be withheld by the Collateral Agent in its sole discretion. The Borrower agrees that the Collateral Agent is entitled to assign some or all of its rights and remedies described in this Note without notice to or the prior consent of the Borrower.

19. **Commercial Purpose.** It is expressly stipulated, warranted and agreed that the loan evidenced by this Note and any related loan document is a "commercial loan" under applicable State or Federal law, and all proceeds shall be used for business, commercial or investment purposes and expressly not for personal, family or household purposes.

20. **Arbitration.** If arbitration has been agreed to, the Borrower(s) and the Collateral Agent on behalf of the Lenders have entered into a separate Arbitration Agreement on this date, the terms of which are incorporated herein and made a part hereof by reference.

21. **Consent To Relief From Automatic Stay.** The Borrower hereby agrees that if any of them shall (a) file with any bankruptcy court of competent jurisdiction or be the subject of any petition under Title 11 of the U.S. Code, as amended; (b) be the subject of any order for relief issued under such Title 11 of the U.S. Code, as amended; (c) file or be the subject of any petition

seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or other relief for debtors; (d) seek, consent to or acquiesce in the appointment of any trustee, receiver, conservator or liquidator; or (e) be the subject of any order, judgment or decree entered by any court of competent jurisdiction approving a petition filed against the Borrower for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or relief for debtors, the Collateral Agent on behalf of the Lenders shall thereupon be entitled to relief from any automatic stay imposed by Section 362 of Title 11 of the U.S. Code, as amended, or from any other stay or suspension of remedies imposed in any other manner with respect to the exercise of the rights and remedies otherwise available to the Collateral Agent on behalf of the Lenders under this Note or any related loan document.

***[Remainder of page intentionally left blank; next page is signature page.]***

DATED: \_\_\_\_\_

EQUITYBUILD, INC. d/b/a EB Equitybuild  
Capital, Inc.

By: \_\_\_\_\_  
Name:  
Title:

STATE OF \_\_\_\_\_, COUNTY OF \_\_\_\_\_: ss:

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, a notary public, \_\_\_\_\_ personally appeared \_\_\_\_\_ . To me known (or proved to me on the basis of satisfactory evidence) to be the person(s) who executed the foregoing instrument and acknowledged the same for the purpose therein contained and in my presence signed and sealed the same.

\_\_\_\_\_  
NOTARY PUBLIC

My Comm. Expires: \_\_\_\_\_

COLLATERAL AGENT:

Agreed and accepted on \_\_\_\_\_, 2014:

HARD MONEY COMPANY, LLC d/b/a Venture Hard Money Capital, LLC, as collateral Agent on behalf of the Lenders

By: \_\_\_\_\_  
Name:  
Title:

[Signature Page to Commercial Flat Rate Non-Recourse Promissory Note]

# **EXHIBIT B**

<b>LENDER</b> The persons listed on <b>Exhibit A to the Note</b> <b>C/O EQUITYBUILD FINANCE, LLC</b> <b>5068 WEST PLANO PKWY #300</b> <b>PLANO, TX 75093</b>	<b>BORROWER</b> <b>EQUITYBUILD, INC.</b> <b>1083 N COLLIER BLVD. #132</b> <b>MARCO ISLAND, FL 34145</b>
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**COMMERCIAL FLAT**  
**RATE PROMISSORY**  
**NOTE**  
**With Balloon Payment**  
**Illinois**

Interest Rate	Principal	Funding Date	Maturity Date	Loan Number
<b>15%</b> For 24 Months	<b>\$740,000</b>	<b>02/23/2015</b>	<b>03/01/2017</b>	<b>N/A</b>

THIS LOAN IS PAYABLE IN FULL ON OR BEFORE THE "MATURITY DATE" LISTED HEREIN. YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND ANY UNPAID INTEREST, AND FEES AND COSTS, THEN DUE TO THE LENDER. **LENDER IS UNDER NO OBLIGATION TO REFINANCE, EXTEND OR MODIFY THE LOAN AT THAT TIME.** YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER (WHICH MAY OR MAY NOT BE THE LENDER YOU HAVE THIS LOAN WITH), WILLING TO LEND YOU THE MONEY. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM THE SAME LENDER. FOR VALUE RECEIVED, the undersigned Borrower(s), Maker(s) and/or Guarantor(s) (hereinafter the "Borrower") promises to pay **The persons listed on Exhibit A to this Note C/O EquityBuild Finance, LLC** (hereinafter collectively referred to as the "Holder" or "Lender"), at **5068 West Plano Pkwy. #300 Plano, TX 75093**, the principal sum of **SEVEN HUNDRED FORTY THOUSAND and 00/100 DOLLARS (\$740,000.00)**, together with interest from the above date at the interest rate of **FIFTEEN PERCENT (15.0%)** per annum on the unpaid principal balance until paid. The principal of this Note, plus accrued interest at the rate aforesaid, shall be due and payable in **TWENTY-FIVE (25)** installments as follows:

- a) ONE (1) interest payment in the amount of **TWO THOUSAND FOUR HUNDRED SIXTY-SIX and 67/100 DOLLARS (\$2,466.67)**, beginning on or before **FEBRUARY 18, 2015**; and
- b) TWENTY-THREE (23) equal and consecutive interest only payments in the amount of **NINE THOUSAND TWO HUNDRED FIFTY and 00/100 DOLLARS (\$9,250.00)**, beginning on or before **APRIL 01, 2015** and continuing each and every month thereafter; and
- c) One (1) final balloon payment on or before **MARCH 01, 2017**, at which time the entire principal balance, together with accrued but unpaid interest thereon, and any costs and expenses, shall be due and payable.

Anything in this Note contrary notwithstanding, the entire unpaid balance of the principal sum and all unpaid interest accrued thereon shall, unless sooner paid, be and become due and payable on **MARCH 01, 2017** ("Maturity Date").

1. **Application of Payments.** All payments on this Note shall be made in lawful money of the United States of America and shall be applied first to any late charges due hereunder, second to the payment of accrued but

unpaid interest and the remainder to the reduction of principal. The Borrower shall make all payments when due, without set-offs of any nature.

2. **Late Charge/Dishonored Check.** There shall be a grace period of five (5) days for any payment due under this Note. The Borrower shall pay a late charge of 5% of the monthly payment amount, or \$50.00, whichever is greater, if such payment is received by Lender after the grace period. If the Maturity Date of the Note has expired the late fee will be at the rate of 1.5% per month plus the face amount of the Note. In the event any check given by Borrower to Lender as a payment on this Note is dishonored, or in the event there are insufficient funds in Borrower's designated account to cover any preauthorized monthly debit from Borrower's checking account, then, without limiting any other charges or remedies, Borrower shall pay to Lender a processing fee of \$50.00 (but not more than the maximum amount allowed by law) for each such event.

3. **Security.** To secure the payment and performance of obligations incurred under this Note, this Note shall be secured by and subject to the terms of a Mortgage of even date herewith from the Borrower which encumbers real property and improvements located at

**2736 W 64<sup>th</sup> St., Chicago, IL 60629**, and the maturity hereof is subject to acceleration as therein set forth. Both this Note and the Mortgage are given in consideration of a loan of even date herewith in the amount of the principal sum by the Lender to the Borrower.

In addition to the property described above, Borrower grants Lender a security interest in all of Borrower's right, title and interest in all monies and instruments of Borrower that are now or in the future in Lender's custody or control.

4. **Events of Default.** An Event of Default will occur under this Note in the event that Borrower any guarantor or any other third party pledging collateral to secure this Note:

- a. Fails to make any payment of principal and/or interest or any other sum due hereunder when the same is due pursuant to the terms of this Note;
- b. If Borrower, guarantor or such third party:
  - i. Applies for or consents to the appointment of a receiver, trustee or liquidator of Borrower, guarantor or such third party or of all or a substantial part of its assets;
  - ii. Files a voluntary petition in bankruptcy, whether by the Federal Bankruptcy Act or any similar State statute, or admits in writing its inability to pay its debts as they come due;
  - iii. Makes an assignment for the benefit of creditors;
  - iv. Files a petition or an answer seeking a reorganization or an arrangement with creditors or seeking to take advantage of any insolvency law;
  - v. Performs any other act of bankruptcy; or
  - vi. Files an answer admitting the material allegations of a petition filed against Borrower, guarantor or such third party in any bankruptcy, reorganization or insolvency proceeding; or
- c. Permits the entry of any order, judgment or decree by any court of competent jurisdiction adjudicating Borrower, guarantor or such third party a bankrupt or an insolvent, or approving a receiver, trustee or liquidator of Borrower, guarantor or such third party or of all or a substantial part of its assets; or
- d. There otherwise commences with respect to Borrower, guarantor or such third party or any of its assets any proceeding under any bankruptcy, reorganization, arrangement, insolvency, readjustment, receivership or like law or statute, and if the order, judgment, decree or proceeding continues unstayed for any period of 60 consecutive days, or continues in effect for more than 10 days after any stay thereof.
- e. Fails to perform or violates any obligations or covenants under the terms of this Note or any Mortgages or any additional loan documents or any other present or future written agreements regarding this Note or any other indebtedness or obligations between Borrower, guarantor or such third party and Lender;
- f. Defaults under the terms of any note, mortgage, security instrument, or any other loan documents or written agreements for any other loans secured by the property representing the collateral for this Note;

- g. Permits the entry of any judgment or lien, or the issuance of any execution, levy, attachment or garnishment proceedings against Borrower, guarantor or such third party;
- h. Sells or otherwise conveys any property which constitutes security or collateral for the payment of this Note without the prior written consent of the Lender and/or the destruction, loss or damage to such collateral in any material respect and/or the seizure, condemnation or confiscation of the collateral;
- i. Provides or causes to be provided any false or misleading signature or representation to be provided to Lender;
- j. Has a garnishment, judgment, tax levy, attachment or lien entered or served against Borrower, any guarantor, or any third party pledging collateral to secure this Note or any of their property;
- k. Dies, becomes legally incompetent, is dissolved or terminated, or ceases to operate its business;
- l. Fails to provide Lender evidence of satisfactory financial condition;
- m. Has a majority of its outstanding voting securities sold, transferred or conveyed to any person or entity other than any person or entity that has the majority ownership as of the date of the execution of this Note;
- n. Causes Lender to deem itself insecure due to a significant decline in the value of any real or personal property securing payment of this Note, or Lender, in good faith believes the prospect of payment or performance is impaired;
- o. Fails to keep an insurance policy in place on the subject property being used as collateral for this loan with Lender as the mortgagee and/or as the loss payee including its successor and/or assigns;
- p. Fails to keep property taxes current on property used as security for this Note.

5. **Rights of Lender On Event of Default.** In the Event of Default as set forth herein, or in the event of the breach of any covenant or obligation contained in the herein referred to Mortgage or Loan Documents on the part of the undersigned to be kept, observed or performed, the Lender, at its sole and absolute discretion, may exercise one or more of the following remedies without notice or demand (except as required by law):

- a. Declare the entire unpaid balance of principal of this Note, along with accrued and unpaid interest thereon and all other charges, costs and expenses, provided for herein and in the Mortgage immediately due and payable. Such acceleration shall be automatic and immediate in the Event of Default is a filing under the Bankruptcy Code;
- b. Collect the outstanding obligations of Borrower with or without judicial process;
- c. Cease making advances under this Note or any other agreement between Borrower and Lender;
- d. Take possession of any collateral in any manner permitted by law;
- e. require Borrower to deliver and make available to Lender any collateral at a place reasonably convenient to Borrower and Lender;
- f. Sell, lease or otherwise dispose of any collateral and collect any deficiency balance with or without resorting to legal process;
- g. Assume any and all mortgages/deeds of trust in existence at the time of default on all collateral securing loans made to Borrower;
- h. Set-off Borrower's obligations against any amounts due to Borrower including, but not limited to, monies and instruments, maintained with Lender; and
- i. Exercise all other rights available to Lender under any other written agreement or applicable law.

At any time an Event of Default shall have occurred and be continuing and/or after maturity of the Loan, including maturity upon acceleration, the unpaid principal balance, all accrued and unpaid interest and all other amounts payable under the Note shall bear interest at the "Default Rate" set forth in this Note. The unpaid principal balance shall continue to bear interest after the Maturity Date at the Default Rate set forth in this Note until and including the date on which it is paid in full. Any regularly scheduled monthly installment of interest that is received by Lender before the date it is due shall be deemed to have been received on the due date solely for the purpose of calculating interest due. Any accrued interest remaining past due for 30 days or more shall be added to and become part of the unpaid principal balance and shall bear interest at the rate or rates specified in this Note, and any reference herein to "accrued interest" shall refer to accrued interest which has not become part of the unpaid principal balance. Interest under this Note shall



be computed on the basis of a 360-day year consisting of twelve 30-day months. Borrower shall make all payments of principal and interest under this Note without relief from valuation and appraisal laws.

Lender's remedies in this Section are in addition to any available at common law and nothing in this Section shall impair any right which the Holder has under this Note, or at law or in equity, to accelerate the debt on the occurrence of any other Event of Default, whether or not relating to this Note. Lender's rights or remedies as provided in this Note shall be cumulative and concurrent and may be pursued singly, successively, or together against Borrower or any guarantor or third party (without first having to proceed against Borrower), at Lender's sole and absolute discretion. Borrower shall pay to Lender on Lender's demand the amount of all expenses incurred by Lender (a) in enforcing its rights under this Note, or (b) as the result of a default by Borrower under this Note, including but not limited to the cost of collecting any amount owed hereunder, and any reasonable attorney's fees. The failure by Lender to exercise any of its options contained herein shall not constitute a waiver of the right to exercise such option in the event of any subsequent default.

6. **Costs and Expenses.** To the extent permitted by law, Borrower agrees to pay any and all reasonable fees and costs, including, but not limited to, fees and costs of attorneys and other agents (including without limitation paralegals, clerks and consultants), whether or not such attorney or agent is an employee of Lender, which are incurred by Lender in collecting any amount due or enforcing any right or remedy under this Note, whether or not suit is brought, including, but not limited to, all fees and costs incurred on appeal, in bankruptcy, and for post-judgment collection actions. Said collection fees shall be in the minimum amount of Fifteen Percent (15%) of the amount of the judgment as collected (or, if collected without judgment, a minimum fee of Fifteen Percent (15%) of the amount collected), which attorney's fee shall not be diminished by any other fees, costs or damages, but in no event shall the attorney's fees be less than \$3,000.00.

7. **Extensions.** The Borrower shall remain liable for the payment of this Note, including interest, notwithstanding any extension or extensions of time of payment or any indulgence of any kind or nature that the Lender may grant or permit any subsequent owner of the encumbered property, whether with or without notice to the Borrower and the Borrower hereby expressly waives such notice.

8. **Confessed Judgment.** UPON ANY DEFAULT BY THE BORROWER AS SET FORTH IN THIS NOTE, AND TO THE EXTENT PERMITTED BY LAW, THE BORROWER HEREBY AUTHORIZES ANY ATTORNEY AT LAW TO APPEAR FOR THE BORROWER IN ANY COURT OF COMPETENT JURISDICTION AND WAIVE THE ISSUANCE AND SERVICE OF PROCESS AND CONFESS A JUDGMENT AGAINST THE BORROWER IN FAVOR OF THE LENDER FOR SUCH AMOUNTS AS MAY THEN APPEAR TO BE UNPAID HEREON TOGETHER WITH COSTS, EXPENSES AND ATTORNEY'S FEES IN THE MINIMUM AMOUNT OF FIFTEEN PERCENT (15%) OF THE AMOUNT DUE FOR COLLECTION (BUT IN NO EVENT SHALL SUCH FEES BE LESS THAN \$3000.00), AND TO RELEASE ALL PROCEDURAL ERRORS AND WAIVE ALL RIGHTS OF APPEAL. IF THE CONFESSION OF JUDGMENT ABOVE PROVIDED FOR IS AUTHORIZED OR RECOGNIZED BY THE LAW OF THE JURISDICTION CONTROLLING BUT SUCH LAW REQUIRES SPECIAL FORMALITIES AND PROCEDURE, THEN THE SAID ATTORNEY IS EMPOWERED TO EXECUTE THE NECESSARY FORM AND COMPLY WITH SUCH SPECIAL PROCEDURES. THIS POWER OF CONFESSION OF JUDGMENT SHALL NOT BE EXHAUSTED BY ANY ONE OR MORE EXERCISES, AND THE POWER SHALL CONTINUE UNDIMINISHED AND MAY BE EXERCISED FROM TIME TO TIME AS OFTEN AS LENDER SHALL ELECT UNTIL ALL AMOUNTS PAYABLE TO LENDER UNDER THIS NOTE SHALL HAVE BEEN PAID IN FULL.

9. **Forbearance.** The Lender shall not by any act or omission to act be deemed to waive any of its rights or remedies hereunder unless such waiver is in writing and signed by the Lender and then only to the extent specifically set forth therein. A waiver on one occasion shall not be construed as continuing or as a bar to or waiver of such right or remedy on any other occasion. All remedies conferred upon the Lender by this Note or any other instrument or agreement connected herewith or related hereto shall be cumulative and none is exclusive, and such remedies may be exercised concurrently or consecutively at the Lender's option.

10. **Modification and Waiver.** Borrower and/or every person at any time liable for the payment of the debt evidenced hereby, waives the exercise of all exemption rights which it holds at law or in equity concerning to the debt evidenced by this Note whether under state constitution, homestead laws or otherwise. Borrower and any endorsers or guarantors hereof severally waive valuation and appraisal, presentment and demand for payment, notice of intent

to accelerate maturity, notice of acceleration of maturity, protest or notice of protest and nonpayment, bringing of suit and diligence in taking any action to collect any sums owing hereunder or in proceeding against any of the rights and properties securing payment hereof, and trial by jury in any litigation arising out of, relating to, or connected with this Note or any instrument given as security hereof.

From time to time, without affecting Borrower's obligation to pay any sums due under this Note and perform Borrower's covenants herein, without affecting the obligations of any endorser hereto or guarantor hereof, without giving notice to or obtaining the consent of Borrower or any endorser hereto or guarantor hereof, and without liability on the part of the Holder, Holder may, acting in its sole and absolute discretion, extend the Maturity Date or any other time for payment of interest hereon and/or principal hereof, reduce the payments hereunder, release anyone liable under this Note except a renewal of this Note, modify the terms and time of payment of this Note, join in any extension or subordination or exercise any option or election hereunder, modify the rate of interest or period of amortization or principal due date of this Note, or exercise any option or election hereunder. No one or more such actions shall constitute a novation.

#### 11. Voluntary and Involuntary Prepayments.

(a) A prepayment premium shall be payable in connection with any prepayment made under this Note as provided below:

(i) Borrower may voluntarily prepay all of the unpaid principal balance of this Note on a Business Day designated as the date for such prepayment in a Notice from Borrower to Lender given at least 30 days prior to the date of such prepayment. Such prepayment shall be made by paying (A) the amount of principal being prepaid, (B) all accrued interest, (C) all other sums due Lender at the time of such prepayment, and (D) the prepayment premium calculated pursuant to Section 11(f) of this Note. For purposes of this Note, a "Business Day" means any day other than a Saturday, Sunday or any other day on which Lender is not open for business. For all purposes including the accrual of interest, but excluding the determination of the prepayment date under Section 11(f) of this Note, any prepayment received by Lender on any day other than the last calendar day of the month shall be deemed to have been received on the last calendar day of such month.

(ii) Borrower may voluntarily prepay less than all of the unpaid principal balance of this Note (a "Partial Prepayment") at any time. Upon delivery of the Partial Prepayment, a prepayment premium calculated pursuant to Section 11(f) of this Note, based on the amount being prepaid, shall be due and payable to Lender upon demand.

(iii) Upon Lender's exercise of any right of acceleration under this Note, Borrower shall pay to Lender, in addition to the entire unpaid principal balance of this Note outstanding at the time of the acceleration, (A) all accrued interest, (B) and all other sums due Lender, and (C) the prepayment premium calculated pursuant to Section 11(f) of this Note, to the extent such prepayment premium does not exceed the maximum rate permitted by applicable law.

(iv) Any application by Lender of any proceeds of collateral or other security to the repayment of any portion of the unpaid principal balance of this Note prior to the Maturity Date and in the absence of acceleration shall be deemed to be a partial prepayment by Borrower, requiring the payment to Lender by Borrower of a prepayment premium. The amount of any such partial prepayment shall be computed so as to provide to Lender a prepayment premium computed pursuant to Section 11(f) of this Note without Borrower having to pay out-of-pocket any additional amounts.

(b) Notwithstanding the provisions of Section 11(a), no prepayment premium shall be payable with respect to (A) any prepayment made after the expiration of the Prepayment Premium Period (as defined in Section 11(f) of this Note), or (B) any prepayment occurring as a result of the application of any insurance proceeds or condemnation award under the Security Instrument.

(c) Any permitted or required prepayment of less than the unpaid principal balance of this Note shall not extend or postpone the due date of any subsequent monthly installments or change the amount of such installments, unless Lender agrees otherwise in writing.

(d) Borrower recognizes that any prepayment of the unpaid principal balance of this Note, whether voluntary or involuntary or resulting from a default by Borrower, will result in Lender's incurring loss, including reinvestment loss, additional expense and frustration or impairment of Lender's ability to meet its commitments to third parties. Borrower agrees to pay to Lender upon demand damages for the detriment caused by any prepayment, and agrees that it is extremely difficult and impractical to ascertain the extent of such damages. Borrower therefore acknowledges and agrees that the formula for calculating prepayment premiums set forth in Section 11(f) represents a reasonable estimate of the damages Lender will incur because of a prepayment.

(e) Borrower further acknowledges that the prepayment premium provisions of this Note are a material part of the consideration for the Loan, and acknowledges that the terms of this Note are in other respects more favorable to Borrower as a result of the Borrower's voluntary agreement to the prepayment premium provisions.

(f) Any prepayment premium payable under this Section 11 shall be computed as follows:

(i) If the prepayment is made between the date of the initial funding of the loan evidenced by this Note and the last day of **February 10, 2015**, the prepayment premium shall be the interest at the Note rate herein that would be earned on full loan amount for the balance of the Prepayment Premium Period.

(ii) If the prepayment is made after the expiration of the Prepayment Premium Period, there shall be no prepayment premium due.

12. **Default Rate.** So long as (a) any monthly installment under this Note remains past due for thirty (30) days or more or (b) any other Event of Default has occurred and is continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at a rate (the "**Default Rate**") equal to the lesser of **seven (7)** percentage points above the rate stated in the first paragraph of this Note or the maximum interest rate which may be collected from Borrower under applicable law. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate. Borrower acknowledges that (a) its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan, (b) during the time that any monthly installment under this Note is delinquent for thirty (30) days or more, Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Lender's ability to meet its other obligations and to take advantage of other investment opportunities; and (c) it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment under this Note is delinquent for thirty (30) days or more or any other Event of Default has occurred and is continuing, Lender's risk of nonpayment of this Note will be materially increased and Lender is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of the Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan. During any period that the Default Rate is in effect the additional interest accruing over and above the rate stated in the first paragraph of this Note shall be immediately due and payable in addition to the regularly scheduled principal and interest payments. Lender shall impose the Default Rate without any notice requirement to Borrower, guarantor or any third party pledging collateral as security for this Note.

13. **Loan Charges/Maximum Rate Permitted By Law.** Neither this Note nor any of the other Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the maximum interest rate permitted to be charged under applicable law. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower in connection with the Loan is interpreted so that any interest or other charge provided for in any Loan Document, whether considered separately or together with other charges provided for in any other Loan Document, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Lender in excess of the permitted amounts shall be applied by Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all indebtedness that constitutes interest, as well as all other charges made in connection with the indebtedness that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of the Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of the Note. If Lender reasonably determines that the interest rate (together with all other charges or payments that may be deemed interest) stipulated under this Note is or may be usurious or otherwise limited by law, the unpaid balance of this Note, with accrued interest at the highest rate permitted to be charged by stipulation in writing between Lender and Borrower, at the option of Lender, shall immediately become due and payable.

14. **Waiver of Jury Trial.** THE BORROWER WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF, OR IN ANY WAY PERTAINING TO, THIS NOTE OR ANY DEED OF TRUST/MORTGAGE ARISING FROM THIS NOTE. THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY

OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE BORROWER, AND THE BORROWER HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT.

15. **Notices.** Any Notice or other communication required, permitted or desirable under the terms of this Note shall be sufficiently given if sent to each party as follows:

Lender: The persons listed on Exhibit A to this Note  
C/O EquityBuild Finance, LLC  
5068 West Plano Pkwy, #300  
Plano, Texas 75093  
Fax: 239-244-8666  
Email: shaun.d.cohen@gmail.com

Borrower: EquityBuild, Inc.  
1083 N Collier Blvd. #132  
Marco Island, FL 34145  
Fax: 202-204-8423  
Email: jerry@equitybuild.com

Any notice, demand, consent, approval, request or other communication or document to be given hereunder to a party hereto shall be (a) in writing, and (d) deemed to have been given (i) on the 3<sup>rd</sup> business day after being sent as certified or registered mail in the United States mails, postage prepaid, return receipt requested, or (ii) on the next business day after being deposited (with instructions to deliver it on that business day) with a reputable overnight courier service, or (iii) (if the party's receipt thereof is acknowledged in writing) on being sent by telefax or another means of immediate electronic communication, in each case to the party's address set forth above or any other address in the United States of America which it designates from time-to-time by notice to each other party hereto, or (iv) (if the party's receipt thereof is acknowledged in writing) on being given by hand or other actual delivery to the party.

16. **Entire Agreement/Severability.** The terms and conditions of this Note together with the terms and conditions of the Mortgages which are incorporated herein by reference as if set forth fully herein contain the entire understanding between the Borrower and Lender with respect to the indebtedness evidenced hereby. Such understanding may not be modified, amended or terminated except in a written document duly executed by Borrower and Lender. In the event that any one or more of the provisions set forth in this Note or any accompanying Arbitration Agreement is determined by law to be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired hereby, and each provision in this Note shall be construed liberally in favor of Lender to the fullest extent of the law.

17. **Joint and Several Liability/Credit Reporting.** The liability of the undersigned, as well as any endorsers and/or guarantor(s), shall be both joint and several. This Note shall be binding upon the heirs, successors and assigns of Borrower and Lender. Information concerning this Note may be reported to credit reporting agencies and will be made available when requested by proper legal process.

18. **Governing Law.** This Note is delivered and made in, and shall be construed pursuant to the laws of the State of Illinois Unless applicable law provides otherwise, Borrower consents to the jurisdiction and venue of any court of competent jurisdiction located in **Cook County**, Illinois.

19. **Construction.** As used herein, Person means a natural person, trustee, corporation, partnership, limited liability company or other legal entity, and all references made (a) in the neuter, masculine or feminine gender shall be deemed made in all genders, (b) in the singular or plural number shall also be deemed made in the plural or singular number, and (c) to any Section, subsection, paragraph or subparagraph shall, unless therein expressly indicated to the contrary, be deemed made to that part of the Note. The headings of those parts are provided only for convenience of reference, and shall not be considered in construing their contents. Each document referred to herein

as being attached hereto as an exhibit or otherwise designated herein as an exhibit hereto shall be a part hereof.

20. **Time of Essence.** Time shall be of the essence of this Note, but (other than as to payment of principal and/or interest) if the last day for a Person to exercise a right or perform a duty hereunder is a Saturday, Sunday or statutory holiday, it shall have until the next day other than such a day to do so.

21. **Assignment.** Borrower agrees not to assign any of Borrower's rights, remedies or obligations described in this Note without the prior written consent of Lender, which consent may be withheld by Lender in its sole discretion. Borrower agrees that Lender is entitled to assign some or all of its rights and remedies described in this Note without notice to or the prior consent of Borrower.

22. **Commercial Purpose.** It is expressly stipulated, warranted and agreed that the loan evidenced by this Note and any Loan Documents is a "commercial loan" under applicable State or Federal law, and all proceeds shall be used for business, commercial or investment purposes and expressly not for personal, family or household purposes.

23. **Extension.** Intentionally omitted.

24. **Arbitration.** If arbitration has been agreed to, Borrower(s) and Lender have entered into a separate Arbitration Agreement on this date, the terms of which are incorporated herein and made a part hereof by reference.

25. **Contingency Funds.** Intentionally omitted.

26. **Demand Feature.** Intentionally omitted.

27. **Consent To Relief From Automatic Stay.** Borrower hereby agrees that if any of them shall (i) file with any bankruptcy court of competent jurisdiction or be the subject of any petition under Title 11 of the U.S. Code, as amended; (ii) be the subject of any order for relief issued under such Title 11 of the U.S. Code, as amended; (iii) file or be the subject of any petition seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or other relief for debtors; (iv) seek, consent to or acquiesce in the appointment of any trustee, receiver, conservator or liquidator; (v) be the subject of any order, judgment or decree entered by any court of competent jurisdiction approving a petition filed against Borrower for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or relief for debtors, Lender shall thereupon be entitled to relief from any automatic stay imposed by Section 362 of Title 11 of the U.S. Code, as amended, or from any other stay or suspension of remedies imposed in any other manner with respect to the exercise of the rights and remedies otherwise available to Lender under the Loan Documents.

28. **Financial Information.** Borrower will at all times keep proper books of record and account in which full, true and correct entries shall be made in accordance with generally accepted accounting principles and will deliver to Lender, within ninety (90) days after the end of each fiscal year of Borrower, a copy of the annual financial statements of Borrower relating to such fiscal year, such statement to include (i) the balance sheet of Borrower as at the end of such fiscal year (ii) the related income statement, statement of retained earnings and statement of cash flow of Borrower for such fiscal year, prepared by such certified public accountants as may be reasonably satisfactory to Lender. Borrower also agrees to deliver to Lender within fifteen (15) days after filing same, a copy of Borrower's income tax returns and also, from time to time, such other financial information with respect to Borrower as Lender may request.

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THE PERSONS SIGNING BELOW ACKNOWLEDGE THAT THEY HAVE BEEN GIVEN AMPLE OPPORTUNITY TO READ THIS AGREEMENT AND SEEK INDEPENDENT LEGAL COUNSEL AND ACKNOWLEDGE THEY HAVE COMPLETELY READ AND UNDERSTAND AND AGREE TO THE TERMS AND CONDITIONS OF THIS NOTE AND THE ACCOMPANYING ARBITRATION AGREEMENT (IF APPLICABLE), AND FURTHER ACKNOWLEDGE RECEIPT OF AN EXACT COPY OF THIS NOTE AND THE ARBITRATION AGREEMENT.

DATED: 2-23-15

BORROWER(S):

[Signature] (SEAL)  
JERRY COHEN, President

STATE OF Florida, COUNTY OF Lee: ss:

On this 23<sup>rd</sup> day of February, 2018, before me, a notary public, personally appeared Jerry Cohen, to me known (or proved to me on the basis of satisfactory evidence) to be the person(s) who executed the foregoing instrument and acknowledged the same for the purpose therein contained and in my presence signed and sealed the same.

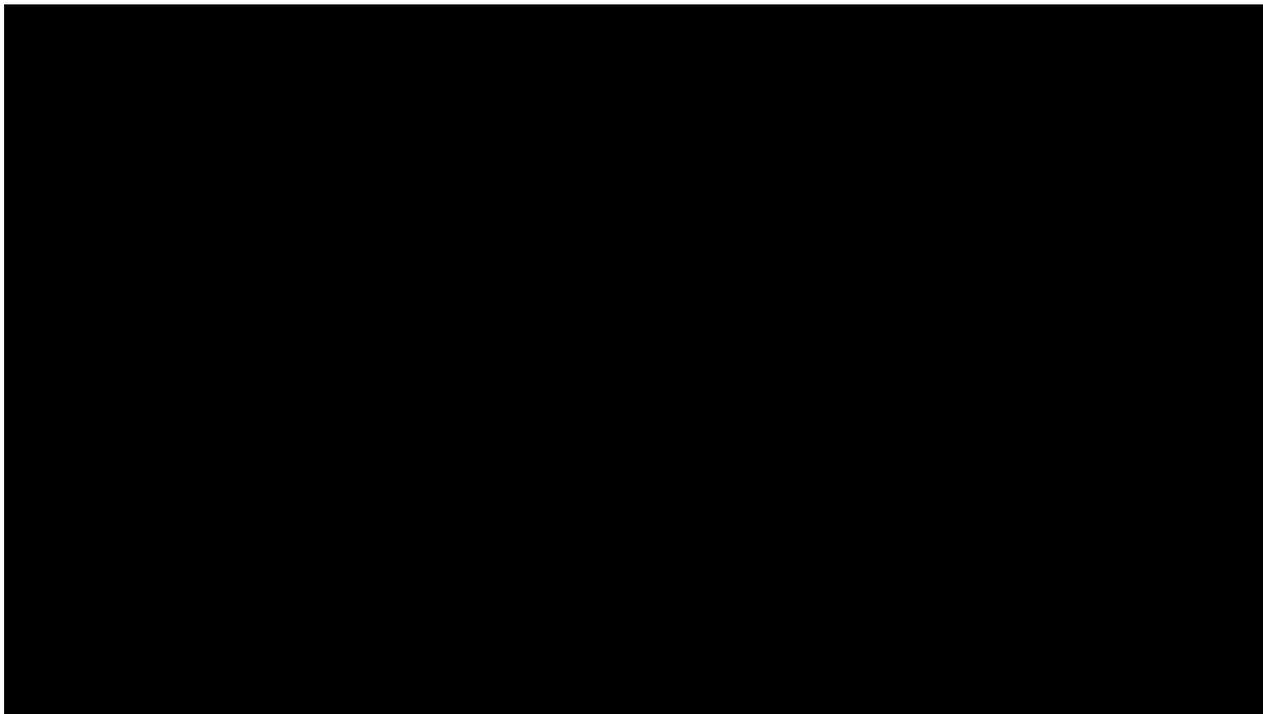
Jessica Ann Baier  
NOTARY PUBLIC

My Comm. Expires: July 26, 2017



<u>Lender Name</u>	<u>Principal Amount</u>	<u>Percentage of Loan</u>
Mark Young	\$50,000	6.76%
1839 Fund I, LLC	\$25,000	3.38%
John Sullivan	\$57,000	7.70%
Sunshine Bliss, LLC	\$25,000	3.38%
Paul S. Applefield, DDS, 401K Plan Paul S. Applefield, Trustee	\$30,000	4.05%
Applefield Family Trust Dated July 25, 1997 Paul S. Applefield and Robin Kahn Applefield, Trustees	\$20,000	2.70%
Daniel J. Martineau	\$50,000	6.76%
Debbie Elizabeth Lasley	\$50,000	6.76%
Arbor Ventures Overseas Limited LLC	\$10,000	1.35%
Equity Trust Company Custodian FBO Albert Ruffin IRA	\$50,000	6.76%
The Anchor Group LLC	\$30,000	4.05%
Arthur L and Dinah F Bertrand	\$100,000	13.51%
Hongjun Li and Sheyu Zhou	\$93,000	12.57%
iPlan Group Agent for Custodian FBO Leah Kalish IRA	\$70,000	9.46%
Robert Guiney	\$50,000	6.76%
Edge Investments, LLC	\$30,000	4.05%

**EXHIBIT C**



----- Original Message -----

From: John Allred <jallred@equitybuild.com>  
To: DEBBIE LASLEY [REDACTED]  
Date: May 29, 2018 at 1:12 PM  
Subject: Re: Re: Important Liberty Refinance Update

2736 W. 64th was part of a (17) property tranche refi that we originally tried to close in March. We failed to secure a full refi due to a deficient occupancy level required by the commercial lender (90%). Rather than just slapping yet other extension on all these notes, we thought clients would prefer to receive some pro-rata portion of their original investment much sooner than later and so EB took out a partial bridge loan to provide a 27.87% partial payout of principal. The remaining balance can either stay in a lending structure against the entire tranche (mezzanine fund), or go into an ownership position against the entire tranche (equity fund). Here's a recording Shaun made about this.

<http://resources.equitybuild.com/refi-update>

**john b. allred**  
Chief Client Advocate

EquityBuild Inc. &  
EquityBuild Finance, LLC

tel +1.918.286.7992

[jallred@equitybuild.com](mailto:jallred@equitybuild.com)  
<http://EquityBuild.com> | <http://EquityBuildFinance.com>



On Tue, May 29, 2018 at 2:53 PM, DEBBIE LASLEY [REDACTED] wrote:

Hello John,

I sent the reply below to Shaun and have had no answers yet. I realize we just had a long weekend and hope to hear from one of you soon in regards to the email from Shaun below about the Liberty Properties.

I look forward to hearing from you soon.

Thank you,

Debbie Lasley

----- Original Message -----

From: DEBBIE LASLEY <[REDACTED]>

To: [cohen.shaun@equitybuild.com](mailto:cohen.shaun@equitybuild.com)

Date: May 25, 2018 at 1:08 PM

Subject: Re: Important Liberty Refinance Update

**Hello Shaun,**

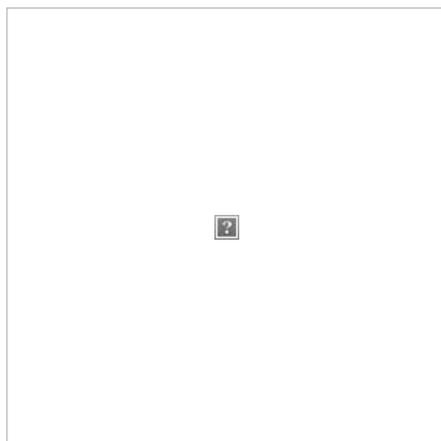
**Thank you for this update. This all sounds great, but I am still very confused about the offerings and how they relate to my 64th Street loan. What is the pro-rata share vs the remaining principal balance? What are the Liberty properties? Was my loan included in part of this refinance? If so, do I have the option to get my principal back from the proceeds of the refinance? I have \$50,000 invested in 64th St. in Chicago since 2/6/15.**

**I look forward to your reply.**

**Thank you,**

**Debbie Lasley**

On May 24, 2018 at 2:22 PM Shaun Cohen <[cohen.shaun@equitybuild.com](mailto:cohen.shaun@equitybuild.com)> wrote:



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Dear, Debbie,

First, I want to thank you for choosing EquityBuild as your investment partner; your patronage is truly valued.

As you are aware, we recently underwent a refinance with Liberty. The expected proceeds were reduced at the closing table due to additional lender holdbacks and unexpected, additional expenses. As a result, our docs team canceled all the sent document set packages and will need to send them again.

This refinance was trying for all of us and before we send out the replacement documents we wanted to offer something new to all of you. As a token of appreciation for your continued patience and trust we are offering a bonus for your funds as outlined below in the bullet points. Below will be a short description of the products referenced in the bullet points. You can also click on the relevant links to see a more detailed description of those products.

- Invest 100% of your original principal balance (inclusive of both the pro-rata share and the remaining balance) in the following:
  - South Side Development Fund 7 (the Liberty properties' equity fund) and receive 3 points on all dollars
- Invest the pro-rata dollars in the Mezzanine loan and receive 2 points on only the pro-rata dollars
- Invest the pro-rata dollars in one of our currently marketed products (The Hybrid Capital Fund and South Side Development 8) then you will receive 1 point on only the pro-rata dollars
- Invest the remaining principal balance in SSDF 7 and the pro-rata share in either the Mezzanine loan or one of our currently marketed funds and receive 3 points on the dollars going into SSDF 7 and the respective point structure based on the last two bullet points on the pro-rata dollars

Now, let's look at the actual products that are referenced in the bullet points:

SSDF 7 (the equity in the Liberty properties) - This is a \$16.9mm fund that has an IRR of just under 20% and a 54% return of capital by the 12th month and another 51% return of capital by the 36th month leaving only 5% to be returned in the following year. What is key to remember in an equity fund is that the lion's share of the return comes from the sale of the buildings which is taxed at the long term capital gains rate which means less of the return goes to the government than in investments that are taxed at the ordinary income rate like debt.

Mezzanine - This is a loan against the entity that holds the 17 properties in the Liberty portfolio. The interest rate is whatever you were earning on the property in which you held a position in the Liberty portfolio. Since this is debt it is taxed at the ordinary income rate like any other debt position.

SSDF 8 - This is a preferred equity position with the preferred rate guaranteed at 14%. The term is 6 months.

Hybrid Capital Fund - This is a very different offering that is only for accredited investors unlike the previous three options. The investment unit is comprised of both debt and equity positions on the same properties which provide security on all fronts. The rate on the debt side is 10.375% APR with a return of capital by the 18th month and the preferred

rate on the equity side is also 10.375% with an IRR of 26.93% a return of capital at the 36th month.

Debbie, I want to make sure you walk away with the option that works best for you. Tell me a good time we can discuss the details or take a quick second to set up a time with one of my Relationship Managers below.



I appreciate the opportunity we've had to service your investment needs and look forward to continued opportunities to help you meet your financial goals.

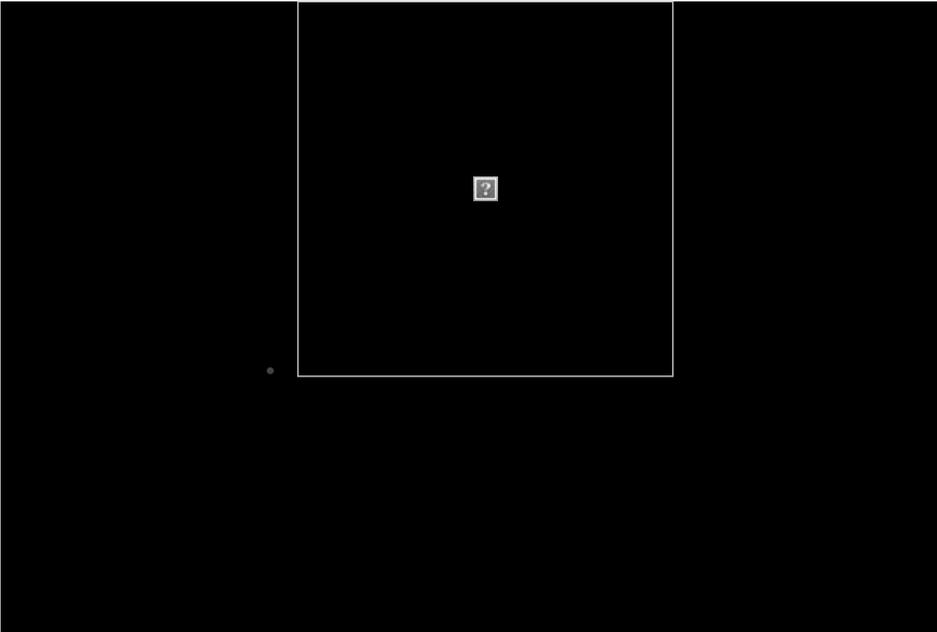
To our partnership and your continued prosperity!

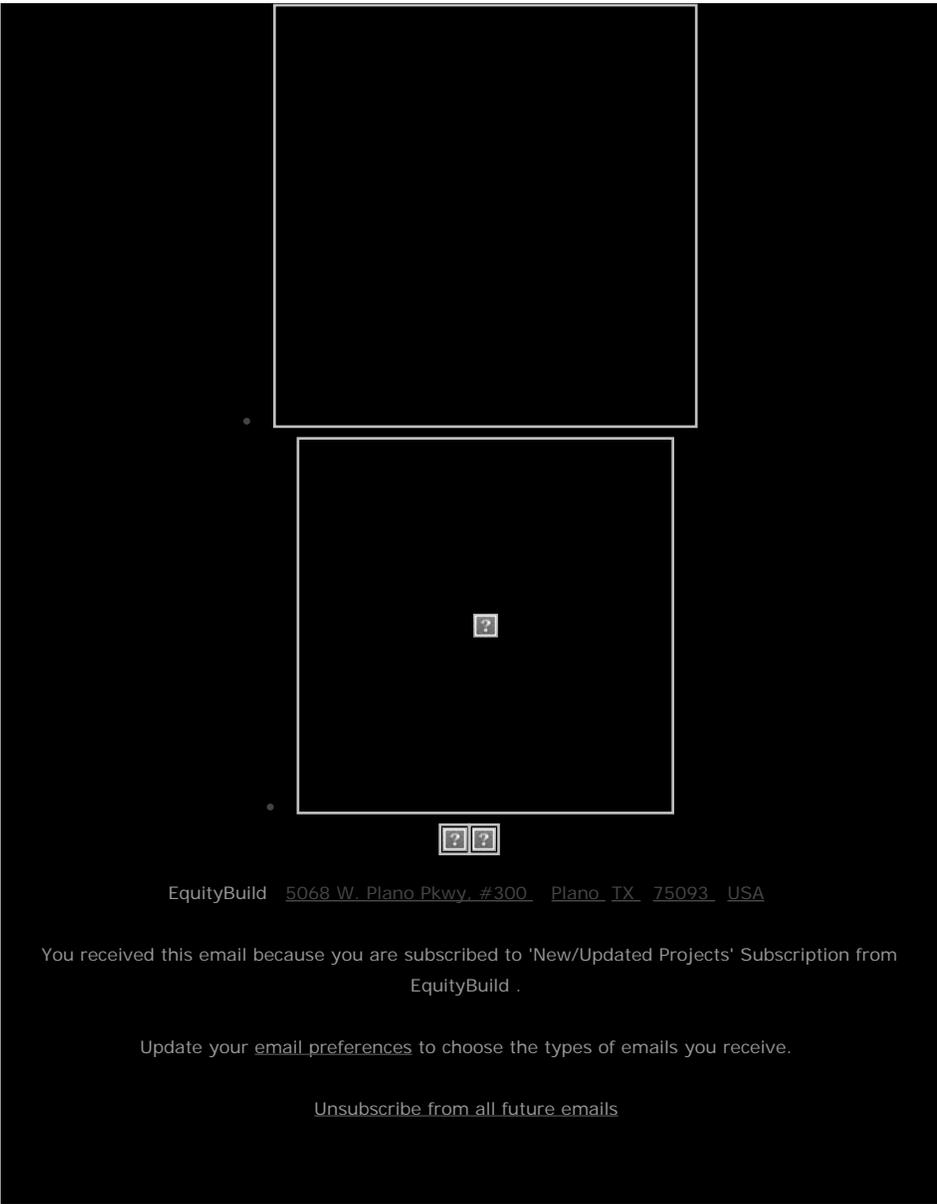
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Sincerely,

Shaun Cohen  
President  
EquityBuild Inc.  
[info@equitybuild.com](mailto:info@equitybuild.com)  
**(877) 978-1869**

The information contained herein was obtained from sources deemed reliable. However, EquityBuild makes no guarantees, warranties or representations as to the completeness or accuracy of this information. This is not an offer to purchase or sell any securities. Any such offer can be made only by transmitting to any prospective investor a Confidential Private Placement Memorandum or other document intended to give a prospective investor all relevant information in order to make an informed decision about an investment. All such information should be considered carefully by any prospective investor before making any investment.





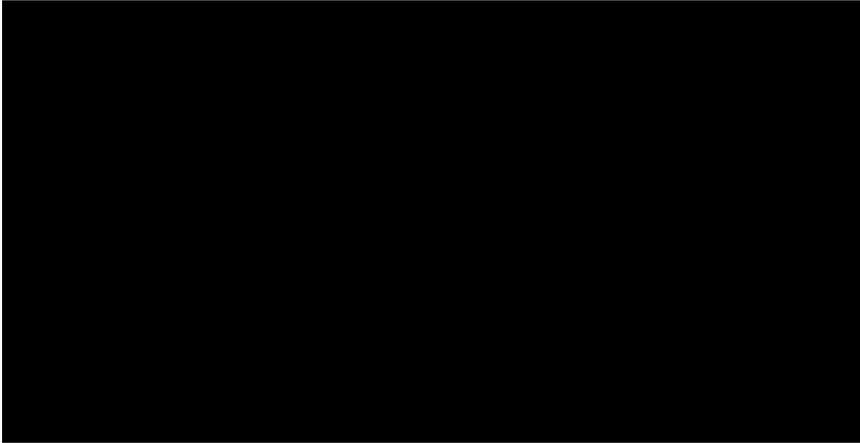
EquityBuild [5068 W. Plano Pkwy, #300](#) [Plano, TX, 75093](#) [USA](#)

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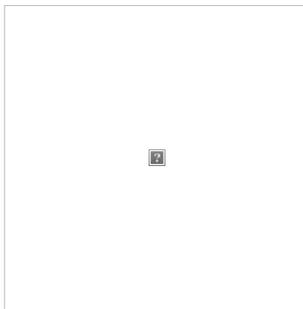
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# **EXHIBIT D**



On June 4, 2018 at 4:52 PM EquityBuild Updates < [updates@equitybuild.com](mailto:updates@equitybuild.com) > wrote:



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As many of you know and have experienced, we were faced with an existential question around four years ago and opted to protect our clients rather than succumb to the tidal wave coming at us. To give further color to my previous statement as both a reminder to those that have been through the experience with us and for insight to those that were not here then, I will elaborate and tell a bit of the story.

When we began the concept behind this company in 2005 and then the company itself in 2006, we were a sales and marketing company specializing in turn-key investment properties. We did not have the fulfillment or financing sides of the business in-house; instead, we worked with vendors and managed them to a productive end.

Nothing changed in the model other than the type of investment property we were selling until 2010 when the financing part of the business began as a response to the collapse of the market in 2008-2009, which led to a tightening of the capital markets.

And, again, there was no further change to the model until the middle of 2015 when we made the decision I referenced above in response to a fulfillment vendor having defrauded us of many millions of dollars. Some of you may have grown weary of the name G-Slow but that name is an important part of our history and their fraud was a defining event of our company's trajectory.

G-Slow was chosen as our sole fulfillment partner in Chicago after much research and deliberation. In the early years, the relationship was a solid one with G-Slow being comprised of two partners, one of whom was one of the country's most successful Re-Max agents and the other that had 46 years of construction management experience with a portfolio of over \$800mm in managed projects across the country and for companies such as Sprint, WalMart, Home Depot, etc. Neither of these individuals was new to the fulfillment business and both came with a stellar track record.

The relationship began at the end of 2011 and lasted for almost exactly three years. Towards the end of 2014 we began seeing contractor's liens appear on properties for which we had paid G-Slow for a renovation but for which they did not pay the contractor as evidenced by the liens. The fact that they weren't paying contractors was not discovered prior to the liens because each property was inspected by a professional that was under contract with us and G-Slow was filing waivers of liens for the work which

turned out to be fraudulent. That was the beginning of the end of the relationship but also the beginning of a lengthy discovery process to determine the financial impact of all of the deceit. That discovery process is still on-going and now totaling over \$12mm. If you care to read the lawsuit you can [click here](#). As a side note, since filing, we have not updated the amounts by which were damaged because they both filed for bankruptcy and there is nothing to recover.

It was then, at the end of 2015, that we were faced with the question as to whether or not we should file for bankruptcy and just tell everyone we were sorry but that we couldn't handle the mountain that we needed to climb. We decided to persevere and committed ourselves to making our lenders whole by devoting the majority of our profits and shrinking the gap over time so that we could shield our clients and honor our original commitments to them.

Following the decision to press on, we were then faced with the reality that we had no fulfillment process and no fulfillment vendor yet still, we must continue on. The response was to bring all underwriting, buying, construction management and asset management in-house. The immediate challenge we were faced with was that our process for each of these elements had been driven by the G-Slow process and so we then needed to start from scratch. We hired a Director of Operations, an internal Underwriter, a Construction Manager and an Asset Manager. To aid in effective underwriting and asset management, we also subscribed to highly regarded third party sources such as CoStar, Trepp and others. Starting from zero we embarked on a path of continuous improvement that continues through today. It was not until around the very end of 2016 that each of the processes listed above was completely divorced of G-Slow jading and functioning soundly in their own merit. It took time to develop the highly effective processes that we have today but they were, in fact, successfully created. And, where we sit today we are the most complete and competent company from a process perspective than we have ever been.

In the paragraph just before the last I stated that it has always been our mission to make our clients whole by devoting the majority of our profits to bridging the gap caused by the G-Slow fraud. We've been able to do exactly that until now. Our ability to pay the high rates you were accustomed to was based on the way we underwrote and bought assets through the end of 2016. Each was bought and underwritten with an understanding of the timeline required to stabilize an asset and optimize its income and the high interest rate was funded for that timeline. When a project timeline was extended beyond what our underwriting allowed for, we needed to fund the high rate out of current revenue. One of the significant impacts of the G-Slow fraud was that it dramatically extended the timeline on many projects. The cumulative impact of that is a debt load that is not sustainable and continuing to pay it out of current revenue would lead to an inevitable disaster that would put your investment at risk of significant loss. In order to avoid that inevitable disaster and return your capital in full and deliver a return on these projects, we have no choice but to restructure and reduce the debt burden. We have done all we can to avoid having to take this step but avoiding it is no longer an option. Continuing to make the interest payments at this point will be at the expense of being able to exit the properties in any reasonable timeline and thereby deliver your return of capital.

As a first step to assuring we get you the best possible outcome in the shortest time possible, we require your investment structure be converted to equity. We will not be able to issue you the regularly scheduled interest payment, however, that payment will be added to your principal balance that we convert to equity. A natural question will be why we waited until today to send this message and the answer is that we were trying every which way to avoid sending it at all and have exhausted all possible alternatives. We are working on the construct of an equity fund that will be suitable for you. The ultimate goal is to have you in an equity investment that will return your capital in the shortest possible timeline and perform better than if you had stayed as a debt holder. Both the nominal rate and the post-tax rate are expected to be an improvement over where you sit today. We have been modeling and will continue to model until we get the right model created. We will have the model finished and in your hands by June 15th.

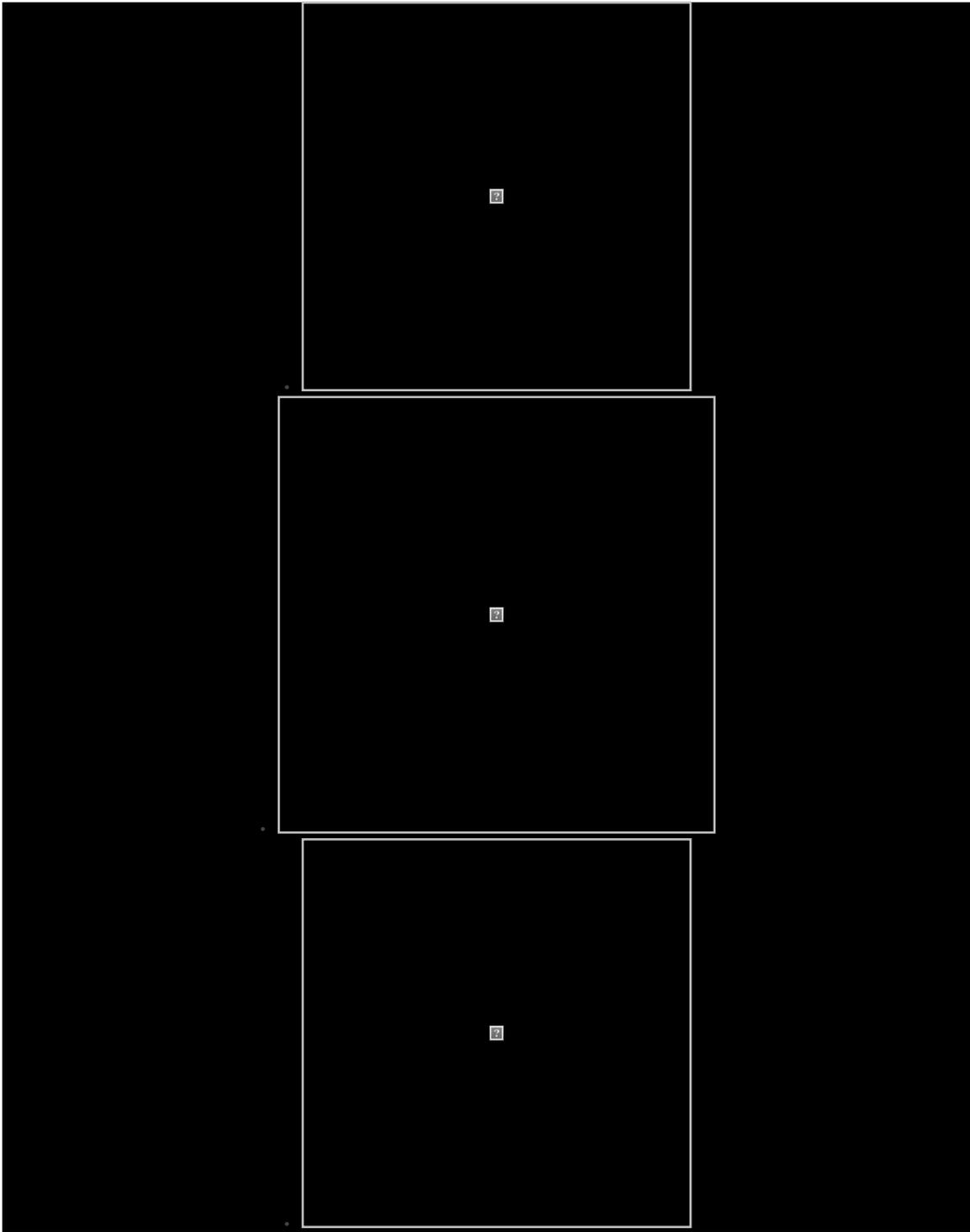
Thank you for your loyalty and understanding.

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Sincerely,

EquityBuild Inc.  
[updates@equitybuild.com](mailto:updates@equitybuild.com)  
**(877) 978-1869**

carefully by any prospective investor before making any investment.



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EquityBuild 5068 W. Plano Pkwy, #300 Plano TX 75093 USA

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# EXHIBIT

21

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DRAFT 7/13/18

**DECLARATION OF REYMONE RANDALL**

1. My name is Reymone Randall. I am 46 years old and live in Hillsboro, Oregon. I have personal knowledge of the facts described in this declaration.
2. I currently work as a Program Manager. I previously worked as a financial analyst. Before Equitybuild, I had some stock investments and an investment in real estate.
3. I heard about Equitybuild from my brother. My brother had previously invested in Equitybuild and introduced me to the opportunity.
4. In 2017, prior to investing, I spoke over the phone to an Equitybuild sales representative. He explained that Equitybuild had a successful ten-year track record during which it had never defaulted on an investment.
5. Also prior to investing, I reviewed some materials on-line regarding Equitybuild. In particular, the Equitybuild sales representative I spoke to directed me to a television program called Moving America Forward, where Equitybuild's owners, Jerry and Shaun Cohen, were interviewed by William Shatner. In that program, the Cohens explained that they help average Americans build wealth by investing in real estate.
6. Also prior to investing, I reviewed some written materials that the Equitybuild sales representative provided to me over email. In particular, I reviewed a prospectus about the particular property available to invest in at that time: 6217 S. Dorchester Avenue in Chicago, Illinois. The prospectus is attached here as Exhibit A.
7. I reviewed the prospectus in detail. I was impressed by the low expenses and high occupancy rate associated with the property. I thought this property would be a good investment.
8. Based on all of the information I learned from the Equitybuild sales representative, as well as all of the written materials from Equitybuild that I reviewed, I developed an understanding of the investment offered:

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DRAFT 7/13/18

- a. I understood that I was investing in 6217 S. Dorchester Avenue. My funds would be tied to that property and that property only.
  - b. I understood that my funds were going to be used, along with the funds of other investors, to purchase and renovate 6217 S. Dorchester Avenue.
  - c. I understood that the \$3.65 million “sale price” listed in the prospectus represented the amount Equitybuild would pay to purchase and renovate 6217 S. Dorchester Avenue. I was told that this price was well below market.
  - d. I further understood that, once Equitybuild finished renovating the building and raising the rents, the property would be refinanced and I would receive my principal back.
  - e. I also understood that the monthly interest payments I was to receive would be funded by the rent payments made by tenants of 6217 S. Dorchester Avenue.
9. No one told me that Equitybuild would be taking fees out of the funds that I invested. In considering whether to invest, it would be important for me to know that Equitybuild would be taking fees from my investment.
10. I invested \$50,500 with Equitybuild in February 2017. In return, I was to receive a 16% interest rate for 18 months. My principal was to be returned to me at the end of the 18 month term, i.e., in August of 2018. A copy of the promissory note, mortgage, and servicing agreement containing the terms of my investment are attached here as Exhibit B.
11. I decided to invest with Equitybuild, in part, because of its perfect track record. Another reason I decided to invest with Equitybuild was because my investment was tied to and secured by a single piece of real estate.
12. Yet another reason I decided to invest with Equitybuild was the fact that the Cohens portrayed themselves – in various marketing materials that I reviewed – as moral and spiritual people. As a moral and spiritual person, that appealed to me.

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DRAFT 7/13/18

13. I took out a home equity loan in order to make my Equitybuild investment. I felt comfortable taking out the home equity loan because the rate on the home equity loan was lower than the rate of return that Equitybuild had promised me.
14. The Equitybuild salesperson I spoke to knew that I had taken out a home equity loan in order to make my investment, because I told him.
15. I received my expected interest payments until May of 2018.
16. However, I did not receive the information regarding 6217 S. Dorchester that I expected to receive. Even though Equitybuild told me that I would receive quarterly updates about the status of 6217 S. Dorchester, I did not receive any information about the property. Finally, within the last month, after multiple requests, I received a one-page status report about the property. While the report contained much less information than I expected, it indicated that the property was doing well. That status report is attached as Exhibit C.
17. After I invested in 6217 S. Dorchester, I received a number of emails from Equitybuild asking me to invest in other properties. These emails always made it sound like you would have to act fast to get in on the investment.
18. Later on, I received an email soliciting an investment in a different kind of Equitybuild investment, where investors invested in equity in a number of properties, through a fund. I was told this investment was only for accredited investors. I am not an accredited investor. But I wasn't interested in the investment, anyway.
19. I decided not to invest any more money with Equitybuild until I could verify that I received my principal and my expected returns for my first investment.
20. I did not receive my 16% interest payment in May of 2018. Instead, I received a 6% interest rate. A copy of my May statement is attached here as Exhibit D.
21. If I knew that my interest rate could be unilaterally adjusted down by Equitybuild, I never would have invested. A 6% return is not even enough to cover the payments that I have

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DRAFT 7/13/18

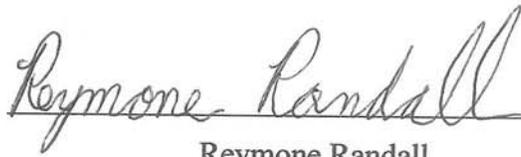
to make on my home equity loan. If I receive only 6% returns, I am in jeopardy of losing my home.

22. On May 24, 2018, I received an email from Equitybuild. The email explained that Equitybuild had a debt load that was not sustainable and that Equitybuild had “no choice” but to restructure. It said that Equitybuild was “restructuring” my note payment down to 6%. A true and correct copy of that email is attached as Exhibit E.
23. The May 24<sup>th</sup> email also explained that Equitybuild had been on the brink of bankruptcy in late-2015 due to some issues it had had with a contractor named G-Slow. This was the first time that I had ever heard of Equitybuild’s past issues with G-Slow, or the fact that Equitybuild had been on the brink of bankruptcy in 2015. If I would have known about these issues, or that Equitybuild would lower my interest payments, I would never have invested with Equitybuild.
24. In any event, it did not seem right to me that the G-Slow issues would impact my investment at all. 6217 S. Dorchester was purchased after 2015. Also, according to the status report I received and information from an Equitybuild representative, 6217 S. Dorchester was actually performing well. If my investment was tied only to 6217 S. Dorchester Avenue, as had been described to me, rather than Equitybuild as a whole, then why should my investment have been impacted by Equitybuild’s losses? If I would have known that my investment was tied to Equitybuild in general, rather than 6217 S. Dorchester in particular, then I never would have invested.
25. After I received the May 24<sup>th</sup> email, I contacted my Equitybuild sales representative. He told me he did not know what was going on.
26. After that, I contacted John Allred, another Equitybuild employee. Allred informed me that Equitybuild was focused on repaying investors who were continuing to supply Equitybuild with new funds. As a one-time investor, I would not receive priority when it came to repayment.
27. I did not receive any interest payment at all in June or July.

ATTORNEY WORK PRODUCT  
DRAFT 7/13/18

28. I later received an email from Shaun Cohen. That email explained that my investment was going to be “restructured” into an “equity model.” A copy of that email is attached here as Exhibit F.
29. I am not interested in my investment being restructured. I never consented to that.
30. Recently, I spoke to yet another Equitybuild employee. He tried to reassure me about my investment by telling me that Equitybuild had many “cranes in the air” in Chicago and was actively purchasing more buildings. This information did not reassure me.
31. This Equitybuild representative also told me that Shaun Cohen was reviewing each investor’s request for his or her money back on a case-by-case basis. He told me that if Shaun Cohen deemed my situation dire enough, then he might give me my money back.
32. During the week of July 2nd, this Equitybuild representative told me that Shaun Cohen was busy bundling Equitybuild’s properties together so that he could sell them.
33. I have reached out to Shaun Cohen several times by phone and email. I have not heard back from him.

I declare under penalty of perjury that the foregoing is true and correct. Executed on July 13, 2018, in Hillsboro, Oregon.

  
Reymone Randall

# **EXHIBIT A**

**FOR SALE | MULTI-FAMILY**

# 6217 S. Dorchester Avenue

6217 S. Dorchester Ave., Chicago, IL 60637



CHICAGO, IL

**EB**  
EQUITYBUILD INC. 877-978-1869

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6217 S. DORCHESTER AVENUE | 25 UNITS | CHICAGO, IL

# Executive Summary



## OFFERING SUMMARY

<b>Sale Price:</b>	\$3,650,000
<b>Building Price / SF:</b>	\$163.18
<b>Number Of Units:</b>	25
<b>Lot Size:</b>	0.23 Acres
<b>Year Built:</b>	1933
<b>Building Size:</b>	22,368 SF
<b>Zoning:</b>	RM-5

## PROPERTY HIGHLIGHTS

• Projected Cash Outlay	\$577,625
• Fully Stabilized Cap Rate (Based on Building Price)	8.57%
• Projected Refi/Resale Cap Rate Used in Model	6.50%
• Current Area Market Cap Rate Range	6.00% - 7.00%
• Cash-on-Cash Return (Year 3)	15.51%
• Expected Exit Year by Sale	7
• Internal Rate of Return (Year 7)	32.16%



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SECTION 1

# PROPERTY INFORMATION

6217 S. DORCHESTER AVENUE | 25 UNITS | CHICAGO, IL

## Property Details

---

<b>PROPERTY ADDRESS:</b>	6217 S. Dorchester Avenue Chicago, IL 60637
<b>APN:</b>	20-14-415-002-0000
<b>PRICE / SF:</b>	\$163.18
<b>LOT SIZE:</b>	0.23 AC
<b>BUILDING SIZE:</b>	22,368 SF
<b>ZONING:</b>	RM-5
<b>YEAR BUILT:</b>	1933
<b>NUMBER OF STORIES:</b>	3
<b>WALLS:</b>	Brick and Frame
<b>NUMBER OF UNITS:</b>	25
<b>ROOF:</b>	Flat



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6217 S. DORCHESTER AVENUE | 25 UNITS | CHICAGO, IL

## Complete Highlights

### PROPERTY HIGHLIGHTS

- This beautiful, three-story red brick building contains 22 two-bedroom/one-bath units and 2 one-bedroom/one-bath apartments.
- The units are very large -- most are nearly 1,000 square feet, and many have separate dining rooms.
- These well-improved and nicely maintained units feature hardwood floors, with good closet and pantry space. Fifteen of the 24 apartments have received new kitchens and baths.
- Half of the building's units will be targeted for CHA voucher tenants to maximize revenue.
- Everything in the building has been replaced or renovated over the past 10 years. The electrical system has been updated, there is copper plumbing throughout, and the porches have been replaced. The building has a new hot water system, new carpet in the hallways and a new laundry room. A new fencing and gate system enclose the building's beautiful backyard.
- Rehab work will largely be limited to basic unit turns, as well as some masonry and roof corrections.
- In addition, the property includes two 35' x 125' lots behind the building. One of the lots (1414 E. 62nd Street) has a 3,000 square foot single family home which has been converted to office space. This outbuilding is slated to become an EquityBuild office in Chicago. The other lot is also buildable, but currently vacant.



6217 S. DORCHESTER AVENUE | 25 UNITS | CHICAGO, IL

## Additional Photos



SECTION 2

# LOCATION INFORMATION

6217 S. DORCHESTER AVENUE | 25 UNITS | CHICAGO, IL

## Property Description

### LOCATION OVERVIEW

Located in Chicago's desirable South Hyde Park/Woodlawn neighborhood, the property is less than two blocks from the campus of the University of Chicago.

The property is also two blocks from 542-acre Jackson Park, home to the city's famous Museum of Science and Industry, as well as a golf course, gym, yacht club and three harbors.

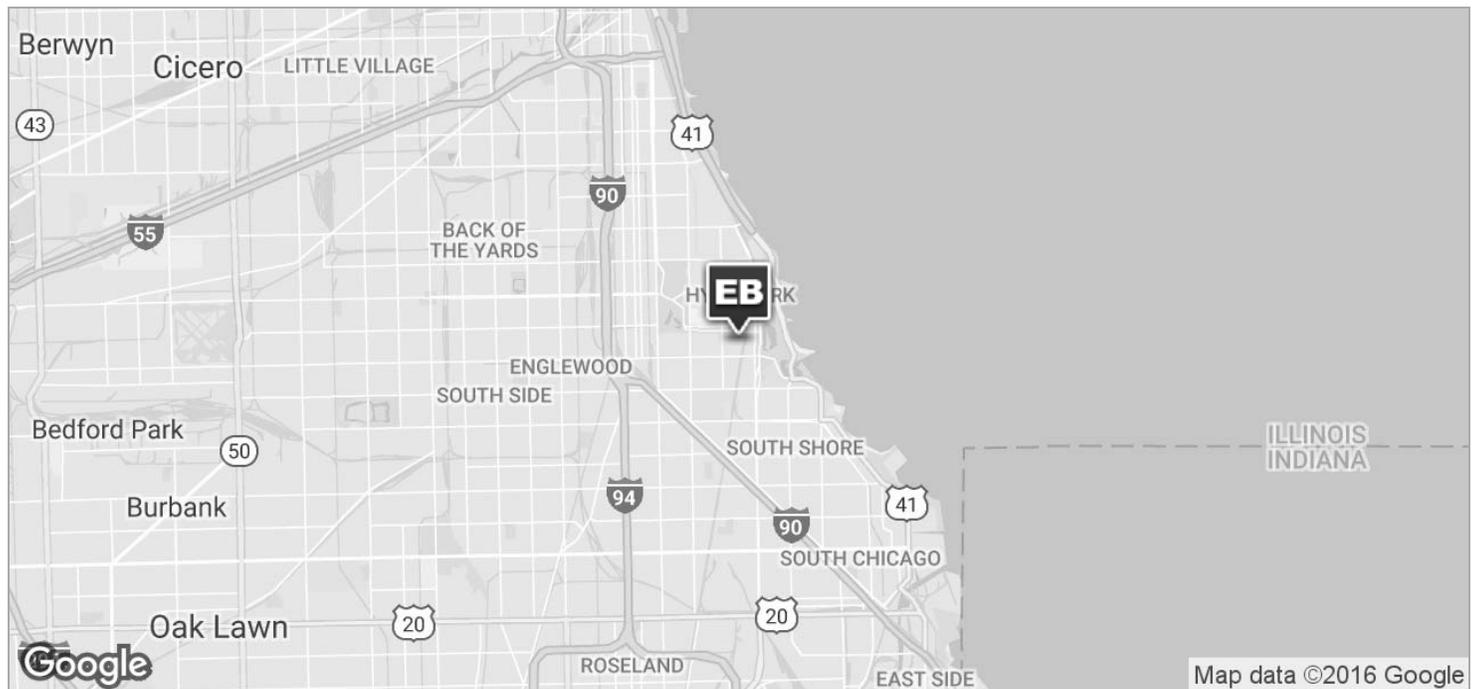
Jackson Park was recently announced as the future home of the Obama Presidential Library; regardless of your political leanings, that announcement is very impactful for the real estate market of the surrounding neighborhoods.

The building is near restaurants, shops, churches, and schools. It is convenient to public transportation, with the 63rd Street Metrarail station a block and half away, and the Cottage Grove station for the Green Line L Train within easy walking distance.



6217 S. DORCHESTER AVENUE | 25 UNITS | CHICAGO, IL

# Location Maps



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6217 S. DORCHESTER AVE. | 25 UNITS | CHICAGO, IL

# Retailer Map



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6217 S. DORCHESTER AVENUE | 25 UNITS | CHICAGO, IL

# Aerial Map



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SECTION 3

# FINANCIAL ANALYSIS

6217 S. DORCHESTER AVENUE | 25 UNITS | CHICAGO, IL

# Purchase Analysis

Purchase Info		
Purchase Price	\$	3,400,000
Financed Rehab Cost	\$	250,000
Total Capitalized Cost	\$	3,650,000
<b>-Less: Down Payment</b>	\$	219,000
Bridge Loan	\$	3,431,000
<b>Projected Capital Requirement</b>	\$	577,625
Square Feet		22,368
Cost per Square Foot	\$	152.00
Monthly Rent per Square Foot	\$	1.23
Number of Units		25
Cost per Unit	\$	136,000
Stabilized Market Value Assumption	\$	4,273,234
Current Average Monthly Rent per Unit	\$	969
Stabilized Average Monthly Rent per Unit	\$	1,444

Bridge Loan Analysis		
Loan-To-Cost Ratio		94.00%
Loan-To-Value Ratio		80.29%
Loan Amount	\$	3,431,000
Loan Type		IO
Term (months)		13
Interest Rate		15.00%
Bridge Loan Payment	annual	\$ 514,650
	month	\$ 42,888

Income-Bridge Loan Period	Monthly	13 Months
<b>Projected Income</b>	\$ 27,533	\$ 357,935

Expenses-Bridge Loan Period	Monthly	13 Months
<b>Projected Expenses</b>	\$ (8,648)	\$ (112,424)

Net Performance-Bridge Loan	Monthly	13 Months
<b>Net Operating Income</b>	\$ 18,886	\$ 245,512
- Loan Payments	\$ (42,888)	\$ (557,538)
<b>=Cash Flow</b>	\$ (24,002)	\$ (312,026)

Buying Costs - Bridge Loan		13 Months
Origination Costs	0.00%	\$ 0
First Year Net Private Money Costs		\$ 312,026
<b>Bridge Loan Costs</b>		\$ 312,026

Refinance Costs From Stabilized Market Value Assumption		
Refinance period		13
Stabilized Market Value	\$	4,273,234
Loan Amount	\$	3,418,587
Loan to Value		80.00%
Loan Type		Amortizing
Term (months)		360
Interest Rate		4.25%
Annual Mortgage Payment	\$	201,809
Closing Costs	1.00%	\$ (34,186)
Bridge Loan Payoff		\$ (3,431,000)
<b>Total Refinance Costs</b>		\$ (3,465,186)
- Loan Proceeds		\$ 3,418,587
<b>Cash Required To Close</b>		#DIV/0!

6217 S. DORCHESTER AVENUE | 25 UNITS | CHICAGO, IL

# Stabilization Profit & Loss

Unit Type	# Units	Current Avg Rent	Proforma Market Rent	Proforma Subsidy Rent	% Subsidy	Effective Rent	Annual Income
2 x 1	22	\$955	\$1,100	\$1,200	50%	\$1,150	\$303,600
Retail	1	\$1,500	\$9,000	\$0	0%	\$9,000	\$108,000
1 x 1	2	\$850	\$800	\$1,000	50%	\$900	\$21,600
<b>Total Rental</b>	<b>25</b>	<b>\$969</b>	<b>\$1,392</b>	<b>\$1,136</b>	<b>48%</b>	<b>\$1,444</b>	<b>\$433,200</b>
<b>Other Income</b>							
Move In Fees							\$3,063
Parking							\$0
Laundry							\$0
Storage							\$0
<b>Total Other Income</b>							<b>\$3,063</b>
<b>Total Potential Income</b>							<b>\$436,263</b>

Unit Address	Unit Type	Current Lease Exp	Need Repair	Current Rent	Target Rent	Month 1 Feb-17	Month 2 Mar-17	Month 3 Apr-17	Month 4 May-17	Month 5 Jun-17	Month 6 Jul-17	Month 7 Aug-17	Month 8 Sep-17	Month 9 Oct-17	Month 10 Nov-17	Month 11 Dec-17	Month 12 Jan-18	Year 1 Total	
1408 - 1	2 x 1	6/30/14		\$900	\$1,150	\$900	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$11,250	
1408 - 2	2 x 1	1/31/17		\$900	\$1,150	\$900	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$11,250	
1408 - 3	2 x 1	12/31/16		\$900	\$1,150	\$900	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$11,250	
1410 - 1	2 x 1	5/31/15		\$850	\$1,150	\$850	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$11,200	
1410 - 2	2 x 1	12/31/16		\$900	\$1,150	\$900	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$11,250	
1410 - 3	2 x 1	9/30/16		\$900	\$1,150	\$900	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$11,250	
1414	Retail	3/31/17		\$1,500	\$9,000	\$1,500	\$1,500	Vacant	Vacant	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$75,000	
6217 - 1	1 x 1	9/30/16		\$0	\$900	\$0	Vacant	Vacant	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$8,100	
6217 - 2	2 x 1	6/30/16		\$825	\$1,150	\$825	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$11,175	
6217 - 3	2 x 1	7/28/17		\$1,093	\$1,118	\$1,093	\$1,093	\$1,093	\$1,093	\$1,093	\$1,118	\$1,118	\$1,118	\$1,118	\$1,118	\$1,118	\$1,118	\$13,291	
6219 - 1	2 x 1	9/30/15		\$1,000	\$1,150	\$1,000	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$11,350	
6219 - 2	2 x 1	9/30/16		\$875	\$1,150	\$875	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$11,225	
6219 - 3	2 x 1	1/31/17		\$950	\$1,150	\$950	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$11,300	
6221 - 1	1 x 1	5/31/13		\$850	\$875	\$850	\$875	\$875	\$875	\$875	\$875	\$875	\$875	\$875	\$875	\$875	\$875	\$10,475	
6221 - 2	2 x 1	9/30/16		\$0	\$1,150	\$0	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$10,350	
6223 - 1	2 x 1	9/30/16		\$870	\$1,150	\$870	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$11,220	
6223 - 2	2 x 1	12/30/15		\$950	\$1,150	\$950	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$11,300	
6223 - 3	2 x 1	6/30/15		\$1,000	\$1,150	\$1,000	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$11,350	
6225 - 1	2 x 1	4/30/17		\$1,100	\$1,125	\$1,100	\$1,100	\$1,100	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$13,425	
6225 - 2	2 x 1	4/30/17		\$1,020	\$1,150	\$1,020	\$1,020	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$11,110	
6225 - 3	2 x 1	7/31/17		\$1,025	\$1,150	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	Vacant	Vacant	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$10,750	
6227 - 1	2 x 1	12/31/16		\$950	\$1,150	\$950	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$11,300	
6227 - 2	2 x 1	1/31/16		\$1,050	\$1,150	\$1,050	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$11,400	
6227 - 3	2 x 1	8/31/16		\$1,000	\$1,150	\$1,000	Vacant	Vacant	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$11,350	
Scheduled Income						\$21,408	\$6,613	\$5,113	\$24,568	\$33,568	\$34,743	\$33,718	\$33,718	\$34,868	\$34,868	\$34,868	\$34,868	\$332,921	
Proforma Economic Occupancy						100%	24%	15%	71%	97%	100%	97%	97%	100%	100%	100%	100%	68%	
Minus Uncollectable Expense						\$(642)	\$(198)	\$(153)	\$(737)	\$(1,007)	\$(1,042)	\$(1,012)	\$(1,012)	\$(1,046)	\$(1,046)	\$(1,046)	\$(1,046)	\$(9,988)	
Other Income						\$255	\$64	\$53	\$234	\$245	\$255	\$245	\$245	\$255	\$255	\$255	\$255	\$2,616	
<b>Projected Income</b>						<b>\$21,021</b>	<b>\$6,478</b>	<b>\$5,013</b>	<b>\$24,065</b>	<b>\$32,806</b>	<b>\$33,956</b>	<b>\$32,951</b>	<b>\$32,951</b>	<b>\$34,077</b>	<b>\$34,077</b>	<b>\$34,077</b>	<b>\$34,077</b>	<b>\$325,549</b>	
Operating Expenses																			
Leasing Commissions						\$0	\$(84)	\$0	\$(5,113)	\$(2,250)	\$(396)	\$0	\$0	\$(288)	\$0	\$0	\$0	\$(6,130)	
Real Estate Taxes						\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(21,968)	
Insurance						\$(716)	\$(716)	\$(716)	\$(716)	\$(716)	\$(716)	\$(716)	\$(716)	\$(716)	\$(716)	\$(716)	\$(716)	\$(8,591)	
Gas/Heat						\$(1,389)	\$(379)	\$(316)	\$(1,389)	\$(1,453)	\$(1,516)	\$(1,453)	\$(1,453)	\$(1,516)	\$(1,516)	\$(1,516)	\$(1,516)	\$(15,410)	
Electric						\$(212)	\$(58)	\$(48)	\$(212)	\$(222)	\$(231)	\$(222)	\$(231)	\$(231)	\$(231)	\$(231)	\$(231)	\$(2,351)	
Water						\$(556)	\$(152)	\$(126)	\$(556)	\$(581)	\$(606)	\$(581)	\$(581)	\$(606)	\$(606)	\$(606)	\$(606)	\$(6,165)	
Trash						\$(183)	\$(50)	\$(42)	\$(183)	\$(192)	\$(200)	\$(192)	\$(192)	\$(200)	\$(200)	\$(200)	\$(200)	\$(2,033)	
Snow Removal/Landscaping						\$(183)	\$(50)	\$(42)	\$(183)	\$(192)	\$(200)	\$(192)	\$(192)	\$(200)	\$(200)	\$(200)	\$(200)	\$(2,033)	
Pest Control						\$(92)	\$(25)	\$(21)	\$(92)	\$(96)	\$(100)	\$(96)	\$(96)	\$(100)	\$(100)	\$(100)	\$(100)	\$(1,017)	
Legal						\$(92)	\$(25)	\$(21)	\$(92)	\$(96)	\$(100)	\$(96)	\$(96)	\$(100)	\$(100)	\$(100)	\$(100)	\$(1,017)	
Repairs & Maintenance						\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(13,750)	
G&A						\$(417)	\$(417)	\$(417)	\$(417)	\$(417)	\$(417)	\$(417)	\$(417)	\$(417)	\$(417)	\$(417)	\$(417)	\$(5,000)	
Management Fee 5%						\$(1,051)	\$(324)	\$(251)	\$(1,203)	\$(1,640)	\$(1,698)	\$(1,648)	\$(1,648)	\$(1,704)	\$(1,704)	\$(1,704)	\$(1,704)	\$(16,277)	
<b>Projected Expenses</b>						<b>\$(7,867)</b>	<b>\$(5,255)</b>	<b>\$(4,975)</b>	<b>\$(13,132)</b>	<b>\$(10,830)</b>	<b>\$(9,156)</b>	<b>\$(8,587)</b>	<b>\$(8,587)</b>	<b>\$(9,054)</b>	<b>\$(8,766)</b>	<b>\$(8,766)</b>	<b>\$(8,766)</b>	<b>\$(103,742)</b>	
% Income						37%	81%	99%	55%	33%	27%	26%	26%	27%	26%	26%	26%	32%	
<b>Net Operating Income</b>						<b>\$13,154</b>	<b>\$1,223</b>	<b>\$38</b>	<b>\$10,933</b>	<b>\$21,976</b>	<b>\$24,800</b>	<b>\$24,364</b>	<b>\$24,364</b>	<b>\$25,023</b>	<b>\$25,311</b>	<b>\$25,311</b>	<b>\$25,311</b>	<b>\$221,807</b>	
Capital Analysis																			
Loan Type						BL	BL	BL	BL	BL	BL	BL	BL	BL	BL	BL	BL	BL	
Cash Flow Before Debt Service						\$13,154	\$1,223	\$38	\$10,933	\$21,976	\$24,800	\$24,364	\$24,364	\$25,023	\$25,311	\$25,311	\$25,311	\$221,807	
- Mortgage Payments						\$(42,888)	\$(42,888)	\$(42,888)	\$(42,888)	\$(42,888)	\$(42,888)	\$(42,888)	\$(42,888)	\$(42,888)	\$(42,888)	\$(42,888)	\$(42,888)	\$(42,888)	\$(514,650)
Cash Flow After Debt Service						\$(29,734)	\$(41,664)	\$(42,850)	\$(31,955)	\$(20,912)	\$(18,088)	\$(18,523)	\$(18,523)	\$(17,864)	\$(17,577)	\$(17,577)	\$(17,577)	\$(292,843)	
<b>Total Current Capital Contribution</b>						<b>\$248,734</b>	<b>\$290,398</b>	<b>\$333,248</b>	<b>\$365,203</b>	<b>\$386,114</b>	<b>\$404,202</b>	<b>\$422,725</b>	<b>\$441,249</b>	<b>\$459,113</b>	<b>\$476,689</b>	<b>\$494,266</b>	<b>\$511,843</b>	<b>\$511,843</b>	



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6217 S. DORCHESTER AVENUE | 25 UNITS | CHICAGO, IL

# Stabilization Profit & Loss

Unit Type	# Units	Current Avg Rent	Proforma Market Rent	Proforma Subsidy Rent	% Subsidy	Effective Rent	Annual Income
2 x 1	22	\$955	\$1,100	\$1,200	50%	\$1,150	\$303,600
Retail	1	\$1,500	\$9,000	\$0	0%	\$9,000	\$108,000
1 x 1	2	\$850	\$800	\$1,000	50%	\$900	\$21,600
<b>Total Rental</b>	<b>25</b>	<b>\$969</b>	<b>\$1,392</b>	<b>\$1,136</b>	<b>48%</b>	<b>\$1,444</b>	<b>\$433,200</b>
<b>Other Income</b>							
Move In Fees							\$3,063
Parking							\$0
Laundry							\$0
Storage							\$0
<b>Total Other Income</b>							<b>\$3,063</b>
<b>Total Potential Income</b>							<b>\$436,263</b>

Unit Address	Unit Type	Current Lease Exp	Need Repair	Current Rent	Target Rent	Month 13 Feb-18	Month 14 Mar-18	Month 15 Apr-18	Month 16 May-18	Month 17 Jun-18	Month 18 Jul-18	Month 19 Aug-18	Month 20 Sep-18	Month 21 Oct-18	Month 22 Nov-18	Month 23 Dec-18	Month 24 Jan-19	Year 2 Total	
1408 - 1	2 x 1	6/30/14		\$900	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$14,025
1408 - 2	2 x 1	1/31/17		\$900	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$14,025
1408 - 3	2 x 1	12/31/16		\$900	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$14,025
1410 - 1	2 x 1	5/31/15		\$850	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$14,025
1410 - 2	2 x 1	12/31/16		\$900	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$14,025
1410 - 3	2 x 1	9/30/16		\$900	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$14,025
1414	Retail	3/31/17		\$1,500	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,025	\$9,025	\$9,025	\$9,025	\$9,025	\$9,025	\$9,025	\$9,025	\$9,025	\$108,200
6217 - 1	1 x 1	9/30/16		\$0	\$900	\$900	\$900	\$900	\$925	\$925	\$925	\$925	\$925	\$925	\$925	\$925	\$925	\$925	\$11,025
6217 - 2	2 x 1	6/30/16		\$825	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$14,025
6217 - 3	2 x 1	7/28/17		\$1,093	\$1,118	\$1,118	\$1,118	\$1,118	\$1,118	\$1,118	\$1,143	\$1,143	\$1,143	\$1,143	\$1,143	\$1,143	\$1,143	\$1,143	\$13,591
6219 - 1	2 x 1	9/30/15		\$1,000	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$14,025
6219 - 2	2 x 1	9/30/16		\$875	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$14,025
6219 - 3	2 x 1	1/31/17		\$950	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$14,025
6221 - 1	1 x 1	5/31/13		\$850	\$875	\$875	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$10,775
6221 - 2	2 x 1	9/30/16		\$0	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$14,025
6223 - 1	2 x 1	9/30/16		\$870	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$14,025
6223 - 2	2 x 1	12/30/15		\$950	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$14,025
6223 - 3	2 x 1	6/30/15		\$1,000	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$14,025
6225 - 1	2 x 1	4/30/17		\$1,100	\$1,125	\$1,125	\$1,125	\$1,125	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$13,725
6225 - 2	2 x 1	4/30/17		\$1,020	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$13,975
6225 - 3	2 x 1	7/31/17		\$1,025	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$13,900
6227 - 1	2 x 1	12/31/16		\$950	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$14,025
6227 - 2	2 x 1	1/31/16		\$1,050	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$14,025
6227 - 3	2 x 1	8/31/16		\$1,000	\$1,150	\$1,150	\$1,150	\$1,150	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$1,175	\$14,025
Scheduled Income						\$34,868	\$34,893	\$34,893	\$35,368	\$35,393	\$35,443	\$35,443	\$35,443	\$35,468	\$35,468	\$35,468	\$35,468	\$35,468	\$423,616
Proforma Economic Occupancy						95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Minus Uncollectable Expense						\$(994)	\$(994)	\$(994)	\$(1,008)	\$(1,009)	\$(1,010)	\$(1,010)	\$(1,010)	\$(1,011)	\$(1,011)	\$(1,011)	\$(1,011)	\$(1,011)	\$(12,073)
Other Income						\$255	\$255	\$255	\$255	\$255	\$255	\$255	\$255	\$255	\$255	\$255	\$255	\$255	\$3,063
Projected Income						\$32,386	\$32,409	\$32,409	\$32,847	\$32,870	\$32,916	\$32,916	\$32,916	\$32,939	\$32,939	\$32,939	\$32,939	\$32,939	\$393,425
Operating Expenses																			
Leasing Commissions						\$0	\$(109)	\$0	\$(2,100)	\$(111)	\$(222)	\$0	\$0	\$(111)	\$0	\$0	\$0	\$0	\$(2,652)
Real Estate Taxes						\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(1,831)	\$(21,968)
Insurance						\$(716)	\$(716)	\$(716)	\$(716)	\$(716)	\$(716)	\$(716)	\$(716)	\$(716)	\$(716)	\$(716)	\$(716)	\$(716)	\$(8,591)
Gas/Heat						\$(1,516)	\$(1,516)	\$(1,516)	\$(1,516)	\$(1,516)	\$(1,516)	\$(1,516)	\$(1,516)	\$(1,516)	\$(1,516)	\$(1,516)	\$(1,516)	\$(1,516)	\$(18,189)
Electric						\$(231)	\$(231)	\$(231)	\$(231)	\$(231)	\$(231)	\$(231)	\$(231)	\$(231)	\$(231)	\$(231)	\$(231)	\$(231)	\$(2,775)
Water						\$(606)	\$(606)	\$(606)	\$(606)	\$(606)	\$(606)	\$(606)	\$(606)	\$(606)	\$(606)	\$(606)	\$(606)	\$(606)	\$(7,276)
Trash						\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(2,400)
Snow Removal/Landscaping						\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(2,400)
Pest Control						\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(1,200)
Legal						\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(100)	\$(1,200)
Repairs & Maintenance						\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(1,146)	\$(13,750)
G&A						\$(417)	\$(417)	\$(417)	\$(417)	\$(417)	\$(417)	\$(417)	\$(417)	\$(417)	\$(417)	\$(417)	\$(417)	\$(417)	\$(5,000)
Management Fee 5%						\$(1,619)	\$(1,620)	\$(1,620)	\$(1,642)	\$(1,643)	\$(1,646)	\$(1,646)	\$(1,646)	\$(1,647)	\$(1,647)	\$(1,647)	\$(1,647)	\$(1,647)	\$(19,671)
Projected Expenses						\$(8,682)	\$(8,792)	\$(8,683)	\$(10,805)	\$(8,816)	\$(8,930)	\$(8,708)	\$(8,708)	\$(8,820)	\$(8,709)	\$(8,709)	\$(8,709)	\$(8,709)	\$(107,072)
% Income						27%	27%	27%	33%	27%	27%	26%	26%	27%	26%	26%	26%	26%	27%
Net Operating Income						\$23,704	\$23,617	\$23,726	\$22,042	\$24,053	\$23,986	\$24,208	\$24,208	\$24,119	\$24,230	\$24,230	\$24,230	\$24,230	\$286,353
Capital Analysis																			
Loan Type						BL	Conv	Conv											
Cash Flow Before Debt Service						\$23,704	\$23,617	\$23,726	\$22,042	\$24,053	\$23,986	\$24,208	\$24,208	\$24,119	\$24,230	\$24,230	\$24,230	\$24,230	\$286,353
- Mortgage Payments						\$(42,888)	\$(16,817)	\$(16,817)	\$(16,817)	\$(16,817)	\$(16,817)	\$(16,817)	\$(16,817)	\$(16,817)	\$(16,817)	\$(16,817)	\$(16,817)	\$(16,817)	\$(227,879)
Cash Flow After Debt Service						\$(19,183)	\$6,800	\$6,909	\$5,225	\$7,236	\$7,169	\$7,390	\$7,390	\$7,301	\$7,412	\$7,412	\$7,412	\$7,412	\$58,474
Total Current Capital Contribution						\$531,026	\$531,026	\$531,026	\$531,026	\$531,026	\$531,026	\$531,026	\$531,026	\$531,026	\$531,026	\$531,026	\$531,026	\$531,026	\$531,026



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6217 S. DORCHESTER AVENUE | 25 UNITS | CHICAGO, IL

# Stabilized Pro Forma

Assumptions	
Vacancy At 30% Yearly Turnover And 2 Months Average Absorption	5.00%
Income Inflation Rate	3.00%
Expense Inflation Rate	2.50%
Property Management Fee	5.00%
Bad Debt/Uncollectable Expense	3.00%
Selling Costs	5.00%

Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Year Ending	1/31/18	1/31/19	1/31/20	1/31/21	1/31/22	1/31/23	1/31/24	1/31/25	1/31/26	1/31/27
Gross Potential Rent	\$396,421	\$423,616	\$436,324	\$449,414	\$462,897	\$476,784	\$491,087	\$505,820	\$520,994	\$536,624
Vacancy/Loss	\$(63,500)	\$(21,181)	\$(21,816)	\$(22,471)	\$(23,145)	\$(23,839)	\$(24,554)	\$(25,291)	\$(26,050)	\$(26,831)
Gross Scheduled Rent	\$332,921	\$402,435	\$414,508	\$426,944	\$439,752	\$452,944	\$466,533	\$480,529	\$494,945	\$509,793
Less Uncollectables	\$(9,988)	\$(12,073)	\$(12,435)	\$(12,808)	\$(13,193)	\$(13,588)	\$(13,996)	\$(14,416)	\$(14,848)	\$(15,294)
Other Income	\$2,616	\$3,063	\$3,154	\$3,249	\$3,346	\$3,447	\$3,550	\$3,657	\$3,766	\$3,879
<b>Operating Income</b>	<b>\$325,549</b>	<b>\$393,425</b>	<b>\$405,227</b>	<b>\$417,384</b>	<b>\$429,906</b>	<b>\$442,803</b>	<b>\$456,087</b>	<b>\$469,770</b>	<b>\$483,863</b>	<b>\$498,379</b>

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Leasing Commissions	\$(8,130)	\$(2,652)	\$(5,181)	\$(5,337)	\$(5,497)	\$(5,662)	\$(5,832)	\$(6,007)	\$(6,187)	\$(6,372)
Real Estate Taxes	\$(21,968)	\$(21,968)	\$(22,517)	\$(23,080)	\$(23,657)	\$(24,248)	\$(24,855)	\$(25,476)	\$(26,113)	\$(26,766)
Insurance	\$(8,591)	\$(8,591)	\$(8,806)	\$(9,026)	\$(9,252)	\$(9,483)	\$(9,720)	\$(9,963)	\$(10,212)	\$(10,467)
Gas/Heat	\$(15,410)	\$(18,189)	\$(19,420)	\$(19,906)	\$(20,403)	\$(20,914)	\$(21,436)	\$(21,972)	\$(22,522)	\$(23,085)
Electric	\$(2,351)	\$(2,775)	\$(2,963)	\$(3,037)	\$(3,112)	\$(3,190)	\$(3,270)	\$(3,352)	\$(3,436)	\$(3,521)
Water	\$(6,165)	\$(7,276)	\$(7,769)	\$(7,963)	\$(8,162)	\$(8,366)	\$(8,576)	\$(8,790)	\$(9,010)	\$(9,235)
Trash	\$(2,033)	\$(2,400)	\$(2,563)	\$(2,627)	\$(2,692)	\$(2,760)	\$(2,829)	\$(2,899)	\$(2,972)	\$(3,046)
Snow Removal/Landscaping	\$(2,033)	\$(2,400)	\$(2,563)	\$(2,627)	\$(2,692)	\$(2,760)	\$(2,829)	\$(2,899)	\$(2,972)	\$(3,046)
Pest Control	\$(1,017)	\$(1,200)	\$(1,281)	\$(1,313)	\$(1,346)	\$(1,380)	\$(1,414)	\$(1,450)	\$(1,486)	\$(1,523)
Legal	\$(1,017)	\$(1,200)	\$(1,281)	\$(1,313)	\$(1,346)	\$(1,380)	\$(1,414)	\$(1,450)	\$(1,486)	\$(1,523)
Repairs & Maintenance	\$(13,750)	\$(13,750)	\$(14,094)	\$(14,446)	\$(14,807)	\$(15,177)	\$(15,557)	\$(15,946)	\$(16,344)	\$(16,753)
G&A	\$(5,000)	\$(5,000)	\$(5,125)	\$(5,253)	\$(5,384)	\$(5,519)	\$(5,657)	\$(5,798)	\$(5,943)	\$(6,092)
Management Fee 5%	\$(16,277)	\$(19,671)	\$(20,261)	\$(20,869)	\$(21,495)	\$(22,140)	\$(22,804)	\$(23,488)	\$(24,193)	\$(24,919)
<b>Operating Expenses</b>	<b>\$(103,742)</b>	<b>\$(107,072)</b>	<b>\$(113,824)</b>	<b>\$(116,797)</b>	<b>\$(119,848)</b>	<b>\$(122,979)</b>	<b>\$(126,192)</b>	<b>\$(129,490)</b>	<b>\$(132,875)</b>	<b>\$(136,349)</b>
% Operating Income	31.87%	27.22%	28.09%	27.98%	27.88%	27.77%	27.67%	27.56%	27.46%	27.36%

Income Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Net Operating Income</b>	<b>\$221,807</b>	<b>\$286,353</b>	<b>\$291,404</b>	<b>\$300,588</b>	<b>\$310,058</b>	<b>\$319,824</b>	<b>\$329,895</b>	<b>\$340,279</b>	<b>\$350,988</b>	<b>\$362,030</b>
Cap Rate (Purchase Price)	6.52%	8.42%	8.57%	8.84%	9.12%	9.41%	9.70%	10.01%	10.32%	10.65%
Cap Rate (Market Value)	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
<b>Free Cash Flow</b>	<b>\$152,531</b>	<b>\$76,102</b>	<b>\$72,718</b>	<b>\$77,190</b>	<b>\$81,789</b>	<b>\$86,517</b>	<b>\$91,380</b>	<b>\$96,380</b>	<b>\$101,521</b>	<b>\$106,807</b>
Cash-on-Cash Return	-57.21%	2.06%	15.51%	17.10%	18.74%	20.43%	22.17%	23.97%	25.83%	27.74%

Loan Analysis	Year 1	Year 2*	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Market Valuation (At Year End)</b>	<b>\$4,273,234</b>	<b>\$4,385,122</b>	<b>\$4,483,133</b>	<b>\$4,624,425</b>	<b>\$4,770,126</b>	<b>\$4,920,373</b>	<b>\$5,075,305</b>	<b>\$5,235,069</b>	<b>\$5,399,813</b>	<b>\$5,569,692</b>
- Year End Loan Balance	\$(3,431,000)	\$(3,365,851)	\$(3,305,933)	\$(3,243,418)	\$(3,178,193)	\$(3,110,142)	\$(3,039,142)	\$(2,965,065)	\$(2,887,778)	\$(2,887,778)
<b>= Equity</b>	<b>\$842,234</b>	<b>\$1,019,271</b>	<b>\$1,177,200</b>	<b>\$1,381,008</b>	<b>\$1,591,933</b>	<b>\$1,810,230</b>	<b>\$2,036,163</b>	<b>\$2,270,004</b>	<b>\$2,512,035</b>	<b>\$2,681,914</b>
Loan-to-Value Ratio	80.29%	76.76%	73.74%	70.14%	66.63%	63.21%	59.88%	56.64%	53.48%	51.85%
Debt Service Coverage	1.10	1.42	1.44	1.49	1.54	1.58	1.63	1.69	1.74	1.79
<b>Potential Cash-Out Refi Amount</b>	<b>\$(12,413)</b>	<b>\$77,097</b>	<b>\$220,655</b>	<b>\$393,608</b>	<b>\$572,684</b>	<b>\$758,105</b>	<b>\$950,102</b>	<b>\$1,148,913</b>	<b>\$1,354,785</b>	<b>\$1,567,975</b>

Sale Analysis	Year 1	Year 2*	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Equity	\$842,234	\$1,019,271	\$1,177,200	\$1,381,008	\$1,591,933	\$1,810,230	\$2,036,163	\$2,270,004	\$2,512,035	\$2,681,914
- Selling Costs	\$(213,662)	\$(219,256)	\$(224,157)	\$(231,221)	\$(238,506)	\$(246,019)	\$(253,765)	\$(261,753)	\$(269,991)	\$(278,485)
<b>= Proceeds After Sale</b>	<b>\$628,572</b>	<b>\$800,015</b>	<b>\$953,043</b>	<b>\$1,149,786</b>	<b>\$1,353,427</b>	<b>\$1,564,212</b>	<b>\$1,782,398</b>	<b>\$2,008,250</b>	<b>\$2,242,044</b>	<b>\$2,403,429</b>
+ Cumulative Cash Flow	\$152,531	\$228,633	\$301,351	\$378,541	\$460,329	#VALUE!	#VALUE!	#DIV/0!	#DIV/0!	#DIV/0!
+ Projected Capital Requirement	\$(577,625)	\$(577,625)	\$(577,625)	\$(577,625)	\$(577,625)	\$(577,625)	\$(577,625)	\$(577,625)	\$(577,625)	\$(577,625)
<b>= Net Profit</b>	<b>\$203,479</b>	<b>\$451,023</b>	<b>\$676,770</b>	<b>\$950,702</b>	<b>\$1,236,131</b>	<b>#VALUE!</b>	<b>#VALUE!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
<b>Internal Rate of Return</b>		<b>36.96%</b>	<b>34.30%</b>	<b>33.41%</b>	<b>32.16%</b>	<b>30.92%</b>	<b>29.80%</b>	<b>28.81%</b>	<b>27.94%</b>	<b>26.89%</b>
<b>Return on Investment</b>		<b>78.08%</b>	<b>117.16%</b>	<b>164.59%</b>	<b>214.00%</b>	<b>#VALUE!</b>	<b>#VALUE!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>



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SECTION 4

# DEMOGRAPHICS



6217 S. DORCHESTER AVENUE | 25 UNITS | CHICAGO, IL

# Demographics Map



	0.5 MILES	1 MILE	1.5 MILES
<b>POPULATION</b>			
TOTAL POPULATION	7,865	29,827	75,993
MEDIAN AGE	33.5	34.2	34.0
MEDIAN AGE (MALE)	32.4	33.5	32.0
MEDIAN AGE (FEMALE)	34.6	34.7	36.0
<b>HOUSEHOLDS &amp; INCOME</b>			
TOTAL HOUSEHOLDS	3,351	12,989	34,046
# OF PERSONS PER HH	2.3	2.3	2.2
AVERAGE HH INCOME	\$67,648	\$63,489	\$55,866
AVERAGE HOUSE VALUE	\$324,047	\$344,140	\$337,125

\* Demographic data derived from 2010 US Census



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**EXHIBIT B**

<u>LENDER</u>	<u>BORROWER</u>
The persons listed on <u>Exhibit A</u> to the Note C/O EQUITYBUILD FINANCE, LLC 5068 WEST PLANO PKWY #300 PLANO, TX 75093	EQUITYBUILD, INC. 1083 N COLLIER BLVD. #132 MARCO ISLAND, FL 34145

**COMMERCIAL FLAT  
RATE PROMISSORY  
NOTE**  
With Balloon Payment  
Illinois

Interest Rate	Principal	Funding Date	Maturity Date	Loan Number
16% For 18 Months	\$ 50,500.00	02/13/2017	08/01/2018	N/A

THIS LOAN IS PAYABLE IN FULL ON OR BEFORE THE "MATURITY DATE" LISTED HEREIN. YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND ANY UNPAID INTEREST, AND FEES AND COSTS, THEN DUE TO THE LENDER. **LENDER IS UNDER NO OBLIGATION TO REFINANCE, EXTEND OR MODIFY THE LOAN AT THAT TIME.** YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER (WHICH MAY OR MAY NOT BE THE LENDER YOU HAVE THIS LOAN WITH), WILLING TO LEND YOU THE MONEY. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM THE SAME LENDER. FOR VALUE RECEIVED, the undersigned Borrower(s), Maker(s) and/or Guarantor(s) (hereinafter the "Borrower") promises to pay **The persons listed on Exhibit A to this Note C/O EquityBuild Finance, LLC** (hereinafter collectively referred to as the "Holder" or "Lender"), at **5068 West Plano Pkwy. #300 Plano, TX 75093**, the principal sum of

FIFTY THOUSAND FIVE HUNDRED \_\_\_\_\_ and 00/100 DOLLARS (\$ 50,500.00 \_\_\_\_\_), together

with interest from the above date at the interest rate of **SIXTEEN PERCENT (16.0%)** per annum on the unpaid principal balance until paid. The principal of this Note, plus accrued interest at the rate aforesaid, shall be due and payable in **EIGHTEEN (18)** installments as follows:

a) ONE (1) interest payment in the amount of FOUR HUNDRED FOUR \_\_\_\_\_ and 00 /100 DOLLARS (\$ 404.00 \_\_\_\_\_), beginning on or before **FENRUARY 13, 2017**; and

b) SIXTEEN (16) equal and consecutive interest only payments in the amount of SIX HUNDRED SEVENTY-THREE \_\_\_\_\_ and 33 /100 DOLLARS (\$ 673.33 \_\_\_\_\_), beginning on or

before **APRIL 01, 2017**; and continuing each and every month thereafter; and

c) One (1) final balloon payment on or before **AUGUST 01, 2018**, at which time the entire principal balance, together with accrued but unpaid interest thereon, and any costs and expenses, shall be due and payable.

Anything in this Note contrary notwithstanding, the entire unpaid balance of the principal sum and all unpaid

interest accrued thereon shall, unless sooner paid, be and become due and payable on **AUGUST 01, 2018** ("Maturity Date").

1. **Application of Payments.** All payments on this Note shall be made in lawful money of the United States of America and shall be applied first to any late charges due hereunder, second to the payment of accrued but unpaid interest and the remainder to the reduction of principal. The Borrower shall make all payments when due, without set-offs of any nature.

2. **Late Charge/Dishonored Check.** There shall be a grace period of five (5) days for any payment due under this Note. The Borrower shall pay a late charge of 5% of the monthly payment amount, or \$50.00, whichever is greater, if such payment is received by Lender after the grace period. If the Maturity Date of the Note has expired the late fee will be at the rate of 1.5% per month plus the face amount of the Note. In the event any check given by Borrower to Lender as a payment on this Note is dishonored, or in the event there are insufficient funds in Borrower's designated account to cover any preauthorized monthly debit from Borrower's checking account, then, without limiting any other charges or remedies, Borrower shall pay to Lender a processing fee of \$50.00 (but not more than the maximum amount allowed by law) for each such event.

3. **Security.** To secure the payment and performance of obligations incurred under this Note, this Note shall be secured by and subject to the terms of a Mortgage of even date herewith from the Borrower which encumbers real property and improvements located at

**6217 S Dorchester Ave. Chicago, IL 60637**, and the maturity hereof is subject to acceleration as therein set forth. Both this Note and the Mortgage are given in consideration of a loan of even date herewith in the amount of the principal sum by the Lender to the Borrower.

In addition to the property described above, Borrower grants Lender a security interest in all of Borrower's right, title and interest in all monies and instruments of Borrower that are now or in the future in Lender's custody or control.

4. **Events of Default.** An Event of Default will occur under this Note in the event that Borrower any guarantor or any other third party pledging collateral to secure this Note:
- a. Fails to make any payment of principal and/or interest or any other sum due hereunder when the same is due pursuant to the terms of this Note;
  - b. If Borrower, guarantor or such third party:
    - i. Applies for or consents to the appointment of a receiver, trustee or liquidator of Borrower, guarantor or such third party or of all or a substantial part of its assets;
    - ii. Files a voluntary petition in bankruptcy, whether by the Federal Bankruptcy Act or any similar State statute, or admits in writing its inability to pay its debts as they come due;
    - iii. Makes an assignment for the benefit of creditors;
    - iv. Files a petition or an answer seeking a reorganization or an arrangement with creditors or seeking to take advantage of any insolvency law;
    - v. Performs any other act of bankruptcy; or
    - vi. Files an answer admitting the material allegations of a petition filed against Borrower, guarantor or such third party in any bankruptcy, reorganization or insolvency proceeding; or
  - c. Permits the entry of any order, judgment or decree by any court of competent jurisdiction adjudicating Borrower, guarantor or such third party a bankrupt or an insolvent, or approving a receiver, trustee or liquidator of Borrower, guarantor or such third party or of all or a substantial part of its assets; or
  - d. There otherwise commences with respect to Borrower, guarantor or such third party or any of its assets any proceeding under any bankruptcy, reorganization, arrangement, insolvency, readjustment, receivership or like law or statute, and if the order, judgment, decree or proceeding continues unstayed for any period of 60 consecutive days, or continues in effect for more than 10 days after any stay thereof.
  - e. Fails to perform or violates any obligations or covenants under the terms of this Note or any Mortgages or any additional loan documents or any other present or future written agreements

regarding this Note or any other indebtedness or obligations between Borrower, guarantor or such third party and Lender;

- f. Defaults under the terms of any note, mortgage, security instrument, or any other loan documents or written agreements for any other loans secured by the property representing the collateral for this Note;
- g. Permits the entry of any judgment or lien, or the issuance of any execution, levy, attachment or garnishment proceedings against Borrower, guarantor or such third party;
- h. Sells or otherwise conveys any property which constitutes security or collateral for the payment of this Note without the prior written consent of the Lender and/or the destruction, loss or damage to such collateral in any material respect and/or the seizure, condemnation or confiscation of the collateral;
- i. Provides or causes to be provided any false or misleading signature or representation to be provided to Lender;
- j. Has a garnishment, judgment, tax levy, attachment or lien entered or served against Borrower, any guarantor, or any third party pledging collateral to secure this Note or any of their property;
- k. Dies, becomes legally incompetent, is dissolved or terminated, or ceases to operate its business;
- l. Has a majority of its outstanding voting securities sold, transferred or conveyed to any person or entity other than any person or entity that has the majority ownership as of the date of the execution of this Note;
- m. Causes Lender to deem itself insecure due to a significant decline in the value of any real or personal property securing payment of this Note, or Lender, in good faith believes the prospect of payment or performance is impaired;
- n. Fails to keep an insurance policy in place on the subject property being used as collateral for this loan with Lender as the mortgagee and/or as the loss payee including its successor and/or assigns;
- o. Fails to keep property taxes current on property used as security for this Note.

5. **Rights of Lender On Event of Default.** In the Event of Default as set forth herein, or in the event of the breach of any covenant or obligation contained in the herein referred to Mortgage or Loan Documents on the part of the undersigned to be kept, observed or performed, the Lender, at its sole and absolute discretion, may exercise one or more of the following remedies without notice or demand (except as required by law):

- a. Declare the entire unpaid balance of principal of this Note, along with accrued and unpaid interest thereon and all other charges, costs and expenses, provided for herein and in the Mortgage immediately due and payable. Such acceleration shall be automatic and immediate in the Event of Default is a filing under the Bankruptcy Code;
- b. Collect the outstanding obligations of Borrower with or without judicial process;
- c. Cease making advances under this Note or any other agreement between Borrower and Lender;
- d. Take possession of any collateral in any manner permitted by law;
- e. require Borrower to deliver and make available to Lender any collateral at a place reasonably convenient to Borrower and Lender;
- f. Sell, lease or otherwise dispose of any collateral and collect any deficiency balance with or without resorting to legal process;
- g. Assume any and all mortgages/deeds of trust in existence at the time of default on all collateral securing loans made to Borrower;
- h. Set-off Borrower's obligations against any amounts due to Borrower including, but not limited to, monies and instruments, maintained with Lender; and
- i. Exercise all other rights available to Lender under any other written agreement or applicable law.

At any time an Event of Default shall have occurred and be continuing and/or after maturity of the Loan, including maturity upon acceleration, the unpaid principal balance, all accrued and unpaid interest and all other amounts payable under the Note shall bear interest at the "Default Rate" set forth in this Note. The unpaid principal balance shall continue to bear interest after the Maturity Date at the Default Rate set forth in this Note until and including the date on which it is paid in full. Any regularly scheduled monthly installment of interest that is received by Lender before the date

it is due shall be deemed to have been received on the due date solely for the purpose of calculating interest due. Any accrued interest remaining past due for 30 days or more shall be added to and become part of the unpaid principal balance and shall bear interest at the rate or rates specified in this Note, and any reference herein to "accrued interest" shall refer to accrued interest which has not become part of the unpaid principal balance. Interest under this Note shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Borrower shall make all payments of principal and interest under this Note without relief from valuation and appraisal laws.

Lender's remedies in this Section are in addition to any available at common law and nothing in this Section shall impair any right which the Holder has under this Note, or at law or in equity, to accelerate the debt on the occurrence of any other Event of Default, whether or not relating to this Note. Lender's rights or remedies as provided in this Note shall be cumulative and concurrent and may be pursued singly, successively, or together against Borrower or any guarantor or third party (without first having to proceed against Borrower), at Lender's sole and absolute discretion. Borrower shall pay to Lender on Lender's demand the amount of all expenses incurred by Lender (a) in enforcing its rights under this Note, or (b) as the result of a default by Borrower under this Note, including but not limited to the cost of collecting any amount owed hereunder, and any reasonable attorney's fees. The failure by Lender to exercise any of its options contained herein shall not constitute a waiver of the right to exercise such option in the event of any subsequent default.

6. **Costs and Expenses.** To the extent permitted by law, Borrower agrees to pay any and all reasonable fees and costs, including, but not limited to, fees and costs of attorneys and other agents (including without limitation paralegals, clerks and consultants), whether or not such attorney or agent is an employee of Lender, which are incurred by Lender in collecting any amount due or enforcing any right or remedy under this Note, whether or not suit is brought, including, but not limited to, all fees and costs incurred on appeal, in bankruptcy, and for post-judgment collection actions. Said collection fees shall be in the minimum amount of Fifteen Percent (15%) of the amount of the judgment as collected (or, if collected without judgment, a minimum fee of Fifteen Percent (15%) of the amount collected), which attorney's fee shall not be diminished by any other fees, costs or damages, but in no event shall the attorney's fees be less than \$3,000.00.

7. **Extensions.** The Borrower shall remain liable for the payment of this Note, including interest, notwithstanding any extension or extensions of time of payment or any indulgence of any kind or nature that the Lender may grant or permit any subsequent owner of the encumbered property, whether with or without notice to the Borrower and the Borrower hereby expressly waives such notice.

8. **Confessed Judgment.** UPON ANY DEFAULT BY THE BORROWER AS SET FORTH IN THIS NOTE, AND TO THE EXTENT PERMITTED BY LAW, THE BORROWER HEREBY AUTHORIZES ANY ATTORNEY AT LAW TO APPEAR FOR THE BORROWER IN ANY COURT OF COMPETENT JURISDICTION AND WAIVE THE ISSUANCE AND SERVICE OF PROCESS AND CONFESS A JUDGMENT AGAINST THE BORROWER IN FAVOR OF THE LENDER FOR SUCH AMOUNTS AS MAY THEN APPEAR TO BE UNPAID HEREON TOGETHER WITH COSTS, EXPENSES AND ATTORNEY'S FEES IN THE MINIMUM AMOUNT OF FIFTEEN PERCENT (15%) OF THE AMOUNT DUE FOR COLLECTION (BUT IN NO EVENT SHALL SUCH FEES BE LESS THAN \$3000.00), AND TO RELEASE ALL PROCEDURAL ERRORS AND WAIVE ALL RIGHTS OF APPEAL. IF THE CONFESSION OF JUDGMENT ABOVE PROVIDED FOR IS AUTHORIZED OR RECOGNIZED BY THE LAW OF THE JURISDICTION CONTROLLING BUT SUCH LAW REQUIRES SPECIAL FORMALITIES AND PROCEDURE, THEN THE SAID ATTORNEY IS EMPOWERED TO EXECUTE THE NECESSARY FORM AND COMPLY WITH SUCH SPECIAL PROCEDURES. THIS POWER OF CONFESSION OF JUDGMENT SHALL NOT BE EXHAUSTED BY ANY ONE OR MORE EXERCISES, AND THE POWER SHALL CONTINUE UNDIMINISHED AND MAY BE EXERCISED FROM TIME TO TIME AS OFTEN AS LENDER SHALL ELECT UNTIL ALL AMOUNTS PAYABLE TO LENDER UNDER THIS NOTE SHALL HAVE BEEN PAID IN FULL.

9. **Forbearance.** The Lender shall not by any act or omission to act be deemed to waive any of its rights or remedies hereunder unless such waiver is in writing and signed by the Lender and then only to the extent specifically set forth therein. A waiver on one occasion shall not be construed as continuing or as a bar to or waiver of such right or remedy on any other occasion. All remedies conferred upon the Lender by this Note or any other instrument or agreement connected herewith or related hereto shall be cumulative and none is exclusive, and such remedies may be exercised concurrently or consecutively at the Lender's option.

10. **Modification and Waiver.** Borrower and/or every person at any time liable for the payment of the debt evidenced hereby, waives the exercise of all exemption rights which it holds at law or in equity concerning to the debt evidenced by this Note whether under state constitution, homestead laws or otherwise. Borrower and any endorsers or guarantors hereof severally waive valuation and appraisal, presentment and demand for payment, notice of intent to accelerate maturity, notice of acceleration of maturity, protest or notice of protest and nonpayment, bringing of suit and diligence in taking any action to collect any sums owing hereunder or in proceeding against any of the rights and properties securing payment hereof, and trial by jury in any litigation arising out of, relating to, or connected with this Note or any instrument given as security hereof.

From time to time, without affecting Borrower's obligation to pay any sums due under this Note and perform Borrower's covenants herein, without affecting the obligations of any endorser hereto or guarantor hereof, without giving notice to or obtaining the consent of Borrower or any endorser hereto or guarantor hereof, and without liability on the part of the Holder, Holder may, acting in its sole and absolute discretion, extend the Maturity Date or any other time for payment of interest hereon and/or principal hereof, reduce the payments hereunder, release anyone liable under this Note except a renewal of this Note, modify the terms and time of payment of this Note, join in any extension or subordination or exercise any option or election hereunder, modify the rate of interest or period of amortization or principal due date of this Note, or exercise any option or election hereunder. No one or more such actions shall constitute a novation.

11. **Voluntary and Involuntary Prepayments.**

(a) A prepayment premium shall be payable in connection with any prepayment made under this Note as provided below:

(i) Borrower may voluntarily prepay all of the unpaid principal balance of this Note on a Business Day designated as the date for such prepayment in a Notice from Borrower to Lender given at least 30 days prior to the date of such prepayment. Such prepayment shall be made by paying (A) the amount of principal being prepaid, (B) all accrued interest, (C) all other sums due Lender at the time of such prepayment, and (D) the prepayment premium calculated pursuant to Section 11(f) of this Note. For purposes of this Note, a "**Business Day**" means any day other than a Saturday, Sunday or any other day on which Lender is not open for business. For all purposes including the accrual of interest, but excluding the determination of the prepayment date under Section 11(f) of this Note, any prepayment received by Lender on any day other than the last calendar day of the month shall be deemed to have been received on the last calendar day of such month.

(ii) Borrower may voluntarily prepay less than all of the unpaid principal balance of this Note (a "**Partial Prepayment**") at any time. Upon delivery of the Partial Prepayment, a prepayment premium calculated pursuant to Section 11(f) of this Note, based on the amount being prepaid, shall be due and payable to Lender upon demand.

(iii) Upon Lender's exercise of any right of acceleration under this Note, Borrower shall pay to Lender, in addition to the entire unpaid principal balance of this Note outstanding at the time of the acceleration, (A) all accrued interest, (B) and all other sums due Lender, and (C) the prepayment premium calculated pursuant to Section 11(f) of this Note, to the extent such prepayment premium does not exceed the maximum rate permitted by applicable law.

(iv) Any application by Lender of any proceeds of collateral or other security to the repayment of any portion of the unpaid principal balance of this Note prior to the Maturity Date and in the absence of acceleration shall be deemed to be a partial prepayment by Borrower, requiring the payment to Lender by Borrower of a prepayment premium. The amount of any such partial prepayment shall be computed so as to provide to Lender a prepayment premium computed pursuant to Section 11(f) of this Note without Borrower having to pay out-of-pocket any additional amounts.

(b) Notwithstanding the provisions of Section 11(a), no prepayment premium shall be payable with respect to (A) any prepayment made after the expiration of the Prepayment Premium Period (as defined in Section 11(f) of this Note), or (B) any prepayment occurring as a result of the application of any insurance proceeds or condemnation award under the Security Instrument.

(c) Any permitted or required prepayment of less than the unpaid principal balance of this Note shall not extend or postpone the due date of any subsequent monthly installments or change the amount of such installments, unless Lender agrees otherwise in writing.

(d) Borrower recognizes that any prepayment of the unpaid principal balance of this Note, whether voluntary or involuntary or resulting from a default by Borrower, will result in Lender's incurring loss, including reinvestment loss, additional expense and frustration or impairment of Lender's ability to meet its commitments to third

parties. Borrower agrees to pay to Lender upon demand damages for the detriment caused by any prepayment, and agrees that it is extremely difficult and impractical to ascertain the extent of such damages. Borrower therefore acknowledges and agrees that the formula for calculating prepayment premiums set forth in Section 11(f) represents a reasonable estimate of the damages Lender will incur because of a prepayment.

(e) Borrower further acknowledges that the prepayment premium provisions of this Note are a material part of the consideration for the Loan, and acknowledges that the terms of this Note are in other respects more favorable to Borrower as a result of the Borrower's voluntary agreement to the prepayment premium provisions.

(f) Any prepayment premium payable under this Section 11 shall be computed as follows:

(i) If the prepayment is made between the date of the initial funding of the loan evidenced by this Note and the last day of **the month after the month of close** (the "**Prepayment Premium Period**"), the prepayment premium shall be the interest at the Note rate herein that would be earned on full loan amount for the balance of the Prepayment Premium Period.

(ii) If the prepayment is made after the expiration of the Prepayment Premium Period, there shall be no prepayment premium due.

12. **Default Rate.** So long as (a) any monthly installment under this Note remains past due for thirty (30) days or more or (b) any other Event of Default has occurred and is continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at a rate (the "**Default Rate**") equal to the lesser of **seven (7)** percentage points above the rate stated in the first paragraph of this Note or the maximum interest rate which may be collected from Borrower under applicable law. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate. Borrower acknowledges that (a) its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan, (b) during the time that any monthly installment under this Note is delinquent for thirty (30) days or more, Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Lender's ability to meet its other obligations and to take advantage of other investment opportunities; and (c) it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment under this Note is delinquent for thirty (30) days or more or any other Event of Default has occurred and is continuing, Lender's risk of nonpayment of this Note will be materially increased and Lender is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of the Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan. During any period that the Default Rate is in effect the additional interest accruing over and above the rate stated in the first paragraph of this Note shall be immediately due and payable in addition to the regularly scheduled principal and interest payments. Lender shall impose the Default Rate without any notice requirement to Borrower, guarantor or any third party pledging collateral as security for this Note.

13. **Loan Charges/Maximum Rate Permitted By Law.** Neither this Note nor any of the other Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the maximum interest rate permitted to be charged under applicable law. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower in connection with the Loan is interpreted so that any interest or other charge provided for in any Loan Document, whether considered separately or together with other charges provided for in any other Loan Document, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Lender in excess of the permitted amounts shall be applied by Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all Indebtedness that constitutes interest, as well as all other charges made in connection with the Indebtedness that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of the Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of the Note. If Lender reasonably determines that the interest rate (together with all other charges or payments that may be deemed interest) stipulated under this Note is or may be usurious or otherwise limited by law, the unpaid balance of this Note, with accrued interest at the highest rate permitted to be charged by stipulation in writing between Lender and Borrower, at the option of

Lender, shall immediately become due and payable.

14. **Waiver of Jury Trial.** THE BORROWER WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF, OR IN ANY WAY PERTAINING TO, THIS NOTE OR ANY DEED OF TRUST/MORTGAGE ARISING FROM THIS NOTE. THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE BORROWER, AND THE BORROWER HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT.

15. **Notices.** Any Notice or other communication required, permitted or desirable under the terms of this Note shall be sufficiently given if sent to each party as follows:

Lender: The persons listed on Exhibit A to this Note  
C/O EquityBuild Finance, LLC  
5068 West Plano Pkwy, #300  
Plano, Texas 75093  
Fax: 239-244-8666  
Email: shaun.d.cohen@gmail.com

Borrower: EquityBuild, Inc.  
1083 N Collier Blvd. #132  
Marco Island, FL 34145  
Fax: 202-204-8423  
Email: jerry@equitybuild.com

Any notice, demand, consent, approval, request or other communication or document to be given hereunder to a party hereto shall be (a) in writing, and (d) deemed to have been given (i) on the 3<sup>rd</sup> business day after being sent as certified or registered mail in the United States mails, postage prepaid, return receipt requested, or (ii) on the next business day after being deposited (with instructions to deliver it on that business day) with a reputable overnight courier service, or (iii) (if the party's receipt thereof is acknowledged in writing) on being sent by telefax or another means of immediate electronic communication, in each case to the party's address set forth above or any other address in the United States of America which it designates from time-to-time by notice to each other party hereto, or (iv) (if the party's receipt thereof is acknowledged in writing) on being given by hand or other actual delivery to the party.

16. **Entire Agreement/Severability.** The terms and conditions of this Note together with the terms and conditions of the Mortgages which are incorporated herein by reference as if set forth fully herein contain the entire understanding between the Borrower and Lender with respect the indebtedness evidenced hereby. Such understanding may not be modified, amended or terminated except in a written document duly executed by Borrower and Lender. In the event that any one or more of the provisions set forth in this Note or any accompanying Arbitration Agreement is determined by law to be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired hereby, and each provision in this Note shall be construed liberally in favor of Lender to the fullest extent of the law.

17. **Joint and Several Liability/Credit Reporting.** The liability of the undersigned, as well as any endorsers and/or guarantor(s), shall be both joint and several. This Note shall be binding upon the heirs, successors and assigns of Borrower and Lender. Information concerning this Note may be reported to credit reporting agencies and will be made available when requested by proper legal process.

18. **Governing Law.** This Note is delivered and made in, and shall be construed pursuant to the laws of the State of Illinois Unless applicable law provides otherwise, Borrower consents to the jurisdiction and venue of any court of competent jurisdiction located in **Cook County**, Illinois.

19. **Construction.** As used herein, Person means a natural person, trustee, corporation, partnership,

limited liability company or other legal entity, and all references made (a) in the neuter, masculine or feminine gender shall be deemed made in all genders, (b) in the singular or plural number shall also be deemed made in the plural or singular number, and (c) to any Section, subsection, paragraph or subparagraph shall, unless therein expressly indicated to the contrary, be deemed made to that part of the Note. The headings of those parts are provided only for convenience of reference, and shall not be considered in construing their contents. Each document referred to herein as being attached hereto as an exhibit or otherwise designated herein as an exhibit hereto shall be a part hereof.

20. **Time of Essence.** Time shall be of the essence of this Note, but (other than as to payment of principal and/or interest) if the last day for a Person to exercise a right or perform a duty hereunder is a Saturday, Sunday or statutory holiday, it shall have until the next day other than such a day to do so.

21. **Assignment.** Borrower agrees not to assign any of Borrower's rights, remedies or obligations described in this Note without the prior written consent of Lender, which consent may be withheld by Lender in its sole discretion. Borrower agrees that Lender is entitled to assign some or all of its rights and remedies described in this Note without notice to or the prior consent of Borrower.

22. **Commercial Purpose.** It is expressly stipulated, warranted and agreed that the loan evidenced by this Note and any Loan Documents is a "commercial loan" under applicable State or Federal law, and all proceeds shall be used for business, commercial or investment purposes and expressly not for personal, family or household purposes.

23. **Extension.** Intentionally omitted.

24. **Arbitration.** If arbitration has been agreed to, Borrower(s) and Lender have entered into a separate Arbitration Agreement on this date, the terms of which are incorporated herein and made a part hereof by reference.

25. **Contingency Funds.** Intentionally omitted.

26. **Demand Feature.** Intentionally omitted.

27. **Consent To Relief From Automatic Stay.** Borrower hereby agrees that if any of them shall (i) file with any bankruptcy court of competent jurisdiction or be the subject of any petition under Title 11 of the U.S. Code, as amended; (ii) be the subject of any order for relief issued under such Title 11 of the U.S. Code, as amended; (iii) file or be the subject of any petition seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or other relief for debtors; (iv) seek, consent to or acquiesce in the appointment of any trustee, receiver, conservator or liquidator; (v) be the subject of any order, judgment or decree entered by any court of competent jurisdiction approving a petition filed against Borrower for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or relief for debtors, Lender shall thereupon be entitled to relief from any automatic stay imposed by Section 362 of Title 11 of the U.S. Code, as amended, or from any other stay or suspension of remedies imposed in any other manner with respect to the exercise of the rights and remedies otherwise available to Lender under the Loan Documents.

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**THE PERSONS SIGNING BELOW ACKNOWLEDGE THAT THEY HAVE BEEN GIVEN AMPLE OPPORTUNITY TO READ THIS AGREEMENT AND SEEK INDEPENDENT LEGAL COUNSEL AND ACKNOWLEDGE THEY HAVE**

**COMPLETELY READ AND UNDERSTAND AND AGREE TO THE TERMS AND CONDITIONS OF THIS NOTE AND THE ACCOMPANYING ARBITRATION AGREEMENT (IF APPLICABLE), AND FURTHER ACKNOWLEDGE RECEIPT OF AN EXACT COPY OF THIS NOTE AND THE ARBITRATION AGREEMENT.**

DATED: \_\_\_\_\_

BORROWER(S): EQUITYBUILD, INC.

\_\_\_\_\_(SEAL)  
JERRY COHEN, President

STATE OF \_\_\_\_\_, COUNTY OF \_\_\_\_\_:      ss:

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, a notary public, personally appeared \_\_\_\_\_, to me known (or proved to me on the basis of satisfactory evidence) to be the person(s) who executed the foregoing instrument and acknowledged the same for the purpose therein contained and in my presence signed and sealed the same.

\_\_\_\_\_  
NOTARY PUBLIC

My Comm. Expires:\_\_\_\_\_

**Exhibit A**

**Lender Name:** Reymone Randall

**Lender Amount:** \$50,500.00

**Percentage of Ownership of Total Loan:** 100%

**Monthly Interest Payment Amount to Be Received:** \$8.42 per diem representing 6% APR and then thereafter \$673.33 Monthly representing 16% APR, 0.25 point bonus paid with first payment

DocuSigned by:  
*Reymone Randall*  
Lender

4F3A8AD962C54E4...

Mail To:

\_\_\_\_\_ [The Above Space For Recorder's Use Only] \_\_\_\_\_

**MORTGAGE**

THIS MORTGAGE ("Security Instrument") is given on February 13<sup>th</sup>, 2017. The mortgagor is EquityBuild, Inc. ("Borrower").

This Security Instrument is given to The Persons Listed on Exhibit A to the Mortgage C/O EquityBuild Finance, LLC whose address is 5068 West Plano Pkwy. #300 Plano, TX 75093 ("Lender").

Borrower owes Lender the principal sum of Three Million Six Hundred Fifty and 00/100 Dollars (U.S. \$3,650,000.00). This debt is evidenced by Borrower's notes dated the same date as this Security Instrument (Mortgage), which provides for a final payment of the full debt, if not paid earlier, due and payable August 1<sup>st</sup>, 2018. This Security Instrument secures to Lender:

(a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extension and modifications; (b) the payment of all other sums, with interest advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property located in COOK County, Illinois:

PIN: 20-14-415-002-0000

which has the address of 6217 S Dorchester Ave. Chicago, IL 60637 ("Property Address");

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANT. Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. Hazard Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration and repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 19 the property is acquired by Lender, Borrower's rights to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of sums secured by this Security Instrument immediately prior to the acquisition.

3. Preservation and Maintenance of Property; Leaseholds. Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

4. Protection of Lender's Rights in the Property; Mortgage Insurance. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Lender may take action under this paragraph 4, Lender does not have to do so.

5. Successor and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Interest shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 9. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey the Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forebear or make any accommodations with regard to the terms of this Security Instrument or the Note without the Borrower's consent.

6. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

7. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

8. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument.

9. Transfer of the Property or a beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

10. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs.

11. Assignment of Rents and Leases. As additional security for the payment of the Indebtedness, Mortgagor assigns and transfers to Mortgagee, pursuant to 1953 PA 210, as amended by 1966 PA 151 (MCLA 554.231 et seq., MSA 26.1137(1) et seq.), all the rents, profits, and income under all leases, occupancy agreements, or arrangements upon or affecting the Premises (including any extensions or amendments) now in existence or coming into existence during the period this Mortgage is in effect. This assignment shall run with the land and be good and valid as against Mortgagor and those claiming under or through Mortgagor. This assignment shall continue to be operative during foreclosure or any other proceedings to enforce this Mortgage. If a foreclosure sale results in a deficiency, this assignment shall stand as security during the redemption period for the payment of the deficiency. This assignment is given only as collateral security and shall not be construed as obligating Mortgagee to perform any of the covenants or undertakings required to be performed by Mortgagor in any leases. In the event of default in any of the terms or covenants of this Mortgage, Mortgagee shall be entitled to all of the rights and benefits of MCLA 554.231-.233, MSA 26.1137(1)-(3), and 1966 PA 151, and Mortgagee shall be entitled to collect the rents and income from the Premises, to rent or lease the Premises on the terms that it may deem best, and to maintain proceedings to recover rents or possession of the Premises from any tenant or trespasser. Mortgagee shall be entitled to enter the Premises for the purpose of delivering notices or other communications to the tenants and occupants. Mortgagee shall have no liability to Mortgagor as a result of those acts. Mortgagee may deliver all of the notices and communications by ordinary first-class U.S. mail. If Mortgagor obstructs Mortgagee in its efforts to collect the rents and income from the Premises or unreasonably refuses or neglects to assist Mortgagee in collecting the rent and income, Mortgagee shall be entitled to appoint a receiver for the Premises and the income, rents, and profits, with powers that the court making the appointment may confer. Mortgagor shall at no time collect advance rent in excess of one month under any lease pertaining to the Premises, and Mortgagee shall not be bound by any rent prepayment made or received in violation of this paragraph. Mortgagee shall not have any obligation to collect rent or to enforce any other obligations of any tenant or occupant of the Premises to Mortgagor. No action taken by Mortgagee under this paragraph shall cause Mortgagee to become a "mortgagee in possession."

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

Signed, sealed and delivered in the presence of:

BORROWER: EquityBuild, Inc.

\_\_\_\_\_(SEAL)  
Jerry Cohen, President

\_\_\_\_\_[Space Below This Line For Acknowledgement]\_\_\_\_\_

STATE OF FLORIDA, \_\_\_\_\_ County ss:

I hereby certify that on this day, before me, an officer duly authorized in the state aforesaid and in the county aforesaid to take acknowledgements, personally appeared Jerry Cohen, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he/she executed the same for the purpose therein expressed.

WITNESS my hand and official seal in the county and state aforesaid this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

My Commission expires:

{Seal}

\_\_\_\_\_  
Notary Public

**Lender Name:** Reymone Randall

**Lender Amount:** \$50,500.00

**Percentage of Ownership of Total Loan:** 1.38%

**Monthly Interest Payment Amount to Be Received:** \$8.42 per diem representing 6% APR and then thereafter \$673.33 Monthly representing 16% APR, 0.25 point bonus paid with first payment

**DocuSigned by:**  
*Reymone Randall*  
**Len** 4F3A8AD982C54E4... \_\_\_\_\_

EquityBuild Finance, LLC, as agent and trustee has been authorized by the above listed lenders to receive the payoff in its name and issue and execute a release of said mortgage, upon payment in full of any outstanding balance.

**COLLATERAL AGENCY AND SERVICING AGREEMENT**

**among**

**EQUITYBUILD FINANCE, LLC,**

**as Collateral Agent and Loan Servicer,**

**and**

**EACH OF THE LENDERS PARTY HERETO**

**DATED AS OF** 2/3/2017

## COLLATERAL AGENCY AND SERVICING AGREEMENT

This **COLLATERAL AGENCY AND SERVICING AGREEMENT** (as amended, supplemented or otherwise modified from time to time, this “**Agreement**”) is made as of 2/3/2017, by and among (i) EquityBuild Finance, LLC, a Florida limited liability Borrower (in its individual capacity, “**EBF**”, and in its capacity as collateral agent for the Lenders (as defined below), and in its capacity as loan servicer for the Lenders, the “**Collateral Agent**” or the “**Servicer**”), and (ii) each of the Lenders party hereto (together with their respective successors and assigns as beneficiaries of the Note (as defined below), the “**Lenders**”), and is acknowledged, consented and agreed to by EquityBuild, Inc. (the “**Borrower**”).

### RECITALS

**A.** Reference is made to that certain Note, dated 02/13/2017 (as the same from time to time hereafter may be amended, restated, supplemented or otherwise modified, the “**Note**”) by the Borrower in favor of the Lenders, pursuant to which, subject to the terms and conditions set forth therein, the Lenders shall make individual investment loans (each an “**Investment**”) to the Borrower as a collective secured loan (the “**Loan**”).

**B.** The Lenders have agreed to make the Loan to the Borrower, but only upon the condition, among others, that the Borrower grant to the Collateral Agent, for the benefit of the Lenders, as security for the Borrower’s obligations to the Lenders and the Collateral Agent under or in respect of the Note and the Mortgage (as defined below), a perfected lien on, and security interest in, the Collateral (as defined below).

**C.** The Lenders desire that EBF act as the collateral agent for and on behalf of all of the Lenders regarding the Collateral, all as more fully provided herein; and the Collateral Agent and the Lenders have entered into this Agreement to, among other things, further define the rights, duties, authority and responsibilities of the Collateral Agent and the relationship among the Lenders regarding their *pari passu* interests in the Collateral.

**D.** The Lenders also desire to retain EBF as the loan servicer to act as their agent to employ commercially reasonable and prudent practices to collect all scheduled payments on the Loan, and to protect to the best of the Servicer’s ability, the security for the Loan.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, EBF and the Lenders agree as follows:

## 1. DEFINED TERMS.

As used in this Agreement, and unless the context requires a different meaning, the following terms have the respective meanings indicated below, all such definitions to be equally applicable to the singular and plural forms of the terms defined.

**Actionable Default** – means the existence and continuance of any Event of Default (as defined in the Note) beyond any grace period in respect thereof provided in the Note or the acceleration of the maturity of the Note.

**Affiliate** – means, with respect to any specified Person, any other Person that directly or indirectly, through one or more intermediaries, has control of, is controlled by, or is under common control with, such specified Person. For these purposes, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management of any Person, whether through the ownership of voting securities, by contract or otherwise.

**Agent Professionals** – means attorneys, legal counsel, accountants, appraisers, business valuation experts, environmental engineers, turnaround consultants, or other professionals or experts at any time retained by EBF in the discharge of its duties hereunder or under any of the Collateral Documents.

**Agent-Related Persons** – means EBF, in its capacity as Collateral Agent or Servicer, and any successor collateral agent or loan servicer, and any co-agents or separate agents appointed pursuant to Section 5, together with their respective Affiliates, and the officers, directors, employees, representatives, agents and Agent Professionals of such Persons and Affiliates.

**Agreement** – has the meaning specified for such term in the Preamble hereto.

**Business Day** – means a day (i) other than Saturday or Sunday and (ii) on which commercial banks are open for business in New York, New York.

**Collateral** – has the meaning specified for such term in Mortgage.

**Collateral Agent** – has the meaning specified for such term in the Preamble hereto.

**Collateral Documents** – means the Mortgage and any other document now or hereafter evidencing a security interest, lien or other encumbrance granted to secure the obligations payable under the Note or any guarantee thereof.

**Enforcement Notice** – means a written notice given by the Required Lenders to the Collateral Agent stating that an Actionable Default exists.

**EBF** – has the meaning specified for such term in the Preamble hereto.

**Lenders** – has the meaning specified for such term in the Preamble hereto.

***Liens*** – means any pledges, liens, claims, encumbrances or security interests.

***Mortgage*** – has the meaning specified for such term in Note.

***Obligations*** – means and includes all present and future indebtedness, obligations and liabilities of every kind and nature of the Borrower from time to time owed to any Lender under the Note arising from, evidenced by or relating to the Note or the Mortgage.

***Note*** – has the meaning specified for such term in Recital A hereto.

***Person*** – means any individual, partnership, corporation, limited liability Borrower, unincorporated organization or association, trust or other entity.

***Required Lenders*** – means the Lenders acting by a majority of principal advanced by the Lenders under the Note.

***Servicer*** – has the meaning specified in the Preamble hereto.

***Total Investments*** – means, with respect to Investments that remain outstanding in whole or in part, the total original amount of Investments a Lender has loaned to the Borrower; provided that for purposes of Section 10(e) hereof, such amounts shall be rounded down to the nearest whole \$25,000 increment. By way of example only, if actual Total Investments equaled \$176,000, for purposes of Section 10(e), such Total Investments would equal \$175,000.

## **2. APPOINTMENTS; IRREVOCABLE DELEGATION OF AUTHORITY.**

### **(a) Appointment as Collateral Agent and Loan Servicer.**

The Lenders hereby appoint and designate EBF as collateral agent on their behalf hereunder and under the Mortgage. The Lenders hereby also appoint and designate EBF as the loan servicer with respect to the Loan. EBF hereby accepts such appointments on the terms and conditions set forth herein and acknowledges that it holds the Collateral and acts under the Mortgage as agent for and on behalf of the Lenders. The Lenders hereby authorize and direct the Collateral Agent to (a) enter into the Mortgage and the Note for and on behalf of and for the benefit of the Lenders in accordance with the terms hereof and thereof, (b) exercise such rights and powers under this Agreement, the Note or the Mortgage as the case may be, as are specifically granted or delegated to the Collateral Agent by the terms hereof and thereof, together with such other rights and powers as are reasonably incidental thereto or as are customarily and typically exercised by agents performing duties similar to the duties of the Collateral Agent hereunder and under the Collateral Documents, subject, however, to any express limitations set forth herein or in the Mortgage, and (c) perform the obligations of the Collateral Agent thereunder. The Lenders hereby agree to be bound by the provisions of the Mortgage and the Note. The duties of the Collateral Agent and the Servicer shall be deemed ministerial and administrative in nature, and neither the Collateral Agent nor the Servicer shall have, by reason of this Agreement or either of the Mortgage or the Note, a fiduciary relationship with any Lender and/or any Affiliate thereof.

**(b) Irrevocable Delegation of Authority.**

Each Lender does hereby irrevocably delegate to the Collateral Agent all of each such Lender's rights and powers under the Note and the Mortgage and agrees for the benefit of the Collateral Agent and the other Lenders not to exercise any right or power of such Lender under the Note or the Mortgage.

**3. LIMITATIONS ON DUTIES AND ACTIONS OF COLLATERAL AGENT AND THE SERVICER.**

Neither the Collateral Agent nor the Servicer shall have any duties or responsibilities except those expressly set forth in this Agreement and the Mortgage. Neither the Collateral Agent nor the Servicer shall be liable for any action taken or omitted by it, or any action suffered by it to be taken or omitted, excepting only its own gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction. IN THE ABSENCE OF WRITTEN INSTRUCTIONS FROM THE REQUIRED LENDERS, NEITHER THE COLLATERAL AGENT NOR THE SERVICER SHALL FORECLOSE UPON ANY LIEN WITH RESPECT TO ANY OF THE COLLATERAL OR TAKE ANY OTHER ACTION WITH RESPECT TO THE COLLATERAL OR ANY PART THEREOF.

**4. RECOURSE THROUGH COLLATERAL AGENT; SHARING OF COLLATERAL.**

**(a) Recourse Through Collateral Agent.**

Each of the Lenders acknowledges and agrees that (i) it shall only have recourse to the Collateral through the Collateral Agent and that it shall have no independent recourse to the Collateral and (ii) the Collateral Agent shall have no obligation to, and shall not, take any action hereunder or under the Mortgage except upon written instructions from the Required Lenders in accordance with Section 6(a).

**(b) Sharing of Collateral.**

No Lender shall contest the validity, perfection, priority or enforceability of, or seek to avoid, any Lien securing any Obligation, and each party hereby agrees to cooperate, at no cost to the Collateral Agent, in the defense of any action contesting the validity, perfection, priority or enforceability of any such Lien. No Lender shall have the right to obtain any of the Collateral or the benefit of any Lien on any property of the Borrower solely in respect of Obligations owing to such Lender or any group of Lenders comprised of less than all the Lenders.

**5. CO-AGENTS; COLLATERAL AGENT'S AND SERVICER'S USE OF PROFESSIONALS.**

**(a) Co-Agents.**

Each of the Collateral Agent and the Servicer shall have power to appoint one or

more Persons to act as a co-agent or co-agents, jointly with the Collateral Agent and/or the Servicer, or to act as a separate agent or separate agents, with respect to all or any part of the Collateral or to enforce the Lender's rights under the Note, and to vest in such Person or Persons, in such capacity, such rights, powers, duties and obligations of the Collateral Agent and/or the Servicer, with the consent of the Required Lenders (such consent not to be unreasonably withheld or delayed), in any case only as may be necessary or desirable for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Collateral may at the time be located. Absent any specific agreement to the contrary, any co-agent or co-agents or separate agent or separate agents so appointed shall, to the extent applicable, have the rights, powers, obligations and duties of the Collateral Agent and/or the Servicer hereunder. Neither the Collateral Agent nor the Servicer shall be responsible for the negligence, default or misconduct of any such co-agent or separate agent selected by it with reasonable care nor for any fees or expenses of such co-agent or separate agent.

**(b) Agent Professionals.**

The Collateral Agent and the Servicer may employ one or more Agent Professionals to advise or assist it from time to time, but shall not be responsible for the negligence, default or misconduct of any such Agent Professionals selected by it with reasonable care. The Collateral Agent and the Servicer shall be entitled to rely on the advice and statements of Agent Professionals so selected. The Borrower shall pay reasonable remuneration for all services performed by Agent Professionals for the Collateral Agent and the Servicer in the discharge of its duties hereunder and under the Collateral Documents in accordance with Section 11(b) hereof.

**6. INSTRUCTIONS FROM LENDERS; ENFORCEMENT NOTICE.**

**(a) Instructions from Lenders.**

Unless otherwise excused as provided herein, both the Collateral Agent and the Servicer shall act on all written instructions received from the Required Lenders, with respect to any action to be taken or not to be taken in connection with this Agreement, the Mortgage or the Note, including, without limitation, actions to be taken in connection with an insolvency proceeding in respect of the Borrower; *provided, however*, that the Collateral Agent shall act only on written instructions from all Lenders with respect to the amendment or termination of the Mortgage, or, except as provided in the Mortgage, any Lien on property of the Borrower granted under the Mortgage. If either the Collateral Agent or the Servicer shall request instructions from the Lenders with respect to taking any particular action in connection with this Agreement, the Mortgage, the Note or any such Lien, the Collateral Agent and the Servicer shall be entitled to refrain from taking such particular action unless and until it shall have received written instructions from the Required Lenders (in which event it shall be required to act in accordance with such written instructions unless otherwise excused as provided herein), and neither the Collateral Agent nor the Servicer shall incur any liability to any Person for so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Collateral Agent or the Servicer as a result of the Collateral Agent or the

Servicer taking or not taking any action hereunder or pursuant to or in accordance with the written instructions of such Required Lenders, except for the Collateral Agent's or the Servicer's own gross negligence or willful misconduct in connection with any action taken or not taken by it, as finally determined by a court of competent jurisdiction. Notwithstanding anything to the contrary contained in this Agreement or any of the Collateral Documents, (i) the failure of the Collateral Agent or the Servicer to take any action shall not constitute gross negligence or willful misconduct by the Collateral Agent or the Servicer hereunder (A) following a request by the Collateral Agent or the Servicer for the Required Lenders' consent to such action and the failure of the Required Lenders to respond to such request or (B) in the absence of written instructions from the Required Lenders and (ii) neither the Collateral Agent nor the Servicer shall be required to take any action that is, in its opinion (which may be, but is not required to be, based on the advice of legal counsel), contrary to applicable law or the Note or the Mortgage or that would, in its reasonable opinion, subject it or any Agent-Related Persons to liability or that would require it to expend or risk its own funds.

**(b) Enforcement Notices.**

The Collateral Agent shall, as soon as practicable but in any event, if applicable, within ten (10) Business Days following receipt thereof, furnish to each of the Lenders:

- (i) a copy of each Enforcement Notice received by the Collateral Agent;
- (ii) a copy of each certificate or other written notice received by the Collateral Agent rescinding or withdrawing an Enforcement Notice;
- (iii) a copy of any written notice or other written communication given or received by the Collateral Agent under the Note or the Mortgage; and
- (iv) such other written notices required by the terms of this Agreement to be furnished by or to the Collateral Agent.

Any Enforcement Notice shall be deemed to have been given when actually received by the Collateral Agent and to have been rescinded or withdrawn when the Collateral Agent has actually received from the notifying party a written notice rescinding or withdrawing such Enforcement Notice. Any Enforcement Notice shall be deemed to be outstanding and in effect at all times after such notice has been given until such time, if any, as such notice has been rescinded or withdrawn.

**7. NO RESPONSIBILITY OF COLLATERAL AGENT OR SERVICER FOR CERTAIN MATTERS.**

Neither the Collateral Agent nor the Servicer shall be responsible in any manner whatsoever for the correctness of any recitals, statements, information, representations or warranties contained herein or in the Mortgage except for those made by it herein. Neither the Collateral Agent nor the Servicer makes any representation or warranty as to, and is not responsible in any way for: (i) the description, value, location, existence, or condition of any Collateral; (ii) the financial condition of the Borrower or the title of the

Borrower to any of the Collateral; (iii) the sufficiency of the security afforded by this Agreement, the Note or the Mortgage or whether registration in respect thereof has been properly effected or maintained; (iv) the validity, genuineness, correctness, perfection, or priority of any Lien with respect to the Collateral; (v) other than in respect of itself as to the Collateral Agent's and the Servicer's representations in Section 15(p) hereof, the validity, proper execution, enforceability, legality, or sufficiency of this Agreement, the Note, the Mortgage or any instrument deposited with the Collateral Agent or the Servicer; (vi) the identity, authority or right of any Lender executing any document; or (vii) the filing or renewal of any registration of the Mortgage or any public filing required under applicable law to perfect any of the Collateral Agent's Liens, for the benefit of the Lenders, in any of the Collateral. Neither the Collateral Agent nor the Servicer shall be required to ascertain or inquire as to the performance by the Borrower of any of its covenants or obligations hereunder or under the Mortgage or the Note. In no event shall either the Collateral Agent or the Servicer be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Collateral Agent or the Servicer has been advised of the likelihood of such loss or damage and regardless of the form of action.

#### **8. LIMITED DUTIES OF COLLATERAL AGENT REGARDING COLLATERAL; FURTHER ACTS WITH RESPECT TO COLLATERAL.**

(a) The Collateral Agent shall not be responsible for insuring any of the Collateral or for the payment of taxes, charges, fines, levies, assessments or for ensuring or protecting the validity, genuineness, correctness, perfection, or priority of any Lien upon any of the Collateral, and shall be indemnified therefor as provided in Section 12. Furthermore, the Collateral Agent shall not be responsible for the maintenance or safeguarding of any Collateral, except as provided in the immediately following sentence when the Collateral Agent has actual possession of any Collateral. The Collateral Agent shall not have any duty to any of the Lenders with respect to any Collateral, including, without limitation, any Collateral in its possession or control or in the possession or control of any agent or nominee of the Collateral Agent selected by it with reasonable care, or any income therefrom or for the preservation of rights against prior parties or any other rights pertaining to the Collateral, except as stated in the next succeeding paragraph.

(b) Beyond the exercise of reasonable care in the custody thereof and the duty to account for monies actually received by it, the Collateral Agent shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and the Collateral Agent shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property and shall not be liable or responsible for any loss or diminution in the value of any of the Collateral, by reason of the act or omission of any carrier, forwarding agency or other agent or bailee selected by the Collateral Agent with

reasonable care. The Collateral Agent shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes gross negligence, bad faith or willful misconduct on the part of the Collateral Agent, or for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity of the title of the Borrower to the Collateral, for insuring the Collateral or for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral.

## **9. DUTIES AS LOAN SERVICER.**

### **(a) Specific Loan Services/Functions.**

In its capacity as the Servicer, EBF shall: (a) issue payment coupons or monthly statements to the Borrower directing Loan repayment to the Lenders or the Servicer; (b) issue payoff demands, beneficiary statements and mortgage ratings; (c) demand, receive and collect all Loan payments, deposit them by the next business day into the Servicer's trust account and/or facilitate having them paid directly to Lender, in each case within 25 days of the date due; (d) issue annual Form 1099 income tax statements to the Borrower and Lenders; (e) answer Borrower inquiries, demands and requests; (f) grant appropriate payment deferrals, but not of the maturity of the Loan unless approved by the Required Lenders; (g) monitor the continued effectiveness and claims on any property insurance listed in the Loan escrow instructions; (h) request and receive notices of default on senior liens; (i) receive notices of property tax delinquencies, should a tax service be ordered through escrow or subsequently; and (j) execute and deliver on Lenders' behalf and in Lenders' name any documents necessary or convenient for the purpose of maintaining or enforcing the Loan.

### **(b) Protective Advances.**

Upon request of the Servicer, Lenders shall make such advances as approved by the Required Lenders to be necessary and prudent to protect and to collect Lenders' interest in the Loan. If any Lender fails to make advances approved by the Required Lenders, the other Lenders are authorized to advance the amount the non-paying Lender failed to advance and to receive payment in full with interest at 10% per annum before any further payments are made to the non-paying Lender and, the non-defaulting Lenders shall also have the option, exercisable within 30 days after Lender's failure to pay, to purchase such Lender's interest in the Loan for the outstanding principal balance and any accrued interest, fees and costs owed to the defaulting Lender, payable within 15 days after the election to purchase is made. The Servicer, in its absolute discretion, may advance its own funds to protect the security of the Loan, including advances to cure senior liens, property insurance, foreclosure expenses, repair, advertising, litigation expenses and similar items, but not Loan payments. The Servicer shall be reimbursed such advances, with interest at the interest rate then payable with respect to the Loan, from the next Loan payment, or within 10 days after a written request to Lenders. To secure the Servicer's

advances, Lenders hereby irrevocably assign to the Servicer, to the extent of advances owed to the Servicer, the first Loan payments received after an advance is made. A defaulting or non-paying Lender will be liable to the remaining Lenders for all damages incurred as result of his/her/their failure to act or failure to advance funds including, but not limited to, actual attorneys' fees, court costs and fees, or any damages related to loss of the security for the Loan.

**(c) Loan Documents.**

To the extent not maintained by the Collateral Agent, the Servicer shall retain custody as agent for Lenders of the original Note and Mortgage.

**(d) Real Estate Owned.**

The Servicer is also Lenders' agent (in conjunction with the Collateral Agent) to liquidate any real estate acquired by Lenders in foreclosure of the property securing the Loan (the "**Property**"). During the foreclosure process, the Servicer's servicing fee shall continue as set forth in Section 12 herein. Additionally, at the option of Lenders and by separate fee agreement to be signed by the parties, the Servicer shall: (i) arrange appropriate property insurance; (ii) manage the Property, including arranging maintenance and construction, tenant relations, repair and security; (iii) arrange for the valuation and resale of the Property, including hiring a Realtor® or broker to list, show and sell the Property; and (iv) accept reasonable offers on the Property, at the price and terms approved by the Required Lenders and execute all necessary and appropriate documentation to carry out the sale.

**(e) Servicing Fees.**

The Servicer's fee to each Lender to service any Loan shall be up to 8% interest per annum on the Investment made by such Lender in the Loan, as such amount may adjust from time to time upon making an Investment in the Loan (or upon making Investments in any other Loan) in accordance with this Section 9(e). The Servicer's fee to a Lender in respect of its Investment shall be the specified interest per annum listed on the signed Exhibit A to the Note and the signed Exhibit A to the Mortgage provided in the investment paperwork and signed by the Lender.

The fee is deducted from the interest payment payable by the Borrower under the Note. The Servicer shall be further compensated for work in respect of delinquent payments or other default by Borrower by assessing and receiving late charges, and by collecting an additional 2% of the principal amount of the Loan of any payments (whether interest or late fees) made to Lenders (or for their benefit) after the assessment of default interest on the Borrower under the Note that equal or exceed 2% interest per annum of the principal amount of the Loan. Said additional amounts shall only be collected if default interest is, in fact, charged to the Borrower. Lenders shall receive any benefit of the default interest rate and late fee payments in excess of the 2% interest per annum on the principal amount of the Loan collected by the Servicer.

**(f) Origination Fee.**

On the Closing Statement of the Loan the Collateral Agent may charge the Borrower an origination fee (“**Origination Fee**”) of up to 5% of the principal amount of the Loan.

**10. RELIANCE ON WRITINGS.**

Both the Collateral Agent and the Servicer shall be entitled and fully authorized to rely and act, and shall be fully protected in relying and acting, upon any writing, instruction, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or other document believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and statements of the Borrower (including, without limitation, counsel to the Borrower) or the Lenders. Neither the Collateral Agent nor the Servicer shall have any duty to verify or confirm the content of any writing, instruction, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or other document.

## **11. RESIGNATION AND REMOVAL OF COLLATERAL AGENT AND/OR SERVICER.**

### **(a) Resignation or Removal.**

Both the Collateral Agent and the Servicer may at any time resign, effective upon 30 days prior written notice (or such shorter period as may be agreed to by the Required Lenders and such party) to the Lenders and the Borrower, and either may be removed for or without cause at any time by the Required Lenders, effective upon 30 days' notice. In the event of any resignation or removal, the Required Lenders shall have the right to appoint a successor Collateral Agent and/or Servicer (which successor Collateral Agent and/or Servicer may be one of the Lenders or a financial institution that is engaged in the provision of agency services in syndicated commercial loan transactions or a trust Borrower that is engaged in the provision of trust services in secured private placement transactions), but, if the Required Lenders have not appointed a successor Collateral Agent and/or Servicer, as the case may be, within 30 days after the resigning Collateral Agent's and/or Servicer's giving of notice of resignation or its removal, the retiring Collateral Agent and/or Servicer, as the case may be, shall, at the expense of the Borrower, on behalf of the Lenders, subject to the above provision regarding the identity and nature of a permissible successor Collateral Agent and/or Servicer, either appoint a successor Collateral Agent and/or Servicer or apply to the appropriate court to make such appointment. Upon the acceptance of any appointment as a Collateral Agent and/or Servicer, as the case may be, hereunder by a successor, to be evidenced by the successor Collateral Agent's or Servicer's, as the case may be, execution and delivery to the Borrower, the Lenders and the retiring Collateral Agent and/or Servicer, as the case may be, of a counterpart of this Agreement, such successor Collateral Agent and/or Servicer, as the case may be, shall thereupon succeed to and become vested with all the rights, powers, privileges, duties and obligations of the retiring Collateral Agent and/or Servicer, as the case may be, and the retiring Collateral Agent and/or Servicer, as the case may be, shall be discharged from any further duties and obligations as Collateral Agent and/or Servicer, as the case may be, as appropriate, under this Agreement, the Note and the Mortgage. The payment and indemnity obligations of the Borrower provided for in Section 12 shall survive any such removal or resignation in favor of the retiring Collateral Agent and/or Servicer, as the case may be, in respect of any matter arising during or after its tenure as Collateral Agent and/or Servicer, as the case may be. For the avoidance of doubt, removal hereunder of EBF as the Collateral Agent in no way constitutes a removal of EBF as the Servicer and vice versa.

### **(b) Vesting.**

Upon the request of any successor Collateral Agent and/or Servicer, at the expense of the Borrower, the Lenders, the Borrower and the predecessor Collateral Agent and/or Servicer, as the case may be, shall promptly execute and deliver such instruments, conveyances, and assurances reflecting terms consistent with the terms hereof, the Mortgage and the Note for the purpose of more fully and certainly vesting and confirming in such successor Collateral Agent and/or Servicer, as the case may be, its

interest in, and Liens upon, the Collateral and all rights, powers, duties, and obligations of the predecessor Collateral Agent and/or Servicer, as the case may be, hereunder and under the Mortgage and the Note, and the predecessor Collateral Agent and/or Servicer, as the case may be, shall also promptly assign and deliver to the successor Collateral Agent and/or Servicer, as the case may be, any Collateral subject to the Liens of the Mortgage that may then be in its possession, as applicable.

**(c) Successors.**

Any entity into which a Collateral Agent or Servicer may be amalgamated or merged, or with which it may be consolidated, or any entity resulting from any amalgamation, merger or consolidation to which a Collateral Agent or Servicer shall be a party, as a whole or substantially as a whole, shall be the successor of such Collateral Agent or Servicer hereunder if legally bound hereby as such successor, without the necessity for execution or filing of any paper or any further act on the part of any of the parties hereto, anything to the contrary contained herein notwithstanding.

**12. FEES TO COLLATERAL AGENT; PAYMENTS; INDEMNITY.**

**(a) Fees.**

In addition to any other fees owed to Servicer or Collateral Agent from either (i) Borrower, and paid by Borrower to Servicer or Collateral Agent, or (ii) Lender, and paid by Borrower out of amounts otherwise due to Lender, the Lender shall pay to the Collateral Agent all fees required to be paid under the Fee Schedule attached hereto as Schedule I with respect to this Agreement at the times and in the amounts set forth therein. Any amounts owed by Lender may, at Collateral Agent's discretion, be paid by Borrower out of amounts otherwise payable from Borrower to Lender.

**(b) Payment by the Borrower.**

The Borrower agrees that it will pay all of the Collateral Agent's and the Servicer's fees, as applicable, including those owed by the Lender listed on Schedule I, which shall be paid by the Borrower on behalf of the Lender out of amounts otherwise due to the Borrower, for its respective services hereunder and will pay or reimburse the Collateral Agent and the Servicer upon its request for all of their respective expenses, disbursements and advances incurred or made in the administration of their respective duties hereunder and under the Note and the Mortgage, as applicable (including, without limitation, reasonable legal fees and expenses and the reasonable compensation of all Agent Professionals, Agent-Related Persons and other advisers, agents or experts employed or retained by the Collateral Agent or the Servicer pursuant to this Agreement). In addition to and without limiting any other protection of the Collateral Agent and/or the Servicer hereunder or otherwise by law, the Borrower shall indemnify the Agent-Related Persons for any and all liabilities, obligations, losses, damages, penalties, actions, claims, demands, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be suffered by, imposed on, incurred by or asserted against any Agent-Related Person, whether groundless or otherwise, howsoever arising from or out

of, or in any way related to the subject matter of, this Agreement, the Note, the Mortgage or any of the Collateral or the performance or enforcement of any of the terms of any thereof, including fees and expenses of special counsel; *provided* that the Borrower shall not be liable for any such payment to any Agent-Related Person to the extent the obligation to make such payment has been caused by such Agent-Related Person's own gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction. All statements from the Collateral Agent, the Servicer or any other Person for obligations owing by the Borrower pursuant to the preceding sentence shall be sent to the Borrower. Any amount due under this Section 12(b) and unpaid 10 Business Days after request for such payment will bear interest from the expiration of such 10 Business Days at a rate per annum equal to two percent (2%) above the rate of interest publicly announced by JPMorgan Chase Bank, N.A. from time to time in New York City as its prime rate, payable on demand. If not timely paid by the Borrower, at the Collateral Agent's or the Servicer's election, all amounts so payable and the interest thereon will be payable out of any assets in the possession of the Collateral Agent and/or the Servicer and any other Collateral in priority to amounts owing to any and all other parties to this Agreement.

**(c) Survival.**

The obligations of the Borrower and the Lenders under this Section 12 shall survive the payment in full of all of the other Obligations, the resignation or removal of the Collateral Agent and/or the Servicer and the termination of this Agreement.

**13. COLLATERAL AGENT'S AND SERVICER'S FUNDS NOT AT RISK.**

For purposes of clarity, no provision of this Agreement or the Mortgage, and no request of any Lender or other Person shall require either the Collateral Agent or the Servicer to expend or risk any of its own funds, or to take any legal or other action under this Agreement, the Note or the Mortgage which might, in its reasonable judgment, involve any expense or any financial or other liability unless the Collateral Agent or the Servicer shall be furnished with indemnification acceptable to it, acting reasonably, including the advance of funds sufficient in the judgment of the Collateral Agent or the Servicer, as applicable, to satisfy such liability, costs and expenses.

**14. INDEPENDENT CREDIT DECISIONS.**

Each Lender acknowledges that it has, independently and without reliance upon the Collateral Agent, the Servicer or any other Lender and based upon such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any of the Collateral Agent, the Servicer or any other Lender and based upon such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

**15. DETERMINATION OF LENDERS; SUBSEQUENT LENDERS BOUND.**

The Collateral Agent and the Servicer may deem and treat the payee of any promissory note or other evidence of indebtedness or obligation relating to any Obligation as the owner thereof for all purposes hereof unless and until (i) a written notice of the assignment or transfer thereof signed by such payee and (ii) a written acknowledgment agreeing to be bound by the terms hereof and such other documents required by Section 16(d), each signed by the assignee or transferee, and in form reasonably satisfactory to the Collateral Agent and/or the Servicer, shall have been filed with the Collateral Agent and/or the Servicer, as applicable. Any request, authority or consent of any Person who at the time of making such request or giving such authority or consent is the holder of any such note or other evidence of indebtedness or obligation, shall be conclusive and binding on any subsequent holder, transferee or assignee of such note or other evidence of indebtedness or obligation and of any note or notes or other evidences of indebtedness or obligation issued in exchange therefor.

## **16. MISCELLANEOUS.**

### **(a) Notices.**

All notices, requests and other communications shall have been duly given and shall be effective (a) when delivered by hand, (b) when transmitted via telecopy or email (or other facsimile device) with receipt confirmed with respect to telecopy, (c) the Business Day next following the day on which the same has been delivered prepaid to a reputable national overnight air courier service, or (d) the third Business Day next following the day on which the same is sent by certified or registered mail, postage prepaid, in each case to the respective parties at the address, telecopy number or email address as provided in the immediately succeeding sentence; provided, however, that if any notice is delivered on a day other than a Business Day, or after 5:00 P.M. (Eastern time) on any Business Day, then such notice shall not be effective until the next Business Day. For purposes hereof, the address of each party hereto and its facsimile number or email address (until written notice of a change thereof is delivered to the Collateral Agent, the Servicer, the Borrower and each Lender) shall be as set forth in Schedule II hereto, or at such other address as such party may specify by written notice to the other parties hereto. Notices to any Person that becomes a holder of Obligations after the date hereof shall be given to such address or facsimile number or email address of which such Person shall have given written notice to the Collateral Agent, the Servicer and the Borrower.

### **(b) Amendments.**

No provision of this Agreement may be amended or waived except by a writing signed by the Required Lenders, the Collateral Agent and the Servicer; provided, however, that any amendment expanding the obligations or liabilities of the Borrower either hereunder or thereunder shall require the Borrower's consent.

### **(c) Conflicts with Collateral Documents and other Transaction Documents.**

The Collateral Agent, the Servicer and the Lenders agree that, if any provision of this Agreement is inconsistent with or contrary to any provisions in the Note or the

Mortgage, the provisions of this Agreement shall prevail as between and among the Collateral Agent, the Servicer and the Lenders.

**(d) Successors and Assigns.**

This Agreement shall be binding upon, and inure to the benefit of, the Collateral Agent, the Servicer and the Lenders and their respective successors and assigns. If any Lender shall assign or transfer the Obligations owing to it, it shall promptly so notify the Collateral Agent and the Servicer in writing. No Lender which assigns or transfers any Obligations owing to it shall assign or transfer its benefits under the Collateral Documents without obtaining from the assignee or transferee and delivering to the Collateral Agent, the Servicer and the Lenders a joinder agreement and an executed acknowledgment of the assignee or transferee agreeing to be bound by the terms hereof to the same extent as if it had been a Lender on the date hereof. Each assignee or transferee of any Obligations shall take such Obligations subject to the provisions of this Agreement and to any request made, waiver or consent given or other action taken or authorized hereunder by each previous holder of such Obligations prior to the receipt by the Collateral Agent and the Servicer of written notice of such assignment or transfer; and, except as expressly otherwise provided in such notice, the Collateral Agent and/or the Servicer shall be entitled to assume conclusively that the assignee or transferee named in such notice shall thereafter be vested with all rights and powers as a Lender under this Agreement (and the Collateral Agent and the Servicer may conclusively assume that no Obligations have been subject to any assignment or transfer other than transfers of which the Collateral Agent and the Servicer have received such a notice). Upon the written request of any Lender or the Borrower, the Collateral Agent and the Servicer will provide such Lender and the Borrower with copies of any written notices of transfer received pursuant hereto.

**(e) Continuing Effectiveness.**

This Agreement shall continue to be effective among the Collateral Agent, the Servicer and the Lenders even though a case or proceeding under any bankruptcy or insolvency law or any proceeding in the nature of a receivership, whether or not under any insolvency law, shall be instituted with respect to the Borrower or any portion of the property or assets of the Borrower, and all actions taken by the Collateral Agent with respect to the Collateral or by the Collateral Agent, the Servicer and the Lenders with regard to such proceeding shall be determined by the Required Lenders; provided, however, that nothing herein shall be interpreted to preclude any Lender from filing a proof of claim with respect to its Obligations or from casting its vote, or abstaining from voting, for or against confirmation of a plan of reorganization in a case of bankruptcy, insolvency or similar law in its sole discretion.

**(f) Further Assurances.**

Each party and the Borrower agrees to do such further acts and things and to execute and deliver such additional agreements, powers and instruments as necessary or as any Lender or the Collateral Agent or the Servicer may reasonably request to carry into effect

the terms, provisions and purposes of this Agreement or to better assure and confirm unto the Collateral Agent or the Servicer or any of the other Lenders their respective rights, powers and remedies hereunder.

**(g) Counterparts.**

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. Delivery of an executed counterpart of a signature page to this Agreement by fax or pdf shall be effective as delivery of a manually executed counterpart of this Agreement.

**(h) Effectiveness.**

This Agreement shall become effective immediately upon execution hereof by the Collateral Agent, the Servicer, the Required Lenders and the Borrower, and shall continue in full force and effect until 91 days following the date upon which all Obligations are irrevocably paid and satisfied in full; provided that, if the Obligations due and owing to a Lender have been paid and satisfied in full, then such Lender shall be deemed released from this Agreement without any further action being necessary. Any such released Lender shall give the Collateral Agent notice of such release but the failure to give such notice shall not affect such release.

**(i) Governing Law.**

**THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE INTERNAL LAW OF THE STATE OF ILLINOIS, EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD PERMIT THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.**

**(j) Jurisdiction.**

(i) Each party hereto irrevocably submits to the non-exclusive jurisdiction of any Illinois state or federal court sitting in Cook County, Illinois, over any suit, action or proceeding arising out of or relating to this Agreement or any of the agreements, documents or instruments delivered in connection herewith or therewith. To the fullest extent permitted by applicable law, the parties hereto irrevocably waive and agree not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(ii) Nothing in this Section 16(j) shall affect the right that the Collateral Agent, the Servicer or any of the Lenders to serve process in any manner permitted by law, or limit any right that any party hereto may have to bring proceedings against the Borrower

in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(iii) THE PARTIES HERETO IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER AGREEMENT, DOCUMENT OR INSTRUMENT DELIVERED IN CONNECTION HERewith OR THEREWITH OR THE ACTIONS OF THE LENDERS, THE COLLATERAL AGENT OR THE SERVICER IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF.

**(k) Headings; Sections.**

Headings of Sections of this Agreement have been included herein for convenience only and should not be considered in interpreting this Agreement. Unless stated otherwise in this Agreement, references in this Agreement to Sections are references to Sections of this Agreement.

**(l) No Implied Beneficiaries.**

Nothing in this Agreement (except Section 16(b)), expressed or implied, is intended or shall be construed to confer upon or give to any Person, other than the Lenders, the Collateral Agent and the Servicer, any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation herein contained.

**(m) Severability.**

If any provision of this Agreement shall be held or deemed to be, or shall in fact be, inoperative or unenforceable as applied in any particular case in any jurisdiction, or because it conflicts with any other provision or provisions hereof or with any constitution or statute or rule of public policy, or for any other reason, such circumstance shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or rendering any other provision herein contained invalid, inoperative or unenforceable to any extent whatsoever. Upon the determination that any term or other provision of this Agreement is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to give effect to their original intention as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the maximum extent possible.

**(n) Obligations Individual.**

The obligations and representations and warranties of the Collateral Agent, the Servicer and each of the Lenders herein are made by each of them individually. Nothing herein contained shall be construed as creating among the Lenders, or among the Collateral Agent, the Servicer and the Lenders, a partnership, joint venture or other joint association.

**(o) No Obligation to Extend Credit.**

No provision of this Agreement shall be construed as obligating the Collateral Agent, the Servicer or any Lender to advance any monies or otherwise extend credit to the Borrower at any time.

**(p) Representations of Parties.**

Each of the Lenders, the Collateral Agent and the Servicer, severally and not jointly, represents and warrants to the other parties hereto that such party has all requisite power and capacity to execute, deliver and perform this Agreement and that the execution, delivery and performance of this Agreement has been duly authorized by all necessary action on the part of such party and that this Agreement constitutes the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or law).

**(q) Limitation of Liability Due to Forces Beyond Collateral Agent's or Servicer's Control.**

In no event shall the Collateral Agent or the Servicer be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Collateral Agent and the Servicer shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

*[Remainder of page intentionally left blank; next page is signature page.]*

**IN WITNESS WHEREOF**, the Collateral Agent, the Servicer and the Lenders have executed or caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized, all as of the date first above written.

**COLLATERAL AGENT:**

**EQUITYBUILD FINANCE, LLC**, as Collateral Agent on behalf of the Lenders listed below

By:   
Name: \_\_\_\_\_  
Elizabeth Kammerer  
Title: Asset Manager

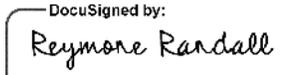
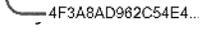
**SERVICER:**

**EQUITYBUILD FINANCE, LLC**, as Servicer

By:   
Name: \_\_\_\_\_  
Elizabeth Kammerer  
Title: Asset Manager

[Signature Page to Collateral Agency and Servicing Agreement]

**LENDERS:**

By:  \_\_\_\_\_  
Name:  \_\_\_\_\_

Title:

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Title:

By:  
Name:  
Title:

[Signature Page to Collateral Agency Agreement]

ACKNOWLEDGED, CONSENTED AND AGREED TO:

**BORROWER:**

**EquityBuild, Inc.**

By:  \_\_\_\_\_

Name: Elizabeth Kammerer

Title: Closing Coordinator

[Signature Page to Collateral Agency Agreement]

SCHEDULE I

COLLATERAL AGENT FEE SCHEDULE

**Section 1: Payouts**

All payouts paid by check.

If Lender requests different method, fees are as follows:

- Wire funds: \$50
- Overnight check: \$50
- Direct deposit: No fee

**Section 2: Buyouts**

If Lender requests principal back prior to Loan's maturity date (and request granted), Lender must pay an early liquidation fee equal to: (i) 12% of the amount being returned if the request is made within one year of the date the Loan is funded (the "**Origination Date**"); and (ii) 10% of the amount being returned if the request is made between one and two years of the Origination Date. This fee is not intended to be a penalty but is an estimate, and indicative, of the actual cost and expenses EBF will incur in conjunction with such request.

EBF reserves the right to extend the maturity date on any Loan at the request of the Borrower. At that time, anyone who wishes to not participate in the extension may receive a return of their Investment and no fee will be charged in respect thereof .

SCHEDULE II

ADDRESSES FOR NOTICES

If to EquityBuild Finance, LLC, as either Collateral Agent or Servicer:

EquityBuild Finance, LLC  
[Address] 5068 West Plano Pkwy. #300  
Plano, TX 75093  
Attention: [Elizabeth Kammerer]  
Facsimile: [\_\_\_\_\_]   
E-mail: [elizabeth@equitybuildfinance.com]

If to the Lenders:

[Name] Reymone Randall  
[Address] [REDACTED]  
Attention: [\_\_\_\_\_] [REDACTED]  
Facsimile: [\_\_\_\_\_] [REDACTED]  
E-mail: [REDACTED]

[Name]  
[Address]  
Attention: [\_\_\_\_\_]   
Facsimile: [\_\_\_\_\_]   
E-mail: [\_\_\_\_\_]

[Name]  
[Address]  
Attention: [\_\_\_\_\_]   
Facsimile: [\_\_\_\_\_]   
E-mail: [\_\_\_\_\_]

If to the Borrower:

EquityBuild, Inc.  
[Address] 1083 N Collier Blvd. #132  
Marco Island, FL 34145  
Attention: [Elizabeth Kammerer]  
Facsimile: [\_\_\_\_\_]   
E-mail: [elizabeth@equitybuild.com]



# EQUITY BUILD

F I N A N C E

Phone: (877) 978-1916 X 1814 Email: docs@equitybuild.com

## Wire Transfer Instructions

Bank:

**Wells Fargo Bank, N.A.**

Address:

**420 Montgomery  
San Francisco, CA 94104**

Beneficiary:

**EquityBuild, Inc.**

ABA:

██████████0248

Account:

██████████6992

Property/Investment Address: 6217 S Dorchester

Amount To Wire: \$ 500.00

Lender Initial: DS  
RR

Date Wire Will Be Initiated: Feb. 3rd

## Certificate Of Completion

Envelope Id: 457E3DA5EC3A49388D3FFF21E106CCBF	Status: Completed
Subject: Increased Investment Amount - 6217 S Dorchester- Reymone Randall -Investment Packet	
Source Envelope:	
Document Pages: 42	Signatures: 3
Certificate Pages: 2	Initials: 1
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	EquityBuild Documents Team
Time Zone: (UTC-06:00) Central Time (US & Canada)	5068 W Plano Pkwy STE 300
	Plano, TX 75093
	docs@equitybuild.com
	IP Address: 104.180.17.26

## Record Tracking

Status: Original	Holder: EquityBuild Documents Team	Location: DocuSign
2/2/2017 4:50:54 PM	docs@equitybuild.com	

## Signer Events

Signature	Timestamp
<p><b>Completed</b></p> <p>Using IP Address: 104.180.17.26</p>	<p>Sent: 2/2/2017 4:54:19 PM</p> <p>Viewed: 2/2/2017 4:54:36 PM</p> <p>Signed: 2/2/2017 4:58:06 PM</p>
<p><b>Completed</b></p> <p>Using IP Address: 99.99.199.142</p> <p>Signed using mobile</p>	<p>Sent: 2/2/2017 4:58:08 PM</p> <p>Viewed: 2/3/2017 7:43:00 AM</p> <p>Signed: 2/3/2017 7:44:16 AM</p>
<p><b>Completed</b></p> <p>Using IP Address: 108.161.26.18</p> <p>Signed using mobile</p>	<p>Sent: 2/3/2017 7:44:18 AM</p> <p>Viewed: 2/3/2017 10:24:28 AM</p> <p>Signed: 2/3/2017 10:26:17 AM</p>

**Electronic Record and Signature Disclosure:**  
Not Offered via DocuSign

**Electronic Record and Signature Disclosure:**  
Not Offered via DocuSign

**Electronic Record and Signature Disclosure:**  
Not Offered via DocuSign

## In Person Signer Events

## Signature

## Timestamp

## Editor Delivery Events

## Status

## Timestamp

## Agent Delivery Events

## Status

## Timestamp

## Intermediary Delivery Events

## Status

## Timestamp

## Certified Delivery Events

## Status

## Timestamp

## Carbon Copy Events

## Status

## Timestamp

Carbon Copy Events	Status	Timestamp
Brandon Jenkins bjenkins@equitybuildfinance.com Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Not Offered via DocuSign	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <b>COPIED</b> </div>	Sent: 2/3/2017 7:44:18 AM Viewed: 6/25/2018 1:57:19 PM
Tanna Dreiling tanna@equitybuild.com Controller EquityBuild, Inc. Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Not Offered via DocuSign	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <b>COPIED</b> </div>	Sent: 2/3/2017 10:26:20 AM
Shawn Flaherty sflaherty@equitybuildfinance.com Mortgage Loan Processor Equitybuild Finance Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Not Offered via DocuSign	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <b>COPIED</b> </div>	Sent: 2/3/2017 10:26:20 AM

Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	2/3/2017 10:26:21 AM
Certified Delivered	Security Checked	2/3/2017 10:26:21 AM
Signing Complete	Security Checked	2/3/2017 10:26:21 AM
Completed	Security Checked	2/3/2017 10:26:21 AM

Payment Events	Status	Timestamps
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# **EXHIBIT C**



# EQUITY BUILD

6217 S Dorchester 1Q-2018

Project Status Update



This 25 unit corner lot apartment building is under professional management. The planned work for this building remains in process and nearing completion. There is only 1 vacant unit bringing the occupancy to a stabilized rate of 96%. The refinance of this building is expected to be in Q3 FY18'

# **EXHIBIT D**

**NOTIFICATION OF ELECTRONIC DEPOSIT**



<b>ACCOUNT NO.</b>	0861
<b>STATEMENT DATE</b>	5/25/2018

<b>STATEMENT SUMMARY</b>	
Date of Deposit	5/29/2018
Reference No.	0023848
Interest	252.50
Principal	0.00
Servicing Fees	0.00
Other	0.00
<b>Amount Deposited</b>	<b>\$252.50</b>

<b>LENDER</b>
Reymone Randall [REDACTED]

PLEASE DETACH THE TOP PORTION OF THIS STATEMENT AND RETURN IT WITH YOUR CHANGE OF ADDRESS

<b>ITEMIZATION OF DEPOSIT</b>								
Loan Number	Borrower Name	Payment Due Date	Amount Deposited	Servicing Fees	Interest	Principal	Other	Ending Principal Bal.
[REDACTED] 2817	6217 S Dorchester-	5/1/2018	\$252.50	\$0.00	\$252.50	\$0.00	\$0.00	\$50,500.00
			\$252.50	\$0.00	\$252.50	\$0.00	\$0.00	

# **EXHIBIT E**



Reymone Randall [REDACTED]

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## Urgent Message Regarding Your Interest Payment

3 messages

**EquityBuild Updates** <updates@equitybuild.com>

Thu, May 24, 2018 at 5:55 PM

Reply-To: updates@equitybuild.com

To: [REDACTED]



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As many of you know and have experienced, we were faced with an existential question around four years ago and opted to protect our clients rather than succumb to the tidal wave coming at us. To give further color to my previous statement as both a reminder to those that have been through the experience with us and for insight to those that were not here then, I will elaborate and tell a bit of the story.

When we began the concept behind this company in 2005 and then the company itself in 2006, we were a sales and marketing company specializing in turn-key investment properties. We did not have the fulfillment or financing sides of the business in-house; instead, we worked with vendors and managed them to a productive end.

Nothing changed in the model other than the type of investment property we were selling until 2010 when the financing part of the business began as a response to the collapse of the market in 2008-2009, which led to a tightening of the capital markets.

And, again, there was no further change to the model until the middle of 2015 when we made the decision I referenced above in response to a fulfillment vendor having defrauded us of many millions of dollars. Some of you may have grown weary of the name G-Slow but that name is an important part of our history and their fraud was a defining event of our company's trajectory.

G-Slow was chosen as our sole fulfillment partner in Chicago after much research and deliberation. In the early years, the relationship was a solid one with G-Slow being comprised of two partners, one of whom was one of the country's most successful Re-Max agents and the other that had 46 years of construction management experience with a portfolio of over \$800mm in managed projects across the country and for companies such as Sprint, WalMart, Home Depot, etc. Neither of these individuals was new to the fulfillment business and both came with a stellar track record.

The relationship began at the end of 2011 and lasted for almost exactly three years. Towards the end of 2014 we began seeing contractor's liens appear on properties for which we had paid G-Slow for a renovation but for which they did not pay the contractor as evidenced by the liens. The fact that they weren't paying contractors was not discovered prior to the liens because each property was inspected by a professional that was under contract with us and G-Slow was filing waivers of liens for the work which turned out to be fraudulent. That was the beginning of the end of the relationship but also the beginning of a lengthy discovery process to determine the financial impact of all of the deceit. That discovery process is still on-going and now totaling over \$12mm. If you care to read the lawsuit you can click here. As a side note, since filing, we have not updated the amounts by which we were damaged because they both filed for bankruptcy and there is nothing to recover.

It was then, at the end of 2015, that we were faced with the question as to whether or not we should file for bankruptcy and just tell everyone we were sorry but that we couldn't handle the mountain that we needed to climb. We decided to persevere and committed ourselves to making our lenders whole by devoting the majority of our profits and shrinking the gap over time so that we could shield our clients and honor our original commitments to them.

Following the decision to press on, we were then faced with the reality that we had no fulfillment process and no fulfillment vendor yet still, we must continue on. The response was to bring all underwriting, buying, construction management and asset management in-house. The immediate challenge we were faced with was that our process for each of these elements had been driven by the G-Slow process and so we then needed to start from scratch. We hired a Director of Operations, an internal Underwriter, a Construction Manager and an Asset Manager. To aid in effective underwriting and asset management, we also subscribed to highly regarded third party sources such as CoStar, Trepp and others. Starting from zero we embarked on a path of continuous improvement that continues through today. It was not until around the very end of 2016 that each of the processes listed above was completely divorced of G-Slow jading and functioning soundly in their own merit. It took time to develop the highly effective processes that we have today but they were, in fact, successfully created. And, where we sit today we are the most complete and competent company from a process perspective than we have ever been.

In the paragraph just before the last I stated that it has always been our mission to make our clients whole by devoting the majority of our profits to bridging the gap caused by the G-Slow fraud. We've been able to do exactly that until now. Our ability to pay the high rates you were accustomed to was based on the way we underwrote and bought assets through the end of 2016. Each was bought and underwritten with an understanding of the timeline required to stabilize an asset and optimize its income and the high interest rate was funded for that timeline. When a project timeline was extended beyond what our underwriting allowed for, we needed to fund the high rate out of current revenue. One of the significant impacts of the G-Slow fraud was that it dramatically extended the timeline

on many projects. The cumulative impact of that is a debt load that is not sustainable and continuing to pay it out of current revenue would lead to an inevitable disaster that would put your investment at risk of significant loss. In order to avoid that inevitable disaster and return your capital in full and deliver a return on these projects, we have no choice but to restructure and reduce the debt burden. We have done all we can to avoid having to take this step but avoiding it is no longer an option. Continuing to make the interest payments at this point will be at the expense of being able to exit the properties in any reasonable timeline and thereby deliver your return of capital.

As a first step to assuring we get you the best possible outcome in the shortest time possible, we require a restructuring of your note payment down to 6%. We will not be able to issue you the regularly scheduled interest payment and instead will only be able to issue the payment at 6%. We are working on correcting this in the system and will have your payment to you on Tuesday. A natural question will be why did we wait until today to send this message and the answer is that we were trying every which way to avoid sending it at all and have exhausted all possible alternatives. The ultimate goal is to have your capital returned in the shortest possible timeline and we are working diligently to ensure that happens.

There is a positive takeaway and that is that we have a very tight underwriting and fulfillment process and we are gaining traction with our new Hybrid Fund model in other arenas. The mission to build wealth with security in real estate and deliver a full return of principal has not changed. Although we were hurt very badly, you received every monthly payment throughout this whole process which we hope you have internalized as our commitment to shield you from the damage that was done while also fulfilling our main mission which was to deliver you an above market rate of return and a return of capital in full.

Thank you for your loyalty and understanding.



EquityBuild 5068 W. Plano Pkwy, #300 Plano TX 75093 USA

You received this email because you are subscribed to 'New/Updated Projects' Subscription from EquityBuild .

Update your [email preferences](#) to choose the types of emails you receive.

[Unsubscribe from all future emails](#)

---

**Reymone Randall** [redacted] >  
To: "Randall, Reymone E" <[redacted]>

Mon, Jun 25, 2018 at 12:14 PM

[Quoted text hidden]

---

**Randall, Reymone E** [redacted]  
To: [redacted]

Mon, Jun 25, 2018 at 3:58 PM

**From:** Reymone Randall [mailto:[redacted]]  
**Sent:** Monday, June 25, 2018 12:15 PM  
**To:** Randall, Reymone E <[redacted]>  
**Subject:** Re: Urgent Message Regarding Your Interest Payment

[Quoted text hidden]

# **EXHIBIT F**



Reymone,

I want you to hear directly from me. Such is the purpose of this email.

Firstly, I would like to thank you for your trust and patience as we move through this most difficult restructure. As with you and yours, the impact is also being felt by all those closest to me, including you.

In recent weeks you have received communications regarding your EquityBuild investments. Among those communications you were provided a unique email address from which I would compile the most frequently asked questions and address them.

Among those questions were the following:

**Q:** What can I expect in the short-term?

**A:** You can expect a member of the EquityBuild team to contact you with the equity model as well as the options that are pertinent to your specific situation. I have assembled a team whose sole purpose is to assist you through this process and give you the clarity that you are looking for. Were it possible, I would be reaching out to you all personally. This unfortunately would greatly hamper my ability to effectively run the company to achieve the expected outcome. We are making every effort to contact all of you as quickly as possible.

**Q:** When will I receive my principal?

**A:** The specific goal of the restructure is to get your capital returned in the most expedient manner possible, while paying returns as the funds permit. We are looking to have a 50%-60% return of capital within the first 12 months and this will be distributed as properties refinance, not simply only at the 12th month. The remainder of your principal is to be returned in the following 24 months.

**Q:** What is the health of the properties?

**A:** The properties themselves are strong and continue to improve month over month. During the next 36 months we will be refinancing them all and also looking at selling them. I anticipate a full return of your capital as well as a nice return based on project performance which we will be striving to optimize. Please rest assured that I am doing everything in my power to facilitate this outcome for you.

**Q:** Communication has been poor, why is this?

**A:** For some, this is merely because they had opted out of EquityBuild emails. A dedicated team member has begun to reach out to each investor who had opted- out of email to walk you through the process of opting back in so that you will receive your client updates as they are distributed to the rest of my clients. Additionally, we have discovered a systemic issue that was preventing client update emails from being delivered to some email providers. This has been remedied. EquityBuild has resolved to improve our overall communications strategy to ensure that you are kept up to date in as expedient a manner as possible.

You have received an email from your representative with a link to their calendar. If you have not received that email then please let us know. If you have received it we encourage you to use the link which will expedite the process of you receiving a call.

In closing, it is important to note that we are here to fight this battle with every means at our disposal to facilitate the quickest possible return of your capital. I know that all of this is quite unwelcome news. My commitment is to all of you and to the entire family of Equitybuild investors and we will not stop until we have achieved the desired results for you.

---

Most Sincerely,

Shaun Cohen  
President  
EquityBuild Inc.  
[info@equitybuild.com](mailto:info@equitybuild.com)  
**(877) 978-1869**

The information contained herein was obtained from sources deemed reliable. However, EquityBuild makes no guarantees, warranties or representations as to the completeness or accuracy of this information. This is not an offer to purchase or sell any securities. Any such offer can be made only by transmitting to any prospective investor a Confidential Private Placement Memorandum or other document intended to give a prospective investor all relevant information in order to make an informed decision about an investment. All such information should be considered carefully by any prospective investor before making any investment.

# EXHIBIT

22

**From:** Jerry Cohen <jerry@equitybuild.com>  
**To:** Shaun Cohen  
**Sent:** 12/17/2012 7:55:15 PM  
**Subject:** Re: Chicago - Proposal and document release

Actually, the lesson I learned was be very careful and always, if possible, use other people's money.

Contact me:  jerrycohen1234

Get a signature like this. [CLICK HERE.](#)

On Mon, Dec 17, 2012 at 2:49 PM, Shaun Cohen <[shaun@equitybuildfinance.com](mailto:shaun@equitybuildfinance.com)> wrote:  
That's a sever punishment. Did you punish yourself in the same fashion for your failed decisions?

Thanks,

Shaun Cohen  
President  
EquityBuild Finance, LLC  
[shaun@equitybuildfinance.com](mailto:shaun@equitybuildfinance.com)  
Tel:  [\(800\) 991-4642 x 101](tel:(800)991-4642)  
Cell:  [\(215\) 407-5777](tel:(215)407-5777)  
Fax:  [\(239\) 244-8666](tel:(239)244-8666)  
[www.equitybuildfinance.com](http://www.equitybuildfinance.com)

Sent from my iPhone

On Dec 17, 2012, at 1:47 PM, Jerry Cohen <[jerry@equitybuild.com](mailto:jerry@equitybuild.com)> wrote:

I'm going to do it but if this is this fails and we lose this money, you're going to be on investment recommendation probation for the rest of your life!

Contact me:  jerrycohen1234

Get a signature like this. [CLICK HERE.](#)

On Mon, Dec 17, 2012 at 2:45 PM, Shaun Cohen <[shaun@equitybuildfinance.com](mailto:shaun@equitybuildfinance.com)> wrote:

Thanks,

Shaun Cohen  
President  
EquityBuild Finance, LLC  
[shaun@equitybuildfinance.com](mailto:shaun@equitybuildfinance.com)  
Tel:  [\(800\) 991-4642 x 101](tel:(800)991-4642)

Cell: (215) 407-5777

Fax: (239) 244-8666

[www.equitybuildfinance.com](http://www.equitybuildfinance.com)

Sent from my iPhone

Begin forwarded message:

**From:** Shaun Cohen <[shaun@equitybuild.com](mailto:shaun@equitybuild.com)>  
**Date:** December 17, 2012, 1:21:41 PM CST  
**To:** David Le Lacheur <[david@projectkudosgroup.com](mailto:david@projectkudosgroup.com)>  
**Subject: Re: Chicago - Proposal and document release**

Wire the funds to the attached bank info. Please do it today so that it can appear in their account by tomorrow.

**Thanks,**

**Shaun Cohen** *Vice President, EquityBuild*

Tel: (800) 261-0648 Mobile: (215) 407-5777 Fax: (239) 244-8666

[shaun@equitybuild.com](mailto:shaun@equitybuild.com) [www.equitybuild.com](http://www.equitybuild.com)

Contact me: [shaun@equitybuildfinance.com](mailto:shaun@equitybuildfinance.com) [diogenes04](mailto:diogenes04) [diogenes04@hotmail.com](mailto:diogenes04@hotmail.com)

On Mon, Dec 17, 2012 at 1:19 PM, Shaun Cohen <[shaun@equitybuild.com](mailto:shaun@equitybuild.com)> wrote:  
Here's the agreement. We'll wire the funds.

**Thanks,**

**Shaun Cohen** *Vice President, EquityBuild*

Tel: (800) 261-0648 Mobile: (215) 407-5777 Fax: (239) 244-8666

[shaun@equitybuild.com](mailto:shaun@equitybuild.com) [www.equitybuild.com](http://www.equitybuild.com)

Contact me: [shaun@equitybuildfinance.com](mailto:shaun@equitybuildfinance.com) [diogenes04](mailto:diogenes04) [diogenes04@hotmail.com](mailto:diogenes04@hotmail.com)

On Mon, Dec 17, 2012 at 12:19 PM, David Le Lacheur <[david@projectkudosgroup.com](mailto:david@projectkudosgroup.com)> wrote:  
Hi Shaun,

Please see the email below plus attached consultancy document and invoice from Steve.

I'm free all evening so please call on Skype if you'd like to discuss.

Best regards,

David

Begin forwarded message:

**From:** Kudos Group <[Steve@projectkudosgroup.com](mailto:Steve@projectkudosgroup.com)>  
**Subject:** Chicago - Proposal and document release  
**Date:** 17 December 2012 17:54:12 GMT  
**To:** Dan Chamberlain <[dan@freshinvest.co.uk](mailto:dan@freshinvest.co.uk)>  
**Cc:** David Le Lacheur <[david@projectkudosgroup.com](mailto:david@projectkudosgroup.com)>

Hi Dan / Dave

Please forward the attached to Shaun for his attention and further action

The process is this once retained:

Release of full DD questionnaire and request for supporting documentation  
Review of DD - Ongoing  
Product structuring  
Site Visit - Inspection Trip  
Presentation to Trustees for approval

With a good wind behind us I hope to get everything finalised and SIPP approved within 10 weeks from now

Regards

Steve

Steve Wright

Project Kudos Group

W: [www.projectkudosgroup.com](http://www.projectkudosgroup.com)

E: [Steve@projectkudosgroup.com](mailto:Steve@projectkudosgroup.com)

M: [+44 \(0\) 7968 117 390](tel:+44(0)7968117390)

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Singapore: 65 Chulia Street | 36-02 OCBC Centre | Singapore | +65 (0) 6922 0460

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Thanks,

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Thanks,